



HUI XIAN REIT

匯賢產業信託

Hui Xian Real Estate Investment Trust

*(a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance
(Chapter 571 of the Laws of Hong Kong))*

Stock Code: 87001



2011
ANNUAL REPORT



HUI XIAN REIT

Hui Xian Real Estate Investment Trust (“Hui Xian REIT”) (Stock Code: 87001) is a real estate investment trust constituted by a trust deed (“Trust Deed”) which was entered into on 1 April 2011 between Hui Xian (Cayman Islands) Limited, as settlor of Hui Xian REIT, Hui Xian Asset Management Limited, and DB Trustees (Hong Kong) Limited. Hui Xian REIT was listed on The Stock Exchange of Hong Kong Limited on 29 April 2011.

REIT MANAGER

Hui Xian REIT is managed by Hui Xian Asset Management Limited (the “Manager”). The Manager is a direct wholly-owned subsidiary of World Deluxe Enterprises Limited, which in turn is ultimately owned as to 40% by CITIC Securities International Company Limited, 30% by Cheung Kong (Holdings) Limited and 30% by ARA Asset Management Limited.





HUI XIAN REIT
匯賢產業信託

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Financial Highlights

This is the first set of annual financial results (for the period from 29 April 2011 to 31 December 2011) prepared by Hui Xian REIT since its listing on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”).

For the period from 29 April 2011 to 31 December 2011

	29 Apr–30 Jun 2011	1 Jul–31 Dec 2011	29 Apr–31 Dec 2011
Total Revenue (<i>RMB million</i>)	404	1,184	1,588
Property Operating Expenses (<i>RMB million</i>) ⁽¹⁾	125	400	525
Net Property Income (<i>RMB million</i>)	279	784	1,063
Distributable Income (<i>RMB million</i>)	202	533	735
Distribution per Unit (<i>RMB</i>)	0.0403	0.1064	0.1467
Annualised Distribution Yield	4.83% ⁽²⁾	—	6.09%⁽³⁾
Payout Ratio	100%	100%	100%

	As at 30 Jun 2011	As at 31 Dec 2011
Gross Asset Value (<i>RMB million</i>)	33,366	33,995
Net Asset Value (<i>RMB million</i>)	25,802	25,972
Net Asset Value per Unit (<i>RMB</i>)	5.1604	5.1845
Debt to Net Asset Value	0.8%	0.8%
Gross Property Value (<i>RMB million</i>)	32,699	32,965
Cash (<i>RMB million</i>)	535	883

Notes:

- (1) Total Revenue less Net Property Income
- (2) Based on the closing price on 30 June 2011 and the annualised actual distribution amount for the period from 29 April to 30 June 2011
- (3) Based on the closing price on 31 December 2011 and the annualised actual distribution amount for the period from 29 April to 31 December 2011

Chairman's Statement



With a healthy balance sheet
and a low gearing ratio,
Hui Xian REIT is
well positioned to capture
investment opportunities
in China.

H L Kam *Chairman*

Dear Unitholders,

2011 was a landmark year for Hui Xian REIT as we became the first RMB-denominated equity listed in Hong Kong. I am delighted to present the inaugural annual results of Hui Xian REIT for the period from the listing date on 29 April 2011 to 31 December 2011 ("Reporting Period").

RESULTS AND DISTRIBUTIONS

Total revenue and net property income during the Reporting Period amounted to RMB 1,588 million and RMB 1,063 million respectively.

The final distribution per unit ("DPU") for the six months ended 31 December 2011 was RMB 0.1064. Together with the interim distribution per unit of RMB 0.0403, Hui Xian REIT provides a total distribution per unit for the Reporting Period of RMB 0.1467. This represents an annualised distribution yield of 6.09% based on the closing unit price of RMB 3.56 as at 31 December 2011.

Total Distributable Income during the Reporting Period was RMB 735 million. Pursuant to the Distribution Policy stipulated in the Offering Circular, 100% of this amount will be distributed to the Unitholders.

DISTRIBUTION REINVESTMENT ARRANGEMENT

The Manager recommends that, a distribution reinvestment arrangement will be made available to Unitholders, subject to obtaining authorisation from the Securities and Futures Commission of Hong Kong (the "SFC") of relevant documents. Under the distribution reinvestment arrangement, eligible Unitholders will be entitled to have a scrip distribution in lieu of a cash distribution. Unitholders can elect to receive their distribution in the form of cash, or in the form of new Units of Hui Xian REIT, or a combination of both.

Subject to the SFC's authorisation, an announcement providing further information on the distribution reinvestment arrangement will be published on or about 23 March 2012 and a circular containing the relevant details together with the relevant election form will be sent to all qualified Unitholders on or about 28 March 2012.

OPERATIONS REVIEW

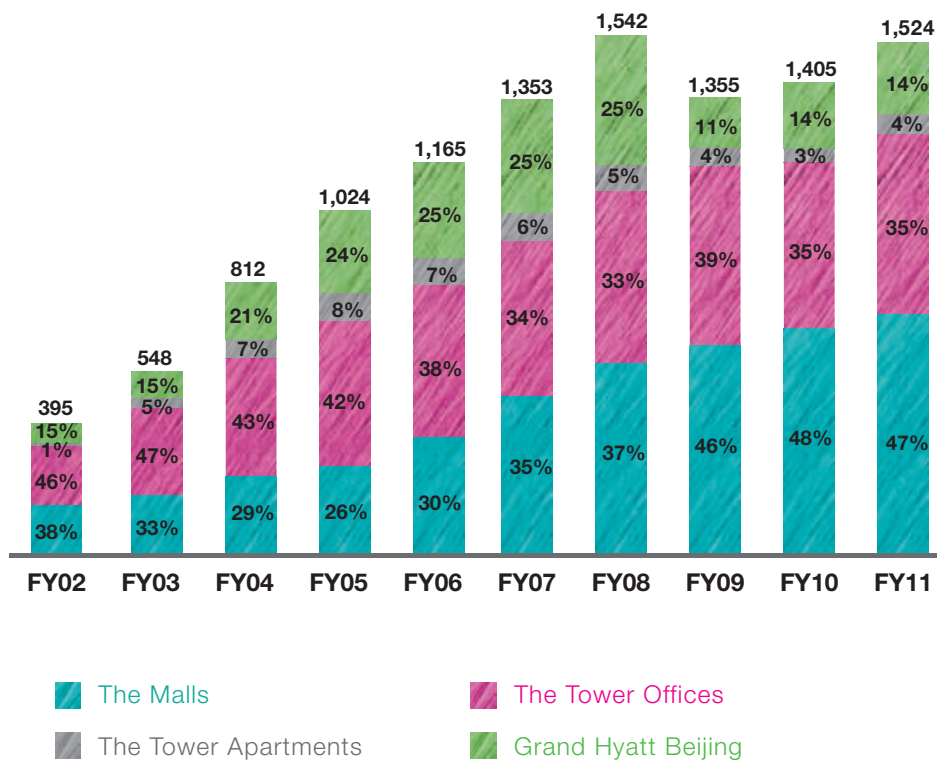
Over the past few years, we have witnessed the rapid development of Hong Kong as the premier offshore RMB centre in the world. Hong Kong hosts the largest pool of RMB liquidity outside of Mainland China providing an impetus to support the development of RMB investment products. As the first RMB-denominated equity initial public offering ("IPO") outside of Mainland China, Hui Xian REIT's successful listing in April 2011 marked an important milestone for Hong Kong's financial market.

At the time of listing, Hui Xian REIT's portfolio comprised Oriental Plaza, one of the largest and most iconic commercial developments in Beijing, China. As the world's second largest economy, China recorded a 9.2% gross domestic product ("GDP") growth in 2011, outpacing the growth of other economies. Beijing, the capital city of China, registered a compound annual growth rate ("CAGR") of 15.9% in GDP in the past ten years.

As Hui Xian REIT was listed on 29 April 2011, no direct year-on-year financial comparison can be made. Nonetheless, we are pleased to share with you the full year operating performance of Oriental Plaza for 2011 as compared to the same period in 2010.

Oriental Plaza has been established as one of the leading commercial properties in Beijing for over ten years and has achieved a CAGR of 17.2% in operating profit from 2002 to 2010. The 800,000 sq m complex comprises four businesses: The Malls, The Tower Offices, The Tower Apartments and Grand Hyatt Beijing.

Oriental Plaza's operating profit (2002–2011) — presented in RMB million



Oriental Plaza's growth momentum continued in 2011, driven by Beijing's robust economic conditions. Total revenue was RMB 2,302 million, an increase of 9.6% compared to 2010. Net property income grew 8.5% year-on-year to RMB 1,524 million in 2011.

Operating Data	2011 <i>RMB million</i>	2010 <i>RMB million</i>	Growth %
The Malls			
— Revenue	889	823	8.0%
— Net Property Income	725	683	6.1%
The Tower Offices			
— Revenue	711	654	8.7%
— Net Property Income	533	492	8.3%
The Tower Apartments			
— Revenue	118	91	29.7%
— Net Property Income	56	38	47.4%
Grand Hyatt Beijing			
— Revenue	584	533	9.6%
— Net Property Income	210	192	9.4%
TOTAL			
— Revenue	2,302	2,101	9.6%
— Net Property Income	1,524	1,405	8.5%

The Malls

The Malls continued to benefit from Beijing's buoyant retail environment and rising domestic consumption. In 2011, leasing momentum at The Malls was strong. A number of new international retailers and food and beverage outlets were introduced to The Malls. The number of tenants on the waiting list has remained high.

The average occupancy rate for 2011 was 99.1%. Net property income reached RMB 725 million, a 6.1% increase over 2010. This growth can be mainly attributed to higher rents from new leases as well as positive rental reversions, which was 21.7% in 2011. The average monthly spot rent for 2011 was RMB 1,171 per sq m.

The Tower Offices

Beijing's office leasing market was robust throughout 2011. The expansion of many international and domestic corporations boosted rental demand and supported growth in Beijing's office rents. Limited new supply of quality office space also further underpinned rental growth.

The Tower Offices delivered an outstanding performance with strong rental turnover, especially in the second half of 2011. The rental reversion rate for 2011 was 37.7% and the average occupancy rate for 2011 was 96.9%. Net property income reached RMB 533 million, an 8.3% increase over 2010. The monthly spot rent for the second half of 2011 increased to RMB 278 per sq m gross compared to RMB 221 per sq m gross for the first half of 2011.

The Tower Apartments

The Tower Apartments also achieved a standout performance, with net property income increasing by 47.4% year-on-year to RMB 56 million. The average occupancy rate for 2011 was 90.3%.

There was strong leasing demand for The Tower Apartments in 2011, driven by the expansion of multinational companies and growth of expatriate population in Beijing.

Grand Hyatt Beijing

As the political and economic centre of China, Beijing has experienced positive growth in the business tourism and hotel sector in 2011. Grand Hyatt Beijing's net property income in 2011 was RMB 210 million, an increase of 9.4% over the previous year. The average occupancy rate for 2011 was 66.3%, while the average room rate per night was RMB 1,741, a 12.2% increase from 2010. Revenue per available room ("RevPAR") was RMB 1,155, 13.4% over 2010.

STRONG FINANCIAL POSITION

As at 31 December 2011, Gross Asset Value was RMB 33,995 million and Net Asset Value was RMB 25,972 million, representing increases of 1.9% and 0.7% over 30 June 2011 respectively. Appraised Values of Oriental Plaza was RMB 33,190 million as at 31 December 2011.

Hui Xian REIT's cash on hand amounted to RMB 883 million, providing ample cashflow to satisfy working capital and operating requirements.

Following the early repayment of a five-year term loan on 1 July 2011, the debt to gross asset value ratio of Hui Xian REIT was 0.6% as at 31 December 2011, the lowest among Hong Kong-listed REITs. We believe that our strong financial position and borrowing capacity will further strengthen our acquisition and expansion capabilities.

In November 2011, we announced that Hui Xian REIT has signed a commitment letter for a HK\$1,200 million loan facility. The new facility was drawn down in full in January 2012 for the purpose of financing the general corporate needs.

FIRST ACQUISITION SINCE LISTING

In November 2011, Hui Xian REIT announced the first acquisition since listing. By acquiring 70% of Shenyang Lido¹ at RMB 980 million, Hui Xian REIT will enjoy an additional income stream generated by Sheraton Shenyang Lido Hotel. By entering the Preferred Distribution Agreement with the vendor, the implied yield for this project is 6.57%². The transaction was completed on 1 January 2012.

OUTLOOK

As we entered into 2012, we believe that China will continue to be a major force of global economic growth attracting even more multinational companies and international retail brands to the country. This in turn will propel demand for quality commercial spaces and hotels.

At the end of December 2011, offshore RMB deposits in Hong Kong totalled RMB 588.5 billion, a significant 87% rise from the previous year. The exchange rate of RMB to Hong Kong dollars has appreciated 2.9%³ since the listing. We believe that Hui Xian REIT's liquidity will further increase as more RMB investment products are introduced in Hong Kong.

Looking forward, we will continue to focus on the following areas:

(1) Organic Growth

We are committed to fostering the organic growth from our assets, Oriental Plaza and Sheraton Shenyang Lido Hotel, through active asset management. The latter asset will begin to bring an additional and immediate income stream to Hui Xian REIT commencing 1 January 2012.

(2) Asset Enhancement Initiatives

Asset enhancement initiatives will be a key component for Hui Xian REIT's growth. Grand Hyatt Beijing has set out a three-year renovation programme to upgrade guest rooms, restaurants and other facilities. Asset improvement works have also been continually implemented at The Malls and The Tower Offices.

(3) Acquisitions

The acquisition of Sheraton Shenyang Lido Hotel has marked our first step towards growing Hui Xian REIT's portfolio. Currently, we are assessing over 10 projects in China's first and second-tier cities spanning office, retail, serviced apartment and hotel sectors as well as mixed-use developments. With a healthy balance sheet and a low gearing ratio, Hui Xian REIT is well positioned to capture investment opportunities in China.

As China's fundamental growth drivers continue to propel the economy, we believe that Hui Xian REIT, with our inherent strengths, is well placed to capitalise on China's bright prospects and offer its Unitholders a stable and sustainable distribution.

On behalf of the Manager, I would like to express my gratitude to our trustee and Unitholders for the support and confidence rendered to us.

H L Kam

Chairman

Hui Xian Asset Management Limited

(as manager of Hui Xian Real Estate Investment Trust)

Hong Kong, 1 March 2012

1. Hui Xian REIT invests in Shenyang Investment (BVI) Limited ("Shenyang Investment BVI"), which in turn holds Shenyang Investment (Hong Kong) Limited ("Shenyang Investment HK"), the foreign joint venture partner of 瀋陽麗都商務有限公司 (Shenyang Lido Business Co., Ltd. (for identification purposes only)) ("Shenyang Lido"). Shenyang Investment HK is entitled to 70% interest in Shenyang Lido, which is a sino-foreign cooperative joint venture established in the PRC. Shenyang Lido holds the land use rights and building ownership rights in Sheraton Shenyang Lido Hotel.
2. A "Yearly Base Amount" has been pre-set at RMB 92.0 million according to the Preferred Distribution Agreement. Based on the Consideration of RMB 980 million, the amount of RMB 64.4 million (70% of "Yearly Base Amount" of RMB 92.0 million) represents a yield of approximately 6.57%.
3. Based on the HK\$/RMB exchange of 1.1830 on 29 April 2011 (listing date) and 1.2175 on 31 December 2011 (Source: HKEx Exchange Rates for Stamp Duty Calculation).

Management Discussion and Analysis

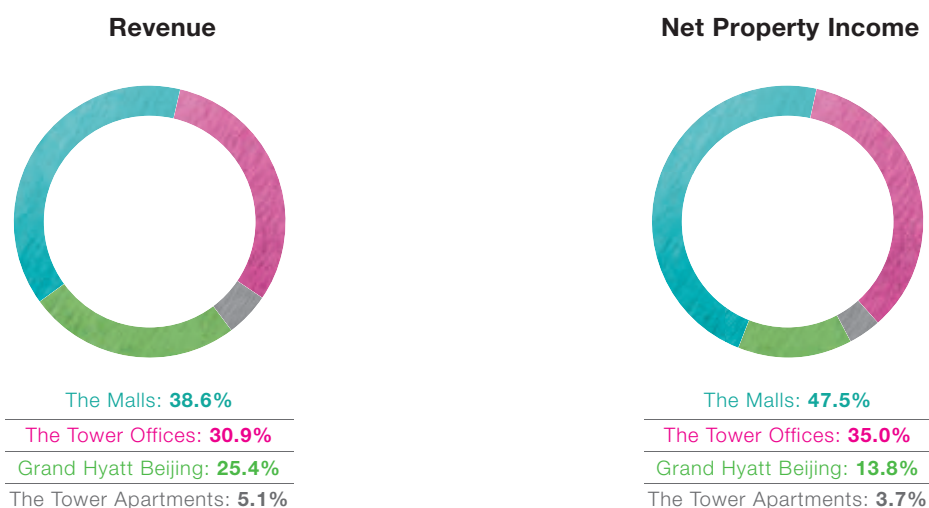
PORTFOLIO HIGHLIGHTS

During the Reporting Period (29 April–31 December 2011), Hui Xian REIT's portfolio includes its investment in Hui Xian BVI, which in turn holds Hui Xian Investment Limited, the foreign joint venture partner of Beijing Oriental Plaza Co., Ltd., ("BOP") which is a sino-foreign cooperative joint venture established in the PRC. BOP holds the land use rights and building ownership rights of Oriental Plaza, one of the largest and most iconic commercial developments in the Wangfujing (王府井) area of Beijing, China. The 800,000 sq m complex comprises four businesses: The Malls, The Tower Offices, The Tower Apartments and Grand Hyatt Beijing.

Oriental Plaza has been in business in Beijing for over ten years and has achieved a compound annual growth rate ("CAGR") of 17.2% in operating profits from 2002 to 2010. The positive growth momentum continued in 2011.

Hui Xian REIT was listed on 29 April 2011. Since there was no direct year-on-year comparison, we are pleased to share with you the full year 2011 operating performance of Oriental Plaza.

Oriental Plaza – Business Review (2011)



Businesses	Details	Gross Floor Area (sq m)
The Malls	World-class shopping centre	130,195
The Tower Offices	8 Grade A office buildings	309,552
The Tower Apartments	2 serviced apartment towers (613 units)	81,603
Grand Hyatt Beijing	825-room, 5-star hotel	125,420
Car parking spaces & other ancillary facilities	1,901 car parking spaces	140,289
Total		787,059



The Malls

at Oriental Plaza

Comprising a three-level shopping complex with a gross floor area of over 130,000 sq m, The Malls is one of the largest shopping centres in Beijing and home to over 280 top international and domestic fashion, accessory and lifestyle brands. The Malls also boasts a cinema and some 50 food and beverage outlets, making it the city's premier one-stop shopping, dining and leisure destination for locals and tourists alike.





东方新天地

THE MALLS AT
ORIENTAL PLAZA

ST MARKS PLACE

SALE

OPERATIONS REVIEW

(1) The Malls at Oriental Plaza

Macro Environment

Beijing's retail market continued to flourish throughout 2011 underpinned by sound economic growth and rising domestic consumption. The city's GDP in 2011 rose 8.1% year-on-year to RMB 1.6 trillion while the disposable income of Beijing's urban residents averaged RMB 32,903, up 13.2% year-to-year. Retail sales in Beijing registered a 10.8% increase in 2011 to reach RMB 690 billion.

Demand for quality retail space in Beijing was strong in 2011, evidenced by many retailers' new store openings, expansions and renewals. The Wangfujing area, easily accessible by public transportation, remained a popular shopping destination for both locals and tourists.

Strong Leasing Momentum

In 2011, strong leasing momentum at The Malls continued. Net property income in 2011 grew 6.1% compared to a year ago and rental reversion rate was 21.7%. The increase was mainly generated from high rents for new leases and positive reversions.

The Malls is constantly upgrading its retail offerings and tenant mix to further enhance the shopping experience. A number of new international retailers and food and beverage outlets were introduced to The Malls in 2011. These included Chloé, Diane von Furstenberg, agnès b, Red Valentino, Leica, UGG, Pacific Coffee, Chocoolate and Blackberry.

The Malls

Description	Three-level shopping centre
Gross Floor Area	130,195 sq m
Gross Revenue	RMB 889 million, +8.0% YoY
Net Property Income	RMB 725 million, +6.1% YoY
Average Occupancy Rate	99.1%
Average Monthly Passing Rent	RMB 870 per sq m
Average Monthly Spot Rent	RMB 1,171 per sq m
Hui Xian's Interest	100%





The Tower Offices

at Oriental Plaza

Consisting of eight office towers with a gross floor area of over 300,000 sq m, The Tower Offices is the largest single landlord Grade A office development in Beijing. Amongst its tenants are mainly large multinational and domestic corporations. The Tower Offices offers a wide array of advanced facilities such as optical-fibre cabling, broadband internet and intranet services, VSAT, 24-hour video conferencing and a multi-media network to facilitate efficient business communication and operation.





11-15

(2) The Tower Offices at Oriental Plaza

Macro Environment

In 2011, Beijing's office leasing market was bullish. On the back of China's robust economic growth, many multinational and domestic corporations continued their expansion plans which in turn generated demand for Grade A offices. Limited new supply of quality office space in Beijing also supported the rental growth.

Outstanding Rental Performance

The Tower Offices delivered outstanding performance in 2011 due to strong rental turnover. Rental reversion rate for 2011 was 37.7%.

The Tower Offices, comprising eight Grade A office buildings, boasts a strong and diversified tenant base spanning across industries which include accounting, finance/banking, high-tech, investment/securities, law, pharmaceuticals, media and advertising, luxury goods and FMCGs.

The Tower Offices

Description	8 Grade A office buildings
Gross Floor Area	309,552 sq m
Gross Revenue	RMB 711 million, +8.7% YoY
Net Property Income	RMB 533 million, +8.3% YoY
Average Occupancy Rate	96.9%
Average Monthly Passing Rent	RMB 168 per sq m
Average Monthly Spot Rent	RMB 242 per sq m
Hui Xian's Interest	100%





The Tower Apartments

at Oriental Plaza

The Tower Apartments is the largest serviced apartment development in Beijing. Comprising two blocks, it features over 600 apartments of varying sizes, all fully furnished and elegantly appointed to offer luxury living in the city. The Tower Apartments also features a comprehensive range of amenities such as housekeeping and concierge services, 24-hour security, and access to nearby Grand Hyatt Beijing's Club Oasis, which boasts a world-class gym and one of the most spectacular swimming pools in the world.





(3) The Tower Apartments at Oriental Plaza

Macro Environment

Driven by the expansion of many multinational companies and growth of expatriate population in Beijing, leasing demand for serviced apartments was strong in 2011. Limited new supply also boosted the rental levels.

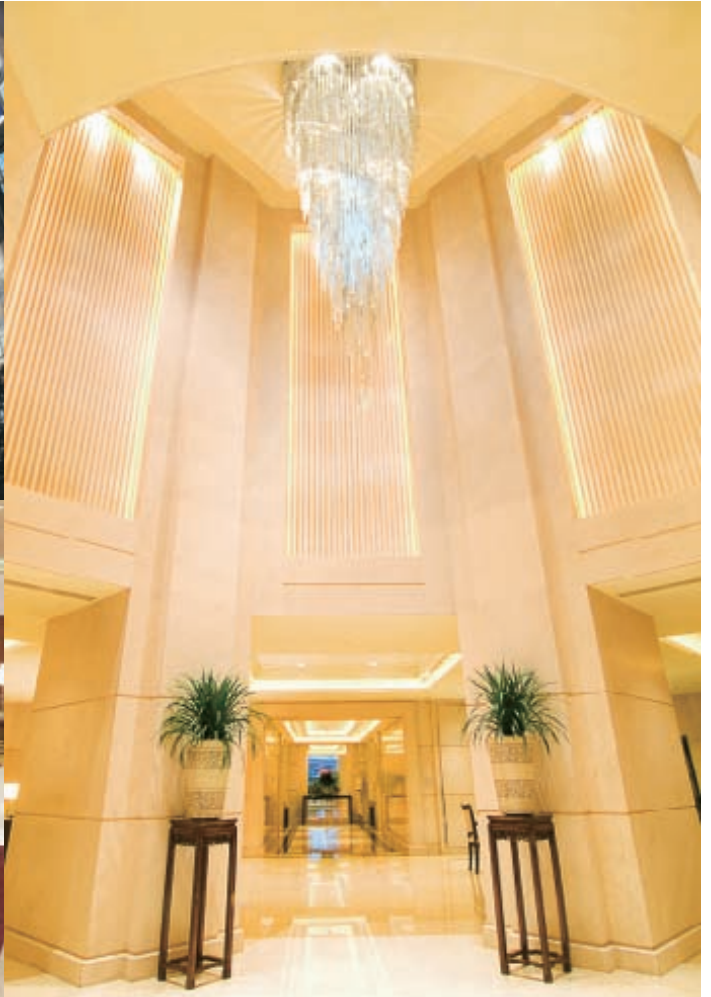
Standout Growth Performance

The Tower Apartments has been a standout performer, with net property income increasing 47.4% year-on-year to RMB 56 million. Average occupancy rate for 2011 was 90.3%.

Comprising two towers of 613 units, the size of the apartments range from around 31 sq m to 560 sq m, with studio units, apartments of one to four bedrooms, and a presidential suite.

The Tower Apartments

Description	2 serviced apartment towers (613 units)
Gross Floor Area	81,603 sq m
Gross Revenue	RMB 118 million, +29.7% YoY
Net Property Income	RMB 56 million, +47.4% YoY
Average Occupancy Rate	90.3%
Hui Xian's Interest	100%





Grand Hyatt Beijing at Oriental Plaza

Conveniently located in the heart of Beijing and within walking distance to its major landmarks, the award-winning Grand Hyatt Beijing is one of the leading five-star hotels in the capital. The hotel has 825 rooms and suites, all beautifully appointed to offer discerning travellers the ultimate in luxury hotel accommodation. It also features a wide array of business and leisure facilities including a business centre, conference rooms, a fitness centre/spa with an indoor pool, as well as gourmet restaurants and bars. The hotel has won over 100 awards and accolades since opening.





(4) Grand Hyatt Beijing at Oriental Plaza

Macro Environment

Beijing has seen strong growth in the business tourism and hotel sector in 2011. The capital city received a record of 200 million international and domestic tourists in 2011.

Strong Conference Business

There was continuous improvement in Grand Hyatt Beijing's performance in 2011 since the decline of revenue in 2009 due to the global financial crisis. Its net property income has recorded a 9.4% year-on-year increase. 589 conferences and events were held in Grand Hyatt Beijing.

In 2011, Grand Hyatt Beijing received 11 awards, including "Best Business Hotel in Beijing" by *National Geographic Traveler China* for the third consecutive year.

Grand Hyatt Beijing

Description	825-room, 5-star hotel
Gross Floor Area	125,420 sq m
Gross Revenue	RMB 584 million, +9.6% YoY
Net Property Income	RMB 210 million, +9.4% YoY
Average Occupancy Rate for 2011	66.3%
Average Room Rate per Night	RMB 1,741, +12.2% YoY
RevPAR	RMB 1,155, +13.4% YoY
Hui Xian's Interest	100%





Sheraton Shenyang Lido Hotel

Located in the business hub of Shenyang, Sheraton Shenyang Lido Hotel is one of the largest international five-star hotels in Northeastern China. It offers 590 spacious guestrooms and suites, all luxuriously appointed to offer maximum comfort. With its extensive business and leisure facilities, the hotel has won numerous awards since opening. The hotel's proximity to major government and office buildings, the airport and the railway station makes it a popular choice for both business and leisure travellers.





(5) Sheraton Shenyang Lido Hotel

In November 2011, Hui Xian REIT announced its first expansion plan through its investment in Shenyang Investment BVI, which in turn holds Shenyang Investment HK; this company is entitled to 70% interest in Shenyang Lido, a sino-foreign cooperative joint venture established in the PRC. Shenyang Lido holds the land use rights and building ownership rights in Sheraton Shenyang Lido Hotel. The transaction was completed in January 2012.

Macro Environment

Shenyang, as the capital of Liaoning province, is the largest economic, cultural, science and transportation hub in North-eastern China. As part of the Central Government’s “Revitalise Northeast China” initiative in 2003, Shenyang’s economic development has been staggering since then. Shenyang’s GDP in the first three quarters of 2011 grew 12.5% year-on-year to RMB 432.1 billion.

In the year 2010 alone, foreign direct investment exceeded US\$5.05 billion (approximately RMB 32 billion). Multinational companies that have already established operations in Shenyang include General Motors, Bombardier, BMW, BASF, ABB, Panasonic, Siemens, Michelin, Bridgestone and Mannesmann Demag.

Shenyang is also a city rich in history boasting cultural relics such as the Shenyang Imperial Palace, the Guarding Pagodas of Shenyang and Marshal Zhang’s Mansion. Shenyang is one of the most popular tourist destinations in North-eastern China.

The city will be hosting the prestigious 12th National Games of the People’s Republic of China in 2013. In preparation for the game and the influx of tourists, local authorities have made substantial investments to transfer the city into a modern, world class metropolis.

Shenyang is undergoing a robust infrastructure upgrade. It is one of the most important railway hubs in China. Shenyang’s Taoxian International Airport is also the largest airport in North-eastern China.

A new airport terminal has been scheduled for completion in 2013 to cope with a larger number of travellers. This new terminal is expected to have the capacity to handle 25 million passengers. According to research reports, more than 2 million sq m of prime office space is scheduled to come onto the market in the next three to five years. This dramatic sevenfold rise in the supply of Grade A offices is expected to boost demand for hotel accommodation in Shenyang in the future.

Sheraton Shenyang Lido Hotel

Description	590-room, 5-star hotel
Gross Floor Area	79,000 sq m
Hui Xian’s Interest	70%



FINANCIAL REVIEW

Net Property Income

The net property income was RMB 1,063 million for the period from 29 April to 31 December 2011.

Distributions

Distribution Amount

For the period from 1 July to 31 December 2011, total distribution will be RMB 533 million (“2011 Final Distribution”). The Distribution Amount represents 100% of Hui Xian REIT’s total distributable income during the Reporting Period and will be paid in RMB. A total of RMB 202 million (“2011 Interim Distribution”) has been distributed to holders (“Unitholders”) of units of Hui Xian REIT (“Units”) on 15 September 2011 for the period from 29 April to 30 June 2011. In total, Hui Xian REIT will distribute a total of RMB 735 million (“Distribution Amount”) to Unitholders for the Reporting Period.

Distribution per Unit

The final distribution per unit (“DPU”) for the six months ended 31 December 2011 was RMB 0.1064. Together with the interim distribution per unit of RMB 0.0403, Hui Xian REIT provides a total distribution per unit for the Reporting Period of RMB 0.1467. This represents an annualised distribution yield of 6.09% based on the closing unit price of RMB 3.56 as at 31 December 2011.

Distribution Reinvestment Arrangement

The Manager recommends that, a distribution reinvestment arrangement will be made available to Unitholders, subject to obtaining authorisation from the Securities and Futures Commission of Hong Kong (the “SFC”) of relevant documents. Under the distribution reinvestment arrangement, eligible Unitholders will be entitled to have a scrip distribution in lieu of a cash distribution. Unitholders can elect to receive their distribution in the form of cash, or in the form of new Units of Hui Xian REIT, or a combination of both.

Subject to the SFC’s authorisation, an announcement providing further information on the distribution reinvestment arrangement will be published on or about 23 March 2012 and a circular containing the relevant details together with the relevant election form will be sent to all qualified Unitholders on or about 28 March 2012.

Closure of Register of Unitholders

The record date for the final distribution will be 23 March 2012 (“Record Date”). The Register of Unitholders will be closed from 19 March 2012 to 23 March 2012, both days inclusive, during which period no transfer of Units will be effected. The Distribution will be payable on 4 May 2012 to Unitholders whose names appear on the Register of Unitholders on Record Date.

In order to qualify for the Final Distribution, all properly completed transfer forms (accompanied by the relevant Unit certificates) must be lodged for registration with Hui Xian REIT’s Unit Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 16 March 2012.

Debt Positions

On 1 July 2011, Hui Xian REIT made an early repayment of a five-year term loan of RMB 200 million secured loan from Bank of China.

On 12 September 2011, an aggregate of RMB 201.5 million was drawn down under a revolving credit facility arrangement with Hui Xian Holdings Limited, which was set up to fill up the timing gaps between dividend distributions.

On 4 November 2011, Hui Xian Investment Limited (“Hui Xian Investment”), a special purpose vehicle wholly-owned by Hui Xian REIT as proposed borrower, accepted and agreed to a commitment letter (the “Commitment Letter”) issued on 28 October 2011 by, among others, The Hongkong and Shanghai Banking Corporation Limited, Bank of China (Hong Kong) Limited and DBS Bank Ltd., Hong Kong Branch (together, the “Banks”), as proposed lenders. Pursuant to the Commitment Letter, the Banks conditionally agreed to provide a three-year term loan of HK\$1,200 million (the “New Facility”).

The New Facility is unsecured and unsubordinated and ranks pari passu with all other unsecured and unsubordinated obligations of Hui Xian Investment.

The New Facility was drawn down in full on 3 January 2012, for the purposes of financing the general corporate needs of Hui Xian REIT group.

Based on the REIT’s net asset value of RMB 25,972 million as at 31 December 2011, Hui Xian REIT’s gearing ratio stood at 0.8%. Meanwhile, the debt to gross asset value ratio was 0.6% as at 31 December 2011. With a drawdown of New Facility in full, the pro-forma gearing on 3 January 2012 is 4.5%.

Cash and Asset Positions

As at 31 December 2011, Hui Xian REIT’s cash amounted to RMB 883 million. The cash is predominately dominated in RMB. No currency hedge was employed. Hui Xian REIT’s principal assets are a 130,000 sq m shopping mall, eight blocks of Grade A office towers, two blocks of serviced apartments towers and an 825-room 5-star hotel in a 787,059 sq m building complex at 1 Chang’an Avenue, Beijing, PRC which is collectively named as Oriental Plaza. Hui Xian REIT holds and controls Oriental Plaza through the indirectly wholly-owned subsidiary Hui Xian Investment Limited, which is the foreign partner of BOP, a sino-foreign cooperative joint venture. BOP holds the land use rights and building ownership rights of Oriental Plaza.

American Appraisal China Limited, Hui Xian REIT’s principal valuer, valued the eight blocks of office towers, the shopping mall and car parking spaces at RMB 26,860 million as at 31 December 2011, translating into an increase of 1.4% over the valuation as of 30 June 2011. Together with the hotel and serviced apartment premises, gross property value of Hui Xian REIT was RMB 32,965 million as at the balance sheet date, comparing with RMB 32,699 million recorded on 30 June 2011.

Net Assets Attributable to Unitholders

As at 31 December 2011, net assets attributable to Unitholders amounted to RMB 25,972 million or RMB 5.1845 per unit, a 45.6% premium to the closing unit price of RMB 3.56 as at 31 December 2011.

Pledge of Assets

After the early repayment of the five-year term note expiring in 2014 on 1 July 2011, all pledges have been removed.

Commitments

As at 31 December 2011, Hui Xian REIT had capital commitment in respect of the acquisition of the entire issued capital of, and shareholder's loans owing at completion by Shenyang Investment BVI at RMB 980 million. The acquisition was subsequently completed on 1 January 2012.

Employees

As at 31 December 2011, BOP, by itself and through its branch, employed a total of approximately 260 employees in the PRC, of which approximately 120 employees perform hotel operation functions and services, and approximately 140 employees handle legal, regulatory and other administrative matters and carry out and provide commercial functions and services, including leasing and some other property management functions and services, other than the hotel operation functions and services.

Save as disclosed above, Hui Xian REIT is managed by the Manager and does not directly employ any staff.

Real Estate Sale and Purchase

On 10 November 2011, DB Trustees (Hong Kong) Limited (as trustee of Hui Xian REIT) (the "Trustee") and Yick Ho Limited, an indirect wholly-owned subsidiary of Cheung Kong (Holdings) Limited, entered into the sale and purchase agreement pursuant to which Yick Ho Limited has conditionally agreed to sell, and the Trustee has conditionally agreed to purchase, the entire issued share capital of, and shareholder's loans owing at completion by, Shenyang Investment BVI at a consideration of RMB 980 million. Upon such transfer becoming effective, Shenyang Investment BVI, through its direct wholly-owned subsidiary will be entitled to 70% of the distributions of 瀋陽麗都商務有限公司 (Shenyang Lido Business Co., Ltd. (for identification purposes only)). The transfer was subsequently completed on 1 January 2012.

TOP 5 CONTRACTORS

Contractors	Nature of services	Value of contract RMB'000	Percentage
北京清水百工人力資源管理諮詢服務有限公司	Integrated services	16,864	7.6%
北京金正東人力資源顧問有限公司	Integrated services	11,947	5.4%
中國國際技術智力合作公司	Integrated services	11,534	5.2%
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited)*	Property management	10,207	4.6%
北京誠信人清洗服務有限責任公司	Cleaning	7,331	3.3%
		57,883	26.1%

TOP 5 REAL ESTATE AGENTS

Real estate agents	Nature of services	Commission paid RMB'000	Percentage
北京中商海瀾投資諮詢有限公司	Leasing	528	18.5%
北京世邦魏理仕物業管理服務有限公司	Leasing	221	7.7%
北京京城房地產經紀有限公司	Leasing	198	6.9%
北京紐森秋勵房地產經紀有限公司	Leasing	175	6.1%
北京華宜基業房地產經紀有限公司	Leasing	157	5.5%
		1,279	44.7%

* The English name is shown for identification purpose only.

Corporate Governance

CORPORATE GOVERNANCE

The Manager was established for the purpose of managing Hui Xian REIT. The Manager is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Manager emphasise a quality board of directors, sound internal control, transparency and accountability to all Unitholders. The Manager has adopted its compliance manual (the “Compliance Manual”) for use in relation to the management and operation of Hui Xian REIT, which sets out the key processes, systems and measures, and certain corporate governance policies and procedures to be applied for compliance with all applicable regulations and legislation. Set out below is a summary of the key components of the corporate governance policies that have been adopted and complied with by the Manager and Hui Xian REIT.

Authorisation Structure

Hui Xian REIT is a collective investment scheme authorised by the SFC under section 104 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “SFO”) and regulated by the provisions of the Code on Real Estate Investment Trusts published by the SFC (the “REIT Code”). The Manager has been licensed by the SFC under Section 116 of the SFO to conduct the regulated activity of asset management. As at the date of this report, Mr. CHU Stephen Henry (the Chief Executive Officer and Executive Director of the Manager), Mr. PANG Shuen Wai, Nichols (the Chief Financial Officer and Executive Director of the Manager) and Mr. LEE Chi Kin (the Chief Investment Officer of the Manager) are the responsible officers of the Manager pursuant to the requirements of Section 125 of the SFO and 5.4 of the REIT Code.

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

Roles of the Trustee and the Manager

The Trustee and the Manager are independent of each other. The Trustee is responsible under the Trust Deed for the safe custody of the assets of Hui Xian REIT on behalf of the Unitholders.

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

Board of Directors of the Manager

The board of directors of the Manager (the “Board”) currently comprises nine members, three of whom are Independent Non-executive Directors (“INEDs”).

The Board principally oversees the day-to-day management of the Manager’s affairs and the conduct of its business and is responsible for the overall governance of the Manager. The Board exercises its general powers within the limits defined by the Articles of Association of the Manager, with a view to ensuring that management discharges its duties and is compensated appropriately, and that sound internal control policies and risk management systems are maintained. The Board will also review major financial decisions and the performance of the Manager. In accordance with the REIT Code, the Manager is required to act in the best interests of the Unitholders, to whom it owes a fiduciary duty.

Board Composition

Pursuant to the Manager's corporate governance policy, INEDs must be individuals who fulfil the independence criteria set out in the Compliance Manual.

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

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

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

The composition will be reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience.

Changes in Members of the Board

The changes in members of the Board during the Reporting Period were as follows:

1. Mr. KWAN Man Fai, Louis ceased to be an Executive Director, the Chief Investment Officer and a Responsible Officer of the Manager with effect from 5 August 2011.
2. Mr. PANG Shuen Wai, Nichols (who acted as the Chief Financial Officer and a Responsible Officer of the Manager) was appointed as an Executive Director of the Manager with effect from 5 August 2011.

Four full Board meetings of the Manager were held in 2011 since the listing of Hui Xian REIT on 29 April 2011 and the attendance record of these full Board meetings is as follows:

Members of the Board	Attendance
Chairman and Non-executive Director	
KAM Hing Lam	4
Executive Directors	
CHU Stephen Henry (<i>Chief Executive Officer</i>)	4
PANG Shuen Wai, Nichols (appointed on 5 August 2011)	2
KWAN Man Fai, Louis (resigned on 5 August 2011)	2
Non-executive Directors	
IP Tak Chuen, Edmond	4
LIM Hwee Chiang	2
YIN Ke	3
Independent Non-executive Directors	
CHENG Hoi Chuen, Vincent	4
LEE Chack Fan	4
CHOI Koon Shum, Jonathan	3

Pursuant to the corporate governance policy adopted by the Manager, the INEDs must fulfil the independence criteria set out in the Compliance Manual. The Manager has received written annual confirmation from each INED of his independence pursuant to the “Criteria for Independence of INEDs” as set out in the Compliance Manual.

Appointment and Removal of Directors

The appointment and removal of Directors (including responsible officers) is a matter for the Board and the shareholders of the Manager to determine in accordance with the Compliance Manual, the articles of association of the Manager and the applicable law. As the Manager is licensed by the SFC under Part V of the SFO, the appointment and removal of any of the Executive Directors and the Non-executive Directors (including the Independent Non-executive Directors) and the removal of a responsible officer must be notified to the SFC and the appointment of a responsible officer requires the prior approval of the SFC.

Internal Controls

The Manager has an internal audit function in place to provide an independent assessment of the Manager’s internal control systems and operational functions and review of their effectiveness. The Internal Auditor prepares an audit plan using a risk based methodology in consultation with, but independent of, the management for review by the Audit Committee. The audit review focuses on operational and compliance controls of Hui Xian REIT and effective implementation of the internal control systems and compliance procedures.

The Board, through the Audit Committee, conducts reviews on the effectiveness of internal control system of Hui Xian REIT, which shall cover all material controls including financial, operational and compliance controls, risk management functions, the adequacy of resources, qualifications and experience of the Manager’s staff who carry out Hui Xian REIT’s accounting and financial reporting function, and their training programmes and budget.

Board Committees

The Board has the power to delegate to committees consisting of such numbers of its body as it thinks fit. Various committees have been established to assist the Board in discharging its responsibilities. The committees of the Board have been set up with clear terms of reference to review specific issues or items and then to submit their findings and recommendations to the full Board for consideration and endorsement. Unless the decision making power has been vested in the relevant committee by the Board, the ultimate responsibility for making final decisions rests with the full Board and not the committees.

The committees of the Board are currently as follows:

Audit Committee

The Audit Committee of the Manager is appointed by the Board from among its members who are Non-executive Directors. A majority of the members of the Audit Committee shall be INEDs and at least one member of the Audit Committee shall have appropriate professional qualifications or accounting or related financial management expertise. As at the date of this report, the members of the Audit Committee are Mr. CHENG Hoi Chuen, Vincent, Professor LEE Chack Fan and Dr. CHOI Koon Shum, Jonathan, all of whom are INEDs, and Mr. IP Tak Chuen, Edmond and Mr. YIN Ke, who are Non-executive Directors. Mr. CHENG Hoi Chuen, Vincent has been appointed as the Chairman of the Audit Committee.

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

The Audit Committee's responsibilities also include:

- (1) reviewing dealings of the Manager and the Directors on a half-yearly basis;
- (2) making recommendations on persons for appointment and reappointment as Directors to, and propose Directors for removal from, the full Board;
- (3) reviewing all financial statements and all external audit reports and developing and implementing a policy on the engagement of external auditors to supply non-audit services;
- (4) ensuring the internal audit function is adequately resourced and guiding the management to take appropriate actions to remedy any faults or deficiencies in internal controls which may be identified;
- (5) assisting the Board in its monitoring of the entities' overall risk management profile and setting guidelines and policies to govern risk assessment and risk management;
- (6) periodically reviewing and monitoring all connected party transactions and related party transactions; and
- (7) reviewing the Manager and Hui Xian REIT's compliance with legal and regulatory requirements on a regular basis.

The Audit Committee held four meetings during the Reporting Period for considering and reviewing the 2011 interim results and other internal controls, risk management and compliance matters of Hui Xian REIT. The attendance record of these Audit Committee meetings is as follows:

Members of the Audit Committee	Attendance
CHENG Hoi Chuen, Vincent (<i>Chairman</i>)	4
LEE Chack Fan	4
CHOI Koon Shum, Jonathan	2
IP Tak Chuen, Edmond	3
YIN Ke	3

Waiver was granted by the SFC from strict compliance with the requirements of 9.13(b) of the REIT Code to allow payment or reimbursement out of assets of Hui Xian REIT costs and expenses for marketing, promotion, advertising, roadshows, press conferences, luncheons, presentations, and other public relations-related fees, costs or expenses incurred in relation to any fund raising exercise by Hui Xian REIT or otherwise in connection with Hui Xian REIT (collectively "Promotional Expenses"). During the Reporting Period, the Promotional Expenses incurred amounted to RMB 1.35 million. Pursuant to the conditions of such waiver, the Audit Committee has confirmed that the Promotional Expenses were incurred (i) in accordance with the internal control procedures of the Manager; and (ii) solely for the purposes as set out in the relevant clauses of the Trust Deed.

Disclosures Committee

The Disclosures Committee of the Manager comprises the Chief Executive Officer and two Non-executive Directors, one of whom should be an INED. The role of the Disclosures Committee is to review matters relating to the disclosure of information to Unitholders and public announcements. The Disclosures Committee also works with the management of the Manager to ensure the disclosure of information is accurate, complete and not misleading. As at the date of this report, the members of the Disclosures Committee are Mr. CHU Stephen Henry, Mr. IP Tak Chuen, Edmond and Professor LEE Chack Fan. Mr. CHU Stephen Henry has been appointed as the Chairman of the Disclosures Committee.

The Disclosures Committee's responsibilities include:

- (1) reviewing and recommending to the Board on matters of corporate disclosure issues and announcements regarding (without limitation) financial reporting, connected party transactions, and potential areas of conflict of interests;
- (2) overseeing compliance with applicable legal requirements and the continuity, accuracy, clarity, completeness and currency of information disseminated by or on behalf of Hui Xian REIT to the public and applicable regulatory agencies;
- (3) reviewing and approving all material non-public information and all public regulatory filings of or on behalf of Hui Xian REIT prior to such information being disseminated to the public or filed with applicable regulatory agencies, as applicable;

- (4) reviewing periodic and current reports, proxy statements, information statements, registration statements and any other information filed with regulatory bodies;
- (5) reviewing press releases containing financial information, information about material acquisitions or dispositions or other information material to Unitholders; and
- (6) reviewing correspondence containing financial information disseminated to Unitholders.

The Disclosures Committee held two meetings during the Reporting Period for considering and reviewing the 2011 interim results announcement, the 2011 interim report of Hui Xian REIT and other corporate disclosure issues of Hui Xian REIT. The attendance record of these Disclosures Committee meetings is as follows:

Members of the Disclosures Committee	Attendance
CHU Stephen Henry (<i>Chairman</i>)	2
IP Tak Chuen, Edmond	2
LEE Chack Fan	2

Designated (Finance) Committee

The Designated (Finance) Committee comprises the Chief Executive Officer and two non-executive Directors, one of whom should be an INED. The role of the Designated (Finance) Committee is to review matters relating to hedging strategies, financing and re-financing arrangements, and transactions involving derivative instruments for hedging purposes. As at the date of this report, the members of the Designated (Finance) Committee are Mr. YIN Ke, Mr. CHU Stephen Henry and Dr. CHOI Koon Shum, Jonathan. Mr. YIN Ke has been appointed as the Chairman of the Designated (Finance) Committee.

The Designated (Finance) Committee's responsibilities include reviewing, considering, and deciding or recommending to the Board (as the case may be), based on recommendation papers prepared by the management, on matters relating to hedging strategies, financing and re-financing arrangements and transactions involving derivative instruments for hedging purposes.

The Designated (Finance) Committee held one meeting during the Reporting Period for considering and reviewing financing arrangements involving Hui Xian REIT and its special purpose vehicles. The attendance record of such Designated (Finance) Committee meeting is as follows:

Members of the Designated (Finance) Committee	Attendance
YIN Ke (<i>Chairman</i>)	1
CHU Stephen Henry	1
CHOI Koon Shum, Jonathan	1

Management of Business Risk

The Board will meet quarterly or more often if necessary and will review the financial performance of Hui Xian REIT. The Board has reviewed any risks to the assets of Hui Xian REIT, examined liability management and will act upon any comments from the auditors of Hui Xian REIT (where appropriate).

The Manager has appointed experienced and well-qualified management team to handle the day-to-day operations of the Manager and Hui Xian REIT. In assessing business risk, the Board will consider the economic environment and the property industry risk. It will review management reports and feasibility studies on individual development projects prior to approving any major transactions.

Conflicts of Interests

The Manager is owned by the groups of Cheung Kong (Holdings) Limited (“Cheung Kong”), ARA Asset Management Limited (“ARA”) and CITIC Securities International Company Limited (“CITIC Securities International”) as to 30.0%, 30.0% and 40.0% respectively. Cheung Kong has an indirect interest of approximately 15.6% in the shares of ARA as at 31 December 2011. Further, Cheung Kong indirectly holds units in both Fortune Real Estate Investment Trust (“Fortune REIT”) and Prosperity Real Estate Investment Trust (“Prosperity REIT”) which are managed by wholly-owned subsidiaries of ARA.

As the Manager understands:

- (a) Cheung Kong and its subsidiaries (“Cheung Kong Group”) engage in developing high-quality and large scale properties for sale and investment in the retail, office, serviced apartments and hotel sectors in the PRC and elsewhere;
- (b) ARA, its subsidiaries and associated companies are engaged in the management of publicly-listed real estate investment trusts (“REITs”), including Prosperity REIT and Fortune REIT and private real estate funds investing in Asia, including the PRC; and
- (c) the principal activities of CITIC Securities International, its holding company and their respective subsidiaries (“CITIC Securities Group”) include securities and futures trading, underwriting and sponsoring, proprietary trading, asset management, securities investment advisory services, financial advisory, research and fixed income services.

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

The Manager may also experience conflicts of interests as a result of other roles of its board members. Mr. KAM Hing Lam and Mr. IP Tak Chuen, Edmond, and some of the senior executives of the Manager, are also directors and/or senior executives of Cheung Kong and/or its affiliated companies. Mr. IP Tak Chuen, Edmond is also a non-executive director of ARA and a non-executive director of the manager of Fortune REIT. Mr. LIM Hwee Chiang is a substantial shareholder and director of ARA and a director of the managers of Prosperity REIT and Fortune REIT. Mr. YIN Ke is a director and senior executive of certain members of CITIC Securities Group. As such, each of Mr. Kam, Mr. Ip, Mr. Lim and Mr. Yin may have conflicting duties between his directorship in Hui Xian REIT and his other directorships.

To assist in addressing and managing conflicts of interest relating to Hui Xian REIT, the following measures are or will be taken:

- (1) unless with the approval from the SFC, the Manager will not manage any REIT other than Hui Xian REIT nor manage any real estate assets other than those in which Hui Xian REIT has an ownership interest or investment;
- (2) the Manager has established internal control systems to ensure that connected party transactions between Hui Xian REIT and its connected persons are monitored and undertaken according to procedures and/or on terms in compliance with the REIT Code (or where applicable, in compliance with the waiver conditions imposed by the SFC) and that other potential conflicts of interest situation that may arise are monitored;
- (3) all conflicts of interests will be required to be managed by the full Board, including the INEDs; and
- (4) a Director who has material interests in a matter which is the subject of a resolution proposed at a board meeting of the Manager shall abstain from voting on the resolution concerned and not to be counted in the quorum at the board meeting at which such resolution is proposed.

The Manager confirms that it is capable of performing, and shall continue to perform, its duties for Hui Xian REIT independent of the related business of the Cheung Kong Group, ARA and CITIC Securities Group, and of Fortune REIT, Prosperity REIT and other REITs and private real estate funds managed by ARA and in the best interests of Hui Xian REIT and the Unitholders.

Communication with Unitholders

The Manager considers that effective communication with Unitholders is essential for enhancing investor relations and investor understanding of Hui Xian REIT's business performance and strategies. The Manager also recognises the importance of transparency and timely disclosure of corporate information, which will enable Unitholders and investors to make the best investment decisions.

The general meetings of Unitholders provide a forum for communication between the Board and the Unitholders. Hui Xian REIT was listed on the Hong Kong Stock Exchange on 29 April 2011 and will hold the first annual general meeting of Unitholders on 22 May 2012.

Hui Xian REIT maintains a website at www.huixianreit.com where updated information on Hui Xian REIT's business operations and developments, financial information and other information are posted. The Manager has been actively participating in regular press conferences and meetings with investors and analysts in order to update the interested parties on the performance of Hui Xian REIT.

Reporting and Transparency

Hui Xian REIT will prepare its accounts in accordance with Hong Kong Financial Reporting Standards promulgated by the Hong Kong Institute of Certified Public Accountants (as amended, supplemented or otherwise modified for the time being) with a financial year-end of 31 December and a financial half-year of 30 June. In accordance with the REIT Code, the annual report and interim report for Hui Xian REIT will be published and sent to Unitholders within four months of the end of each financial year and within two months of the end of each financial half-year end.

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

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

Directors' Responsibility for Financial Statements

The Directors acknowledge their responsibility for preparation of a true and fair presentation of the financial statements for the Reporting Period.

The statement of the auditor of Hui Xian REIT about its reporting responsibilities with respect to the financial statements is set out in the Independent Auditor's Report.

Issues of Further Units Post-Listing

To minimise the possible material dilution of holdings of Unitholders, any further issue of Units will need to comply with the pre-emption provisions contained in the REIT Code. Such provisions require that further issues of Units be first offered on a pro rata pre-emptive basis to existing Unitholders except that Units may be issued: (i) free of such pre-emption rights up to an aggregate maximum in any financial year of 20.0% of the number of Units in issue at the end of the previous financial year; and (ii) free of pre-emption rights in other circumstances provided that the approval of Unitholders by way of an ordinary resolution is obtained. Subject thereto, Units may be issued as consideration for the acquisition of additional real estate.

Code governing dealings in Units by Directors, or the Manager and interests of the significant holders of Units

To monitor and supervise any dealings of Units, the Manager has adopted a code ("Units Dealing Code") containing rules on dealings by the Directors equivalent to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange ("Listing Rules"). Pursuant to the Units Dealing Code, all Directors, senior executives, officers and other employees of the Manager, subsidiaries of the Manager or the special purpose vehicles who, because of his/her office or employment in the Manager, the relevant subsidiaries of the Manager or the relevant special purpose vehicles, is likely to be in possession of unpublished price sensitive information in relation to the securities of Hui Xian REIT ("Management Persons") wishing to deal in the Units must first have regard to the provisions of Parts XIII and XIV of the SFO with respect to insider dealing and market misconduct, as if those provisions applied to the securities of Hui Xian REIT.

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

A Management Person must not deal in any of the Units on any day on which Hui Xian REIT's financial results are published and: (a) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and (b) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) or half-yearly results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results, unless the circumstances are exceptional. In any event, in the case of dealings by a Management Person, the Management Person must comply with the procedures set out in the code containing rules on dealings by the Management Person adopted by the Manager.

The Manager is subject to the same dealing requirements as the Directors (*mutatis mutandis*).

Specific enquiry has been made with the Directors, the Manager and its senior executives, officers and other employees, all of them confirmed that they have complied with the required standard set out in the Units Dealing Code during the Reporting Period.

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

Under the Trust Deed, Unitholders with a holding of 5.0% or more of the Units in issue, and the Directors and chief executive of the Manager with an interest in the Units, will have a notifiable interest and will be required to notify the Hong Kong Stock Exchange and the Manager of their holdings in Hui Xian REIT. The Manager shall keep a register for these purposes and it shall record in the register, against a person's name, the particulars provided pursuant to the notification and the date of entry of such record. The said register is available for inspection by the Trustee and any Unitholder at any time during business hours upon reasonable notice to the Manager.

Matters to be Decided by Unitholders by Special Resolution

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

Any decisions to be made by resolution of Unitholders other than the above shall be made by ordinary resolution, unless a special resolution is required by the REIT Code. Such matters requiring approval by way of ordinary resolution include, without limitation, (a) subdivision or consolidation of the Units; (b) any issue of the Units after the listing date which would increase the market capitalisation of Hui Xian REIT by more than 50.0%; (c) any issue of the Units during any financial year that would increase the total number of the Units from the number of the Units that were outstanding at the end of the previous financial year by more than 20.0% (or such other percentage of the outstanding Units as may, from time to time, be prescribed by the SFC); (d) an issue of new Units to a connected person (other than as part of an offer made to all Unitholders on a pro rata basis) except pursuant to an initial public offering, an issue of Units in lieu of the payment of fees to the Manager pursuant to the Trust Deed, an issue of Units in respect of re-investment of distribution to Unitholders, or a rights issue; and (e) the election by the Manager for the acquisition fee or the divestment fee, which is to be paid to the Manager in the form of cash, to be paid in the form of the Units or partly in cash and partly in the form of the Units. The appointment of a new manager of Hui Xian REIT by the Trustee upon the dismissal or retirement of the Manager is (to the extent required by the REIT Code (as may be modified by any waivers or exemptions)) subject to the passing of an ordinary resolution by the Unitholders and the prior approval of the SFC. Unitholders may also, by way of ordinary resolution, dismiss the Manager and any principal valuer appointed by the Trustee on behalf of Hui Xian REIT in accordance with the Trust Deed.

Change in Directors' Information

Subsequent to the publication of the 2011 Interim Report of Hui Xian REIT, the Manager received notifications regarding the following changes in Directors' information:

1. Mr. YIN Ke resigned as a director of CITIC Dameng Holdings Limited (a company listed on the Main Board of the Hong Kong Stock Exchange) with effect from 25 August 2011.
2. Mr. CHENG Hoi Chuen, Vincent was appointed as a member of the Advisory Committee on Post-service Employment of Civil Servants of the Hong Kong Government for a term of two years from 1 September 2011 to 31 August 2013.
3. Dr. CHOI Koon Shum, Jonathan was conferred Honorary Doctor of Social Sciences by Lingnan University in Hong Kong in October 2011.

Compliance with the Compliance Manual

During the Reporting Period, both the Manager and Hui Xian REIT have in material terms complied with the provisions of the Compliance Manual.

Review of Annual Report

The annual report of Hui Xian REIT for the Reporting Period has been reviewed by the Audit Committee and the Disclosures Committee.

New Units Issued

Other than the issue of an aggregate of 9,521,491 Units to the Manager as payment of part of its management fee, no new Units were issued during the Reporting Period.

Purchase, Sale or Redemption of Units

During the Reporting Period, there was no repurchase, sale or redemption of the Units by the Manager on behalf of Hui Xian REIT or any of the special purpose vehicles that are owned and controlled by Hui Xian REIT.

Public Float of the Units

As far as the Manager is aware, more than 25.0% of the issued units of Hui Xian REIT were held in public hands as of 31 December 2011.

Connected Party Transactions

CONNECTED PARTY TRANSACTIONS

Set out below is information in respect of connected party transactions during the Reporting Period involving Hui Xian REIT and its connected persons as defined in 8.1 of the REIT Code, which are governed by Chapter 8 of the REIT Code based on the best knowledge of the Manager:

Waivers from Strict Compliance

Waivers from strict compliance with the disclosure and approval requirements of Unitholders under Chapter 8 of the REIT Code in respect of certain connected party transactions entered into by Hui Xian REIT with its connected persons (the “Waivers”) have been granted by the SFC upon listing of Hui Xian REIT. The Waivers have been granted subject to the relevant waiver terms and conditions including, inter alia, the requirements that transactions should be entered into on normal commercial terms in the ordinary and usual course of business of Hui Xian REIT, and are to be reviewed by the auditor of Hui Xian REIT, the independent non-executive directors of the Manager and/or the audit committee of the Manager and (in respect of certain types of transactions) the transaction amounts should be within the specified annual caps (the “Waiver Conditions”). During the Reporting Period, Hui Xian REIT has complied with the requisite Waiver Conditions, where applicable.

Connected Party Transactions – Income

The following table sets out information on connected party transactions from which Hui Xian REIT derived its income during the Reporting Period:

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the Reporting Period RMB
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment & Consulting Co., Ltd.)*	Associate of officer of Manager ¹	Leasing and licensing transaction	26,862.00
北京屈臣氏個人用品連鎖商店有限公司 (Beijing Watson's Personal Care Stores Co., Limited)*	Associated company of significant holder ²	Leasing and licensing transaction	2,522,960.08

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the Reporting Period RMB
和記電訊信息科技（深圳）有限公司 (Hutchison Telecommunications Information Technology (Shenzhen) Limited)*	Associated company of significant holder ²	Leasing and licensing transaction	281,042.44
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.)*	Associated company of significant holder ²	Leasing and licensing transaction	1,635,333.41
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.)*	Associated company of significant holder ²	Leasing and licensing transaction	2,359,991.55
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.)*	Associated company of significant holder ²	Leasing and licensing transaction	710,689.47
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.)*	Associated company of significant holder ²	Leasing and licensing transaction	1,240,928.31
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited)*	Subsidiary of Manager	Leasing and licensing transaction	158,679.40
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.)*	Associated company of significant holder ²	Leasing and licensing transaction	16,799,238.42
AMTD China (Holdings) Limited	Associated company of significant holder ²	Leasing and licensing transaction	256,427.64
北京尚乘財策諮詢有限公司 (AMTD Beijing Investment Advisory Co., Ltd)*	Associated company of significant holder ²	Leasing and licensing transaction	631,232.70
Cheung Kong (Holdings) Limited (Beijing Office)	Associated company of significant holder ²	Leasing and licensing transaction	44,366.67
李嘉誠基金會（香港）北京辦事處 (Li Ka Shing Foundation (Hong Kong) Beijing Office)*	Associate of director of significant holder ³	Leasing and licensing transaction	387,041.53
TOM Group International Limited Beijing Representative Office	Associate of director of significant holder ⁴	Leasing and licensing transaction	265,635.69
HSBC Bank (China) Company Limited (Beijing Branch)	Associate of director of Manager ⁵	Leasing and licensing transaction	15,002.15
Bank of China Limited	Associated company of significant holder ²	Leasing and licensing transaction	13,001,614.32

Connected Party Transactions

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the Reporting Period RMB
Orient Overseas Container Line (China) Co., Ltd. (Beijing Branch)	Associate of director of significant holder ⁶	Leasing and licensing transaction	122,853.07
OOCL Logistics (China) Ltd. (Beijing Branch)	Associate of director of significant holder ⁶	Leasing and licensing transaction	130,722.73
和記黃埔地產（北京朝陽）有限公司 (Hutchison Whampoa Properties (Beijing Chaoyang) Limited)*	Associate of director of significant holder ⁷	Leasing and licensing transaction	194,281.25
Bank of China Limited	Associated company of significant holder ²	Interest Income on Deposits	1,995,372.71
Total			42,780,275.54

Notes:

- 1 Mr. WONG K, James, the Deputy Chief Operating Officer of the Manager, is a director of the connected party concerned.
- 2 Significant holders being Hui Xian (Cayman Islands) Limited ("HX Cayman") and Hui Xian Holdings Limited ("Hui Xian Holdings").
- 3 The connected party concerned is an associate (within the meaning of the REIT Code) of Mr. LI Tzar Kuoi, Victor, being a director of each of HX Cayman and Hui Xian Holdings as at 31 December 2011.
- 4 Mr. IP Tak Chuen, Edmond, a director of each of HX Cayman and Hui Xian Holdings, is a director of the connected party concerned.
- 5 Mr. CHENG Hoi Chuen, Vincent, an independent non-executive director of the Manager, ceased to be a director of HSBC Bank (China) Company Limited at (and with effect from) the conclusion of the annual general meeting of HSBC Holdings plc held at 11:00 a.m. on 27 May 2011 (London time). The figure represented the amount of income for the period from 29 April 2011 up to and including 27 May 2011.
- 6 The connected party concerned is an associate (within the meaning of the REIT Code) of Mr. TUNG Chee Chen, who ceased to be a director of each of HX Cayman and Hui Xian Holdings with effect from 1 August 2011. The figure represented the amount of income for the period from 29 April 2011 up to and including 31 July 2011.
- 7 Mr. CHOW Wai Kam, Raymond, a director of each of HX Cayman and Hui Xian Holdings, is a director of the connected party concerned.

The terms "associate", "associated company" and "significant holder" shall have the same meanings as they are defined under the REIT Code.

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

Connected Party Transactions – Expenses

The following table sets out information on connected party transactions in which Hui Xian REIT incurred its expenses during the Reporting Period:

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Expenses for the Reporting Period RMB
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.)*	Associated company of significant holder ¹	Property Management Fee	3,138,743.32
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.)*	Associated company of significant holder ¹	Property Management Fee	6,381,143.36
麗都飯店有限公司 (Lido Hotel Co., Ltd.)*	Associated company of significant holder ¹	Club Facilities Charges	26,080.00
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.)*	Associated company of significant holder ¹	Internet Services Fee	3,567,772.74
Hui Xian Holdings Limited	Significant holder ¹	Interest Expenses on Loan	1,286,839.72
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited)*	Subsidiary of Manager	Property Manager's Fee	11,947,536.61
中銀保險有限公司北京分公司 (Bank of China Insurance Co., Ltd. Beijing Branch)*	Associated company of significant holder ¹	Insurance Expenses Payment	306,432.41
中國人壽財產保險股份有限公司 北京市分公司	Associated company of significant holder ¹	Insurance Expenses Payment	1,072,513.43
China Life Insurance Company Limited Beijing Branch	Associated company of significant holder ¹	Insurance Expenses Payment	100,415.43
Bank of China Limited	Associated company of significant holder ¹	Interest Expenses on Loan	4,986,995.00
Total			32,814,472.02

Note:

1 Significant holders being HX Cayman and Hui Xian Holdings.

* The English name is shown for identification purpose only.

Connected Party Transactions – Others

Hui Xian Holdings Facility Transactions

On 8 April, 2011, Hui Xian Holdings (as lender) and Hui Xian Investment (as borrower) entered into a facility agreement (“Facility Agreement”) pursuant to which Hui Xian Holdings has agreed to grant to Hui Xian Investment the facility in the aggregate amount of RMB 1,400 million (comprising a RMB 1,300 million revolving credit facility and a RMB 100 million revolving credit facility). The RMB 100 million revolving credit facility will be used to finance the general working capital requirements and general corporate funding of Hui Xian REIT and its special purpose vehicles, and is available for multiple drawings on a revolving basis from the listing date of Hui Xian REIT until one month before and not including its final maturity date which falls on the expiry of 18 months of the date of the facility agreement (or such later date as Hui Xian Holdings and Hui Xian Investment may extend by mutual agreement in writing from time to time). The RMB 1,300 million revolving credit facility will be used to support Hui Xian REIT’s making of distributions in RMB and is available for multiple drawings on a revolving basis from the listing date of Hui Xian REIT until one month before and not including its final maturity date which falls on the expiry of 42 months of the date of the facility agreement (or such later date as Hui Xian Holdings and Hui Xian Investment may extend by mutual agreement in writing from time to time).

Certain variations to the terms of the Facility Agreement (“Variations”) were made during the Reporting Period and modifications had been granted by the SFC in relation to the previous waiver for connected party transactions granted in respect of the transactions contemplated under the Facility Agreement to take into account the Variations (“Modified Waiver”). Details of the Variations and the Modified Waiver have been set out in the announcement made by the Manager for Hui Xian REIT on 10 November 2011 in relation to the New Facility and variations to existing facilities arrangement.

As of 31 December 2011, an aggregate of RMB 201.5 million was drawn under the RMB 1,300 million revolving credit facility with Hui Xian Holdings while the RMB 100 million revolving credit facility was not used.

BOC Banking Financial Services Transactions

Bank of China Limited (“BOC”) has been providing certain ordinary banking and financial services to Hui Xian REIT, including deposit services and extension of loans to BOP.

As at 31 December 2011, Hui Xian REIT had deposits in certain time deposit account and current accounts maintained with BOC and Bank of China (Hong Kong) Limited in the total balance of RMB 862,915,217.10.

On 30 December 2008, BOP entered into a term loan agreement with BOC for a term loan in the total amount of RMB 1,100 million (“BOC Term Loan”). As at 30 June 2011, BOP was indebted to BOC in the outstanding principal amount of RMB 200 million, which shall be repayable in full on 8 January 2014, subject to any prepayment that may be made by BOP.

On 12 February 2009, BOP entered into a revolving facility agreement with BOC for a revolving facility in the total amount of RMB 500 million (“BOC Revolving Facility”). The BOC Revolving Facility has never been drawn down and BOP elected to cancel the BOC Revolving Facility.

The BOC Term Loan and the BOC Revolving Facility were secured by a mortgage over Oriental Plaza pursuant to two mortgage agreements entered into by BOP and BOC on 30 December 2008 and 12 February 2009 respectively.

On 1 July 2011, an early repayment of the loan with BOC in full was made by Hui Xian REIT and all pledges made by BOP in favour of BOC have been released and discharged.

On 4 November 2011, Hui Xian Investment accepted and agreed to a commitment letter (the “Commitment Letter”) issued on 28 October 2011 by, among others, The Hongkong and Shanghai Banking Corporation Limited, Bank of China (Hong Kong) Limited and DBS Bank Ltd., Hong Kong Branch (together, the “Banks”). Pursuant to the Commitment Letter, a three-year term loan of HK\$1,200 million (the “New Facility”) was provided by the Banks.

The Trustee and Hui Xian (B.V.I.) Limited provided guarantee for the New Facility.

The New Facility is unsecured and unsubordinated and ranks pari passu with all other unsecured and unsubordinated obligations of Hui Xian Investment.

The New Facility was drawn down in full on 3 January 2012, for the purposes of financing the general corporate needs of Hui Xian REIT group.

Details of the New Facility have been set out in the announcements made by the Manager for Hui Xian REIT in respect of such matters on 10 November 2011 and 3 January 2012 respectively.

CONFIRMATION BY THE AUDIT COMMITTEE

In relation to the leasing and licensing transactions entered into between BOP as owner of Oriental Plaza and the HSBC Connected Persons Group (as defined in the offering circular relating to Hui Xian REIT dated 11 April 2011 (the “Offering Circular”)) in respect of Oriental Plaza (“HSBC Leasing and Licensing Transactions”) as disclosed above during the Reporting Period, the Audit Committee has confirmed that it has reviewed the terms of these transactions and is satisfied that these transactions have been entered into in the ordinary and usual course of business at arm’s length on normal commercial terms, are fair and reasonable and are in the interests of the unitholders of Hui Xian REIT.

CONFIRMATION BY THE INEDs

(A) For connected party transactions entered into between Hui Xian REIT Group (as defined in the Offering Circular) and Hui Xian Holdings as contemplated under the Facility Agreement, as and when varied (“Facility Transactions”) during the Reporting Period

The INEDs have confirmed that they have reviewed the terms of the Facility Transactions and that they are satisfied that these transactions have been entered into:

- (a) in the ordinary and usual course of business of Hui Xian REIT;
- (b) on normal commercial terms (to the extent that there are comparable transactions) or, where there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to Hui Xian REIT than terms available to or from (as appropriate) independent third parties; and
- (c) in accordance with the relevant agreement on terms that are fair and reasonable and in the interests of the unitholders of Hui Xian REIT as a whole.

(B) For all the connected party transactions disclosed above (other than the Facility Transactions and the HSBC Leasing and Licensing Transactions)

The INEDs have confirmed that they have reviewed the terms of all these relevant connected party transactions and that they are satisfied that these transactions have been entered into:

- (a) in the ordinary and usual course of business of Hui Xian REIT;
- (b) on normal commercial terms (to the extent that there are comparable transactions) or, where there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to Hui Xian REIT than terms available to or from (as appropriate) independent third parties; and
- (c) in accordance with the relevant agreement and the Manager's internal procedures governing them (if any) on terms that are fair and reasonable and in the interests of the unitholders of Hui Xian REIT as a whole.

REPORT FROM THE AUDITOR OF HUI XIAN REIT

Messrs. Deloitte Touche Tohmatsu, auditor of Hui Xian REIT, was engaged to report on Hui Xian REIT's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions on leasing and licensing transactions, property management arrangements, third party services and other operational transactions and transactions involving ordinary banking and financial services disclosed by Hui Xian REIT from pages 46 to 51 of the 2011 Annual Report in accordance with the waiver from strict compliance with disclosure requirements under Chapter 8 of the REIT Code granted by the SFC. A copy of auditor's letter will be provided by Hui Xian REIT to the SFC.

ACQUISITION FROM CHEUNG KONG CONNECTED PERSON GROUP

On 10 November 2011, the Trustee and Yick Ho Limited ("Yick Ho"), an indirect wholly-owned subsidiary of Cheung Kong, entered into the sale and purchase agreement (the "Sale and Purchase Agreement") pursuant to which Yick Ho has conditionally agreed to sell, and the Trustee has conditionally agreed to purchase, the entire issued share capital of, and shareholder's loans owing at completion by, Shenyang Investment BVI at a consideration of RMB 980 million. Upon completion of the Sale and Purchase Agreement, the Trustee was in effect acquiring interest in the entitlements of 70% of the distributions of 瀋陽麗都商務有限公司 (Shenyang Lido Business Co., Ltd. (for identification purposes only)). The above sale and purchase was completed on 1 January 2012.

Yick Ho is an indirect wholly-owned subsidiary of Cheung Kong, which is an "associate" of a "significant holder" (within the meaning given in the REIT Code) of Hui Xian REIT. Therefore, Yick Ho is regarded as a connected person of Hui Xian REIT under the REIT Code, and the above acquisition thus constitutes a connected party transaction for Hui Xian REIT under the REIT Code.

Details of the Sale and Purchase Agreement and the completion thereof have been set out in the announcements made by the Manager for Hui Xian REIT in respect of such matters on 10 November 2011 and 3 January 2012 respectively.

TERMS AND REMUNERATION OF SERVICES PROVIDED BY THE MANAGER AND THE TRUSTEE

Pursuant to note 2 to 8.10 of the REIT Code, services provided by the Manager, the Trustee and the principal valuer to Hui Xian REIT as contemplated under the constitutive documents shall not be deemed connected party transactions. Therefore, such services are not disclosed in the above sections. During the Reporting Period, the aggregate amount of fees payable by Hui Xian REIT to the Trustee and to the Manager under the Trust Deed were RMB 2,246,008.22 and RMB 88,851,491.97 respectively. Particulars of services provided by the Trustee and the Manager are set out in notes 1(b) and 1(c) respectively of the Consolidated Financial Statements of Hui Xian REIT for the Reporting Period.

Disclosure of Interests

DISCLOSURE OF INTERESTS

Holdings of Significant Unitholders and Certain Other Unitholders

As at 31 December 2011, each of the following persons was considered as a “significant holder” of Units and hence a “connected person” of Hui Xian REIT within the meaning and for the purpose of the REIT Code:

Name	As at 31 December 2011		As at 29 April 2011	
	Number of Units held or interested		Number of Units held or interested	
	Direct Interest	Deemed Interest	Direct Interest	Deemed Interest
Hui Xian (Cayman Islands) Limited ⁽¹⁾	2,700,000,000	300,000,000	2,700,000,000	300,000,000
Hui Xian Holdings Limited ⁽²⁾	300,000,000	2,700,000,000	300,000,000	2,700,000,000

Notes:

- (1) HX Cayman, the holder of 2,700,000,000 Units, was a connected person of Hui Xian REIT as it was a significant holder (within the meaning in the REIT Code) of Hui Xian REIT as at 31 December 2011. HX Cayman is a direct wholly-owned subsidiary of Hui Xian Holdings and is deemed, for the purpose of determining whether it is a significant holder of Hui Xian REIT under the REIT Code, to hold the 300,000,000 Units held by Hui Xian Holdings as at 31 December 2011.
- (2) Based on information as recorded in the register required to be kept by the Manager under the Trust Deed as at 31 December 2011, Hui Xian Holdings was a connected person of Hui Xian REIT as it was a significant holder (within the meaning in the REIT Code) of Hui Xian REIT as at 31 December 2011 by virtue of the aggregate of the deemed holding of its wholly-owned subsidiary, HX Cayman, of 2,700,000,000 Units and its own interest in 300,000,000 Units.

Based on information available to the Manager, Noblecrown Investment Limited (“Noblecrown”) was an indirect wholly-owned subsidiary of Cheung Kong as at 31 December 2011 and was entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Hui Xian Holdings. By virtue of the deemed application of Part XV of the SFO, Cheung Kong, Noblecrown and each of the intermediate holding companies (namely, Cheung Kong (China Property Development) Limited, Cheung Kong China Property Limited, Cheung Kong (China Property) Limited, Cheung Kong Holdings (China) Limited and Cheung Kong Investment Company Limited) through which Cheung Kong is interested in the share capital of Noblecrown were taken to have an interest in the Units held by HX Cayman and/or Hui Xian Holdings.

In addition, each of Mr. Li Ka-shing, Li Ka-Shing Unity Trustee Company Limited, Li Ka-Shing Unity Trustee Corporation Limited and Li Ka-Shing Unity Trustcorp Limited was also taken to have an interest in the Units held by HX Cayman and/or Hui Xian Holdings by virtue of the deemed application of Part XV of the SFO.

Further, based on information as recorded in the register required to be kept by the Manager under the Trust Deed as at 31 December 2011, each of Mr. Li Ka-shing, Li Ka-Shing Unity Trustee Company Limited, Li Ka-Shing Unity Trustee Corporation Limited, Li Ka-Shing Unity Trustcorp Limited and Cheung Kong was also taken to be interested in the 5,930,000 Units held by Wisdom Ally Limited, an indirect wholly-owned subsidiary of Cheung Kong.

Based on the record shown on the register of Unitholders as kept by the Unit Registrar of Hui Xian REIT, HKSCC Nominees Limited was the registered holder of 2,283,565,000 Units as at 29 April 2011 and 2,281,508,000 Units as at 31 December 2011, respectively. Further, based on information available to the Manager, HKSCC Nominees Limited held such Units as nominee and the Manager has not received any notice from HKSCC Nominees Limited in respect of those Units pursuant to the deemed application of Part XV of the SFO.

Interests of the Manager

As at 31 December 2011, the Manager held 9,521,491 units of Hui Xian REIT.

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

Based on information available to the Manager, details of the unitholding interests of the Directors, senior executives and officers of the Manager were as follows:

Name	As at 31 December 2011 Number of Units Held	As at 29 April 2011 Number of Units Held
KAM Hing Lam	140,000 ⁽¹⁾	—
CHU Stephen Henry	100,000 ⁽²⁾	22,000 ⁽²⁾
IP Tak Chuen, Edmond	400,000 ⁽³⁾	—
MAN Ka Keung, Simon	9,000 ⁽⁴⁾	9,000 ⁽⁴⁾
TONG BARNES Wai Che, Wendy	80,000 ⁽⁵⁾	—
CHEUNG Ling Fung, Tom	50,000 ⁽⁶⁾	—
WONG K, James	10,000 ⁽⁷⁾	5,000 ⁽⁷⁾
HUI Tung Keung, Tommy	27,000 ⁽⁸⁾	7,000 ⁽⁸⁾
LEUNG Pik Sai, Charlotte	Not Applicable ⁽⁹⁾	3,000 ⁽⁹⁾

Notes:

1. These Units were held by Mr. KAM Hing Lam as a bare trustee and this is a voluntary disclosure made by Mr. KAM Hing Lam.
2. These Units were owned by Mr. CHU Stephen Henry as beneficial owner.
3. These Units were owned by Mr. IP Tak Chuen, Edmond as beneficial owner.
4. These Units were owned by Mr. MAN Ka Keung, Simon as beneficial owner.
5. These Units were owned by Mrs. TONG BARNES Wai Che, Wendy as beneficial owner.
6. These Units were owned by Mr. CHEUNG Ling Fung, Tom as beneficial owner.
7. These Units were owned by Mr. WONG K, James as beneficial owner.
8. These Units were owned by Mr. HUI Tung Keung, Tommy as beneficial owner, who was appointed as Deputy Chief Investment Officer in July 2011.
9. These Units were owned by Ms. LEUNG Pik Sai, Charlotte, who had left BOP in November 2011 and thereafter ceased to hold any position in the Manager.

Save as disclosed above, the Manager is not aware of any connected persons (within the meaning in the REIT Code) to Hui Xian REIT holding any beneficial interest in the Units as at 31 December 2011.

Directors' Biographical Information

KAM Hing Lam, aged 65, is the founding Chairman and Non-executive Director of Hui Xian Asset Management Limited. He is also the founding Chairman of Beijing Oriental Plaza Co., Ltd..

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

Mr. Kam has been the Deputy Managing Director of Cheung Kong (Holdings) Limited since 1993. He possesses extensive experience in the real estate sector in Hong Kong and Mainland China. In Mainland China, beyond Oriental Plaza, Mr. Kam has considerable involvement with similar mixed-use developments in a number of cities. He is the Deputy Chairman of Lido Hotel Co. Ltd., the Director of Shanghai Westgate Mall Co., Ltd., and the Director of Hutchison Enterprises (Chong Qing) Limited. He is also the Director and Deputy Chairman of Beijing Po Garden Real Estates Development Co., Ltd., the Chairman of Shenyang Lido Business Co., Ltd., as well as the Chairman of Chengdu Changtian Co. Ltd.

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

In addition, Mr. Kam is the President and Chief Executive Officer of CK Life Sciences Int'l., (Holdings) Inc., and an Executive Director of Hutchison Whampoa Limited and Power Assets Holdings Limited, all of which are listed on the Main Board of Hong Kong Stock Exchange. Prior to joining the Cheung Kong Group, he had more than 20 years of experience in a senior and regional capacity at several major US multinational companies.

Mr. Kam is a member of the 11th Beijing Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He is also an Honourable Citizen of Shenyang, Jiangmen, Foshan and Nanhai.

CHU Stephen Henry, aged 51, has been an Executive Director of Hui Xian Asset Management Limited since 21 December 2010. He is also the Chief Executive Officer and a Responsible Officer of Hui Xian Asset Management Limited. He is a Director of Beijing Oriental Plaza Co., Ltd. and a Director of Shenyang Lido Business Co., Ltd.. Prior to joining Hui Xian Asset Management Limited, Mr. Chu was the chief executive officer and a director of ARA Asset Management (Prosperity) Limited, the manager of Prosperity REIT, where he was responsible for the performance and direction of Prosperity REIT. He was the chief executive officer of ARA Asset Management (Fortune) Limited (formerly known as ARA Asset Management (Singapore) Limited), the manager of Fortune REIT prior to joining ARA Asset Management (Prosperity) Limited.

Mr. Chu has more than 20 years of international property experience in the fields of leasing, sales, facility and property management and marketing work covering the retail, residential, hotel, and commercial sectors of the real estate market.

Mr. Chu holds a Bachelor of Arts (Honours) degree and a Master of Business Administration degree.

PANG Shuen Wai, Nichols, aged 52, is an Executive Director of Hui Xian Asset Management Limited. He is also the Manager's Chief Financial Officer and a Responsible Officer. He is a Director of Beijing Oriental Plaza Co., Ltd. and a Director of Shenyang Lido Business Co., Ltd..

Mr. Pang is the Executive Director of the Capital Management Division of CITIC Securities International Company Limited ("CITIC Securities"), but has been seconded by CITIC Securities to work for the Manager on a full-time basis.

Mr. Pang has more than 20 years of experience in the property and investment sectors, both in Hong Kong and Mainland China. He began his career as a research analyst of the property sector of the Greater China region in various financial institutions. He then moved to the asset management field by managing public and private funds.

Mr. Pang holds a Bachelor degree in Law, a Master degree in Business Administration, a Master degree in Applied Finance, and a Doctor of Philosophy degree.

IP Tak Chuen, Edmond, aged 59, is a Non-executive Director of Hui Xian Asset Management Limited. Mr. Ip has been an Executive Director of Cheung Kong (Holdings) Limited since 1993, and Deputy Managing Director since 2005. He is an Executive Director and Deputy Chairman of Cheung Kong Infrastructure Holdings Limited, and the Senior Vice President and Chief Investment Officer of CK Life Sciences Int'l., (Holdings) Inc..

Mr. Ip is also a Non-executive Director of TOM Group Limited, ARA Asset Management Limited, AVIC International Holding (HK) Limited, Excel Technology International Holdings Limited, Real Nutraceutical Group Limited (formerly known as Ruinian International Limited) and Shougang Concord International Enterprises Company Limited. All the companies above are listed companies.

In addition, Mr. Ip is a Non-executive Director of ARA Asset Management (Fortune) Limited, and a Director of ARA Trust Management (Suntec) Limited.

Mr. Ip holds a Bachelor of Arts degree in Economics and a Master of Science degree in Business Administration.

LIM Hwee Chiang, aged 55, has been a Non-executive Director of Hui Xian Asset Management Limited since 21 December 2010. He is also the Group Chief Executive Officer and Executive Director of ARA Asset Management Limited ("ARA"). He has been the Group Chief Executive Officer and Executive Director of ARA since its establishment. He is also a director of ARA Asset Management (Fortune) Limited (the manager of Fortune REIT), ARA Trust Management (Suntec) Limited (the manager of Singapore-listed Suntec REIT), ARA Asset Management (Prosperity) Limited (the manager of Prosperity REIT), Am ARA REIT Managers Sdn. Bhd. (the manager of Malaysia-listed AmFIRST REIT), ARA-CWT Trust Management (Cache) Limited (the manager of Singapore-listed Cache Logistics Trust), a non-executive director of APN Property Group Limited (Australia-listed) and the chairman of APM Property Management Pte. Ltd., Suntec Singapore International Convention & Exhibition Services Pte. Ltd and The Management Council of the Management Corporation Strata Title Plan No. 2197 (Suntec City). In addition, Mr. Lim is an independent director, the chairman of the remuneration committee and the share options scheme committee and a member of the audit committee and the nominating committee of Singapore-listed Teckwah Industrial Corporation Limited. He is also the vice president of the Hong Kong-Singapore Business Association, the senior vice president of the Asia Pacific Real Estate Association, a council member of the Singapore Chinese Chamber of Commerce & Industry and a member of the Valuation Review Board of the Ministry of Finance of Singapore.

Mr. Lim has more than 30 years of experience in real estate. Prior to founding ARA, from 1997 to 2002, he was an executive director of GRA (Singapore) Pte. Ltd, a wholly-owned subsidiary of Prudential (US) Real Estate Investors. From 1996 to 1997, he founded and was the managing director of The Land Managers (S) Pte. Ltd, a Singapore-based property and consulting firm specialising in feasibility studies, marketing and leasing management in Singapore, Hong Kong and the PRC. He was the general manager of the Singapore Labour Foundation Management Services Pte. Ltd. from 1991 to 1995, and was with DBS Land Limited (now part of CapitaLand Limited) from 1981 to 1990. He was also a non-executive director of Pteris Global Limited (formerly known as Inter-Roller Engineering Limited) (Singapore-listed) until 24 April 2009.

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

YIN Ke, aged 48, has been a Non-executive Director of Hui Xian Asset Management Limited since 21 December 2010. He is the chief executive officer, executive director and vice chairman of CITIC Securities International Company Limited. He is also an executive director and vice chairman of CITIC Securities Company Limited, a PRC company whose A shares and H shares are listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange respectively. Moreover, he is a non-executive director of CITIC Pacific Ltd. and Dah Chong Hong Holdings Limited, companies listed on the Main Board of the Hong Kong Stock Exchange. Mr. Yin began his career as an assistant to the chief executive officer of the Shenzhen Stock Exchange. He has previously served as a non-executive director of CITIC Dameng Holdings Limited, a company listed on the Main Board of the Hong Kong Stock Exchange, an executive director of Jun An Securities Limited, an executive director of Guo Tai Jun An Securities Company Limited, the executive director and president of China United Securities Limited, a director of ACT 360 Solutions Limited, a director of CCB Principal Asset Management Company Limited, a director & deputy chief executive officer of CITIC Capital Holdings Limited and a director of Zhongxing Shenyang Commercial Building Group Company Limited. Mr. Yin has extensive investment banking experience in both the PRC and overseas. He is also actively involved in various professional associations including the Securities Association of China and the Securities Association of Shenzhen.

Mr. Yin graduated with a bachelor degree in electrical engineering and a master degree in economics from Zhejiang University.

CHENG Hoi Chuen, Vincent, aged 63, has been an Independent Non-executive Director of Hui Xian Asset Management Limited since 4 April 2011. He is also an independent non-executive director of Great Eagle Holdings Limited, MTR Corporation Limited and CLP Holdings Limited, and a non-executive director of Swire Properties Limited. He is the Advisor to the Group Chief Executive of HSBC Holdings plc since 28 June 2011. He was previously the chairman and a director of The Hongkong and Shanghai Banking Corporation Limited, the chairman of HSBC Bank (China) Company Limited and HSBC Bank (Taiwan) Limited and an executive director of HSBC Holdings plc.

Mr. Cheng is a career banker with extensive international business experience particularly in Asia. He is also Chairman of the Independent Commission on Remuneration for Members of the Executive Council and the Legislature, and Officials under the Political Appointment System of the Hong Kong Government and a member of the Advisory Committee on Post-service Employment of Civil Servants. He was previously Chairman of the Process Review Panel for the Securities and Futures Commission, Chairman of the Standing Committee on Directorate Salaries and Conditions of Service of the Hong Kong Government, and a member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority.

Mr. Cheng is a member of the National Committee of the 11th People's Political Consultative Conference of the PRC (the "CPPCC") and a senior advisor to the 11th Beijing Municipal Committee of the CPPCC. He was also a member of the Executive Council from 1995 to 1997, Hong Kong Affairs Advisor to the People's Republic of China from 1994 to 1997 as well as a member of the Legislative Council from 1991 to 1995. He is also Chairman of the Council of The Chinese University of Hong Kong.

Mr. Cheng was awarded the Gold Bauhinia Star by the Hong Kong Government in 2005. He was conferred the degree of Doctor of Social Science, *honoris causa*, by The Chinese University of Hong Kong and the degree of Doctor of Business Administration, *honoris causa*, by The Open University. Mr. Cheng holds a Bachelor of Social Science degree in Economics from The Chinese University of Hong Kong and a Master of Philosophy degree in Economics from The University of Auckland.

LEE Chack Fan, aged 66, has been an Independent Non-executive Director of Hui Xian Asset Management Limited since 4 April 2011. Professor Lee is the Chair Professor of Geotechnical Engineering and Director of the School of Professional and Continuing Education, The University of Hong Kong. He is an Academician of Chinese Academy of Engineering. He is also an independent non-executive director of Paul Y. Engineering Group Limited.

Professor Lee is an internationally renowned expert in geotechnical engineering. Professor Lee served as a consultant and technical adviser to numerous energy and infrastructure projects in China and overseas, including the construction of the Three Gorges Dam of the Yangtze River. He worked for Ontario Hydro in Canada for more than 20 years before he joined The University of Hong Kong in 1994. He participated in the design of many massive dams and nuclear power stations. He has served as a specialist consultant or an advisor to many international bodies such as the United Nations Development Plan, World Bank and Asian Development Bank on numerous energy and infrastructure projects in many parts of the world.

Professor Lee is the Chairman of the Council of the Lord Wilson Heritage Trust, Chairman of the Hong Kong Institute for Promotion of Chinese Culture, and the President of the Fu Hui Charity Foundation. He is a member of Board of the West Kowloon Cultural District Authority. He is a past Chairman of the Harbourfront Enhancement Committee, and past Chairman of the Veterinary Surgeons Board. He previously also served on the Commission on Strategic Development and the Cultural and Heritage Commission.

Professor Lee's eminent achievement in civil engineering has been highly recognised. He was awarded the K Y Lo Medal in 2000 by the Engineering Institute of Canada and was elected the Academician of the Chinese Academy of Engineering in 2003 in recognition of his contributions to the engineering profession. He was appointed as Justice of the Peace by the Hong Kong Government in 2003 and was awarded the Silver Bauhinia Star in 2005.

Professor Lee graduated from The University of Hong Kong with a Bachelor degree in civil engineering and received his Master's degree from The University of Hong Kong and a Doctor of Philosophy degree from The University of Western Ontario, Canada, in the field of geotechnical engineering. He served as a Fullbright Distinguished Scholar in 2005, and was awarded an Honorary Doctorate of Science by The University of Western Ontario, Canada, in 2006. He was awarded the Gold Medal of the Hong Kong Institution of Engineers (HKIE) in 2009 and elected to the Hall of Fame of the HKIE in 2010.

CHOI Koon Shum, Jonathan, aged 54, has been an Independent Non-executive Director of Hui Xian Asset Management Limited since 4 April 2011. He is also Chairman of the Sun Wah Group, Chairman of Sunwah International Limited (formerly known as Kingsway International Holdings Limited) (Toronto-listed), Chairman of Sunwah Kingsway Capital Holdings Limited (formerly known as SW Kingsway Capital Holdings Limited) (Hong Kong-listed), Chairman of the Sun Wah Hi-Tech Group and Chairman of the Sun Wah Media Group. Dr. Choi has extensive experience in the financial services business, food industry, real estate development, international trade and technology.

Dr. Choi is a member of the National Committee of the Chinese People's Political Consultative Conference of the PRC. He also holds a number of public positions including Chairman of the Hong Kong Chinese General Chamber of Commerce, Standing Committee Member of the All-China Federation of Industry and Commerce, an Economic Advisor to the President of the Chinese Academy of Sciences, PRC, a Council Member of the Hong Kong Trade Development Council, Chairman of the Hong Kong-Japan Business Co-operation Committee, Chairman of the Hong Kong-Vietnam Chamber of Commerce, Chairman of the China-India Software Association, and Chairman of the China Hong Kong Israel Technology Cooperation and Promotion Center. Dr. Choi is also a Court/Council Member of a number of universities including United College of The Chinese University of Hong Kong, The Hong Kong University of Science and Technology, The Hong Kong Polytechnic University, the University of Macau, Fudan University, Nanjing University and Northeastern University in Liaoning.

Dr. Choi is a Justice of the Peace and has been awarded the Bronze Bauhinia Star by the Hong Kong SAR Government. He has also received the World Outstanding Chinese Award granted by the United World Chinese Association and is an Honorary Citizen or Advisor of Guangzhou, Shenyang, Wuhan, Jingtangshan and Changjiajie.

In 2005, Dr. Choi was conferred the Honorary Doctor of Humanities by the Michigan State University in the United States. He became a University Fellow of The Hong Kong Polytechnic University in 2007. He was also conferred Honorary Professor by The University of Glamorgan in the United Kingdom in 2009 and Honorary Doctor of Social Sciences by Lingnan University in Hong Kong in October 2011.

Key Personnel's Biographical Information

CHEUNG Ling Fung, Tom is the Chief Operating Officer of Hui Xian Asset Management Limited. He is also the General Manager of Beijing Oriental Plaza Co., Ltd. ("BOP") and a Director of Shenyang Lido Business Co., Ltd.. Mr. Cheung joined BOP as the General Manager of The Tower Apartments in 2001. Prior to joining BOP, Mr. Cheung spent seven years in Shanghai where he established CB Richard Ellis's first branch in Mainland China and held the position of General Manager. He has over 20 years of experience in real estate, encompassing office, retail and residential properties. Mr. Cheung holds a Bachelor of Business Administration degree in Finance and a Master's degree in Business Administration.

LEE Chi Kin, Casey is the Chief Investment Officer and Responsible Officer of Hui Xian Asset Management Limited. He is the Business Development Manager, China Property of Cheung Kong (Holdings) Limited, and has been seconded to work for Hui Xian Asset Management Limited. Mr. Lee is also the Vice Chairman and General Manager of Shenyang Lido Business Co., Ltd., the holding company of Sheraton Shenyang Lido Hotel. Mr. Lee has been overseeing the Sheraton Shenyang Lido Hotel project since 1998. Mr. Lee has over 27 years of experience in accounting, hotel management and property development. He holds a Bachelor's degree in Social Science. He is a member of The Chinese Institute of Certified Public Accountants, a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, and a member of The Institute of Chartered Accountants in England and Wales. Mr. Lee is a member of the Chinese People's Political Consultative Conference (Shenyang).

TONG BARNES Wai Che, Wendy is the Chief Corporate Affairs and Investor Relations Officer of Hui Xian Asset Management Limited. Mrs. Tong Barnes is also a Director of Beijing Oriental Plaza Co., Ltd. and a Director of Shenyang Lido Business Co., Ltd.. She is the Chief Corporate Affairs Officer of Cheung Kong (Holdings) Limited, Cheung Kong Infrastructure Holdings Limited, and CK Life Sciences Int'l., (Holdings) Inc. Mrs. Tong Barnes has been working on the Oriental Plaza project since the 1990s during the pre-leasing and pre-opening phase. Mrs. Tong Barnes has over 27 years of experience in public relations, marketing communications and corporate affairs. She holds a Bachelor's degree in Business Administration.

MAN Ka Keung, Simon is the Chief Corporate Strategy Officer of Hui Xian Asset Management Limited, a Director of Beijing Oriental Plaza Co., Ltd. and a Director of Shenyang Lido Business Co., Ltd.. He is also the Director of Corporate Strategy Unit, and the Chief Manager, Accounts Department of Cheung Kong (Holdings) Limited. He is the Alternate Director to the Deputy Chairman and Executive Director of Cheung Kong Infrastructure Holdings Limited Mr. IP Tak Chuen, Edmond, and a Director of Harbour Plaza Hotel Management Limited. Mr. Man has over 31 years of experience in accounting, auditing, tax and finance. He holds a Bachelor's degree in Economics and is an associate member of The Institute of Chartered Accountants in Australia.

LAI Wai Yin, Agnes is the Deputy Chief Financial Officer of Hui Xian Asset Management Limited. She is also the Financial Controller of Beijing Oriental Plaza Co., Ltd. ("BOP"), and a Director of Shenyang Lido Business Co., Ltd.. Ms. Lai has worked for BOP since she joined the company as Finance Manager in 2000. She has over 22 years of experience in accounting and auditing. Ms. Lai holds a Bachelor's degree in Business Administration. She is a fellow member of The Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Key Personnel's Biographical Information

HUI Tung Keung, Tommy is the Deputy Chief Investment Officer of Hui Xian Asset Management Limited, and a Director of Shenyang Lido Business Co., Ltd.. He is also the Business Development Manager, China Property of Cheung Kong (Holdings) Limited. Mr. Hui has over 28 years of experience in accounting, hotel and property management. He holds a Master's degree in Business Administration.

CHU Yu Fai, Kenneth is the Deputy Chief Investment Officer of Hui Xian Asset Management Limited. He is also the Business Development Manager, China Property of Cheung Kong (Holdings) Limited. Mr. Chu has over 33 years of experience in finance, accounting, auditing, hotel management and business development. He holds a Bachelor of Arts degree in Economics and a Bachelor of Commerce degree in Business Administration. He is a Certified Management Accountant.

TSE Chun Wai, Richard is the Internal Audit Manager of Hui Xian Asset Management Limited. He is also the Senior Manager, Internal Audit Department of Cheung Kong (Holdings) Limited. He has over 20 years of experience in auditing. Mr. Tse holds a Master's degree in Business Administration, a Master of Science degree in Information Systems Management, a Master of Science degree in Investment Management and a Master of Laws degree in Common Law. He is a fellow member of The Association of Chartered Certified Accountants, an associate member of The Chartered Institute of Management Accountants, and a Certified Public Accountant of The Hong Kong Institute of Certified Public Accountants.

CHENG Oi Lin, Phyllis is the Compliance Manager of Hui Xian Asset Management Limited, and a Director of Shenyang Lido Business Co., Ltd.. She is also the Legal Manager of Cheung Kong (Holdings) Limited. Ms. Cheng has over 18 years of legal and compliance experience, including six years as a solicitor in private practice. Ms. Cheng holds a Bachelor of Laws degree and a Postgraduate Certificate in Laws from the University of Hong Kong. She was admitted as a solicitor in Hong Kong in 1993.



February 21, 2012

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

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

Dear Sirs,

We are instructed by Hui Xian Asset Management Limited (the "Company") to value the property interests of Oriental Plaza, located at No. 1 East Chang An Avenue, Dong Cheng District, Beijing, the People's Republic of China (the "PRC") (the "Property"). We confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the capital value of the Property as at December 31, 2011 for accounting purpose.

This letter which forms part of our valuation report explains the basis and methodology of valuation, and clarifies our assumptions made on the ownership of the Property and the limiting conditions.

BASIS OF VALUATION

Our valuation is our opinion of the market value which is defined in accordance with the HKIS Valuation Standards on Properties of the Hong Kong Institute of Surveyors to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

This estimate specifically excludes an estimated price inflated or deflated by special considerations or concessions granted by anyone associated with the sale, or any element of special value. The value of a property is also estimated without regard to costs of sales and purchase, and without offset for any associated taxes.

VALUATION METHODOLOGY

We have valued the Property with reference to the tenancy schedules and hotel operating statement provided to us by Beijing Oriental Plaza Co., Ltd. and, where appropriate, by reference to sales evidence as available on the market.

In arriving at our opinion of values, we have considered relevant general and economic factors and in particular have investigated recent sales and leasing transactions of comparable properties. In the course of our valuation, we have considered various valuation methodologies and have principally adopted the Income Capitalisation Approach and cross-checked by the Direct Comparison Approach. For the purpose of this valuation, we consider that the Income Capitalisation Approach is a reasonable, and the appropriate, valuation methodology to adopt for assessing the market value of the Property. It is particularly relevant for the valuation of well established income-producing properties that can be expected to have relatively stabilised income streams in the future as it can reflect prevailing economic and investment market conditions, the existing tenancy profile (including, without limitation, the existing rental income and occupancy level, tenancy commencement and expiry profiles, and tenancy duration) and the period of the unexpired term of the land use rights of the Property.

The Income Capitalisation Approach is a valuation method commonly applied for investment properties. The rental income derived from the existing tenancies are capitalised for their respective unexpired terms of the contractual tenancies while vacant units are assumed to be let at their respective market rents at the date of valuation. Upon expiry of the existing tenancies, each unit is assumed to be let at its current market rent as at the date of valuation, which is then capitalised for the remaining term of the land use rights of the Property. The sum of the capitalised value of the term income, the reversionary income as appropriately deferred and the vacant units provides the market value of the Property.

The key value drivers of the Income Capitalisation Approach are the market rent and the capitalisation rate. The market rent is mainly estimated with reference to the new lettings and/or renewals of the Property. The capitalisation rates are estimated with reference to the yield generally expected by the market for comparable properties, which implicitly reflect the type and quality of the properties, the expectation of the potential future rental growth, capital appreciation and relevant risk factors, and our experience in valuing other similar properties. The capitalisation rates are applied to capitalise the rental income generated for the unexpired term of the land use rights of the property until April 2049. No value has been ascribed to any estimated market rent or any form of income beyond the expiry date of the land use rights.

For the hotel portion of the Property, we have capitalised the income generated from operating the hotel after deducting the operating and non-operating expenses. The income and expenses are estimated with regard to the latest hotel operating results and the budget provided by the Company and the changes in market conditions.

For cross-checking purposes, we have also adopted the Direct Comparison Approach by making reference to comparable sales evidence of properties with similar characteristics as available in the relevant market. There is, however, a lack of en-bloc transactions in the vicinity. Comparison can only be made with reference to individual strata-title property transactions in the locality.

TITLE DOCUMENTS

We have been provided with copies of documents in relation to the title of the property interests situated in the PRC. However, we have not scrutinized the original documents to verify ownership or to verify any amendments, which may not appear on the copies handed to us. We have relied to a considerable extent on the information provided by the Company.

All legal documents disclosed in this letter and valuation certificates are for reference only and no responsibility is assumed for any legal matters concerning the legal title to the property interests set out in this letter and valuation certificates.

ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the property interests on the market in their existing state without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the value of the property interests. In addition, no forced sale situation in any matter is assumed in our valuation.

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

It is assumed that all applicable zoning, land use regulations and other restrictions have been complied with unless a non-conformity has been stated, defined and considered in the valuation certificates. Further, it is assumed that the utilisation of the land and improvements is within the boundaries of the property interests described and that no encroachment or trespass exists unless noted in the valuation certificates.

We have assumed that the owner of the property interests has free and uninterrupted rights to use, lease, sell or mortgage the property interests for the whole of the unexpired term of its land use rights. We have also assumed that the property interests are freely disposable and transferable in the market to both local and overseas purchasers for the whole of the unexpired terms as granted without any fees or charge incurred unless otherwise stated.

Other special assumptions and qualifications for each portion of the Property, if any, have been stated in the footnotes of the valuation certificates for the Property.

LIMITING CONDITIONS

We have relied to a considerable extent on the information provided by the Company and have accepted advice given to us by the Company on such matters as statutory notices, easements, tenure, particulars of occupancy, site areas and floor areas and all other relevant matters. We have not carried out on-site measurements to verify the areas of the Property and assume the areas contained in the documents provided to us are correct.

We have no reason to doubt the truth and accuracy of the information as provided to us by the Company. We have also been advised that no material facts have been omitted from the information so supplied. We consider we have been provided with sufficient information to reach an informed view.

We have not carried out investigations on site to determine the suitability of ground conditions and services for the Property, nor have we undertaken archaeological, ecological or environmental surveys. Our valuation is prepared on the assumption that these aspects are satisfactory.

We have inspected the exterior and, where possible, the interior of the Property. No structural survey has been made and we are therefore unable to report as to whether the property is or is not free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

REMARKS

Unless otherwise stated, all monetary amount stated in this report is in Renminbi (RMB).

Our valuation is prepared in accordance with Chapter 6.8 of the Code on Real Estate and Investment Trust (the “REIT Code”) issued by the Securities and Futures Commission and the “HKIS Valuation Standards on Properties (First Edition 2005)” published by The Hong Kong Institute of Surveyors. This conclusion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. This appraisal report is prepared on a fair and unbiased basis and is issued subject to our general assumptions and limiting conditions.

We have not investigated the title to or any liabilities against the property interest appraised.

We hereby certify that we have neither present nor prospective interests in the Company or the values reported. Pursuant to Chapter 6.5 of the REIT Code, we confirm that we are independent to Hui Xian Real Estate Investment Trust, DB Trustees (Hong Kong) Limited, and each of the significant holders of Hui Xian Real Estate Investment Trust.

Respectfully submitted,
For and on behalf of

AMERICAN APPRAISAL CHINA LIMITED

Eric M. H. Poon

MRICS, MHKIS, RPS (GP), CIREA, CFA

Real Estate Valuation Group

Assistant Vice President

Judith Y. T. Yeung

MRICS, MHKIS, RPS (GP)

Real Estate Valuation Group

Manager

Note: Mr. Eric Poon, who is a Chartered Valuation Surveyor, has over 10 years experience in valuation of properties in Hong Kong and the PRC.

Note: Ms. Judith Yeung, who is a Chartered Valuation Surveyor, has over 5 years experience in valuation of properties in Hong Kong and the PRC.

VALUATION OF ORIENTAL PLAZA

Valuation Abstract

Property	Oriental Plaza, No. 1 East Chang An Avenue, Dong Cheng District, Beijing, the People's Republic of China (中華人民共和國北京市東城區東長安街1號東方廣場)
Description	The Property is a mixed use commercial complex comprising a shopping mall, 8 blocks of office towers, 2 blocks of serviced apartments, a 5-star hotel, car parking spaces and other ancillary facilities
Site Area	109,924.1 sq m ^{Note 1}
	<i>Note 1:</i> The site area of Oriental Plaza is of 77,594.81 square metres under the relevant State-owned Land Use Certificate below and the planned land use area of the Property is of 109,924.1 square metres under the relevant Appendix of Construction Land Use Planning Permit below.
Registered Owner	Beijing Oriental Plaza Co., Ltd. ("BOP")
Gross Floor Area	According to the information provided by BOP, the breakdown of gross floor area (GFA) is as follow:

Uses	GFA (sq m) (approx.)
Retail	130,195
Office	309,552
Serviced Apartment	81,603
Hotel	125,420
Basement (Levels P1 to P4)	116,712 ^{Note 2}
Total:	763,482^{Note 3}

Note 2: The above GFA of the basement does not include the area of civil defence shelter of about 24,474 square metres.

Note 3: Pursuant to the relevant Building Ownership Certificate below, the total gross floor area of Oriental Plaza is 763,480.35 square metres (exclusive of 24,474 sq m of civil defence shelter).

Rentable Area According to the information provided by BOP, the breakdown of rentable area is as follows:

Uses	Rentable Area (sq m) (approx.)
Retail	74,175
Office	298,361
Serviced Apartment	81,098
Total:	453,634

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

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

Appendix of Construction Land Use Planning Permit 2000-Gui Di Zi-0008 (2000-規地字-0008)

Date of Valuation December 31, 2011

Valuation Methodology Income Capitalisation Approach and Direct Comparison Approach

Capital Value in Existing State

Uses	Capital Value in Existing State (RMB)
Retail	14,320,000,000
Office	12,250,000,000
Serviced Apartment	2,300,000,000
Hotel	4,030,000,000
Basement (Levels P1 to P4)	290,000,000
Total:	33,190,000,000

The Property mainly comprises retail, office, serviced apartment, hotel and basement (levels P1 to P4) portions of Oriental Plaza, Beijing. In the following sections, each portion of the Property is described separately in details.

VALUATION CERTIFICATE

Retail Portion – The Shopping Mall

Property	Description and Tenure	Particulars of Occupancy	Estimated net property yield (approx.)	Capital Value in Existing State as at December 31, 2011 (RMB)
The retail portion of the Property No. 1 East Chang An Avenue, Dong Cheng District, Beijing, the People's Republic of China	<p>The Property comprises retail, office and basement portions of a comprehensive development comprising of a shopping mall, eight office towers, two serviced apartment towers, a hotel and about 1,900 car parking spaces including loading/unloading spaces.</p> <p>The retail portion mainly comprises portion of podium level, 1-upper ground level, 1-lower ground level and portion of the basement P1 level with a total gross floor area of approximately 130,195 square metres.</p> <p>The total rentable area is approximately 74,175 square metres. The retail portion was completed in 2000.</p> <p>The retail portion is held by Beijing Oriental Plaza Co., Ltd. for a term to be expired on April 21, 2049.</p>	<p>According to the tenancy schedule dated December 31, 2011 provided to us, the retail portion of the Property is let under various tenancies for various terms with the latest expiring on March 31, 2017, yielding a total monthly rental income of about RMB 61,725,544 exclusive of management fee and utility charges. Most of the tenancies do not contain rent review clauses and/or options to renew for further terms at the then market rents.</p> <p>Various advertising spaces are let under various agreements for terms of about 1 year to 3 years with the latest expiry date in December 2012, yielding an average monthly income of approximately RMB 1,000,000 in year 2011.</p> <p>The occupancy rate of the retail portion of the Property as at December 31, 2011 is about 98.1%.</p>	5.0%	14,320,000,000

Notes:

- Pursuant to the State-owned Land Use Certificate (國有土地使用證), Jing Shi Dong Gang Ao Tai Guo Yong (2006 Chu) Di No. 10128 (京市東港澳臺國用(2006出)第10128號) issued by the People's Government of Beijing Municipality (北京市人民政府) dated June 26, 2006, the land use rights of the property with a site area of 77,594.81 square metres are held by Beijing Oriental Plaza Co., Ltd. (北京東方廣場有限公司) ("BOP") for a term expiring on April 21, 2049 for composite use.

2. Pursuant to the Appendix of Construction Land Use Planning Permit (建設用地規劃許可證附件), 2000-Gui Di Zi-0008 (2000-規地字 -0008), issued by the Urban Planning Administration Bureau of Beijing City (北京市城市規劃管理局) dated January 10, 2000, the total land area is 109,924.1 square metres, in which about 94,624.1 square metres of land is for construction land use of Oriental Plaza Project, and about 15,300 square metres of land is to be resumed for city road use.
3. Pursuant to the Building Ownership Certificate (房屋所有權證), Jing Fang Quan Zheng Shi Dong Gang Ao Tai Zi Di No. 10283 (京房權證市東港澳臺字第10283號) issued by the Beijing Municipal Commission of Construction (北京市建設委員會) dated December 9, 2005, the buildings with gross floor area of 763,480.35 square metres are held by BOP.
4. As advised by BOP, as at the date of our valuation, the following encumbrances have been released:
 - i). Pursuant to the Land Right Encumbrances Certificate (土地他項權利證明書), Jing Dong Ta Xiang (2009 Chu) Di No.0001 (京東他項(2009出)第0001號) issued by Land Resources and Housing Administration Bureau of Beijing City (北京市國土資源和房屋管理局) dated January 8, 2009, an area of 77,594.81 square metres has been mortgaged to Bank of China Corporation Limited — Beijing Wangfujing Branch (中國銀行股份有限公司北京王府井支行) with a consideration of RMB1,100,000,000.
 - ii). Pursuant to the Land Right Encumbrances Certificate (土地他項權利證明書), Jing Dong Ta Xiang (2009 Chu) Di No.0022 (京東他項(2009出)第0022號) issued by Land Resources Bureau of Beijing City (北京市國土資源管理局) dated May 27, 2009, an area of 77,594.81 square metres has been mortgaged to Bank of China Corporation Limited — Beijing Wangfujing Branch (中國銀行股份有限公司北京王府井支行) with a consideration of RMB500,000,000.
 - iii). Pursuant to the Building Right Encumbrances Certificate (房屋他項權證), X Jing Fang Ta Zheng Shi Gang Ao Tai Zi Di No.008266 (X京房他證市港澳臺字第008266號) issued by the Construction Committee of Beijing City (北京市建設委員會) dated January 6, 2009, the building under the Building Ownership Certificate of Jing Fang Quan Zheng Shi Dong Gang Ao Tai Zi Di No.10283 has been mortgaged to Bank of China Corporation Limited — Beijing Wangfujing Branch (中國銀行股份有限公司北京王府井支行) with a consideration of RMB1,100,000,000.
 - iv). Pursuant to the Building Right Encumbrances Certificate (房屋他項權證), X Jing Fang Ta Zheng Shi Dong Zi Di No.002681 (X京房他證東字第002681號) issued by the Construction Committee of Beijing City (北京市建設委員會) dated April 27, 2009, the building under the Building Ownership Certificate of Jing Fang Quan Zheng Shi Dong Gang Ao Tai Zi Di No.10283 has been mortgaged to Bank of China Corporation Limited — Beijing Wangfujing Branch (中國銀行股份有限公司北京王府井支行) with a consideration of RMB500,000,000.
5. In accordance with standard terms and conditions of the tenancy agreement, the landlord is responsible for repairs of main building structure and the tenant is responsible for the maintenance of internal non-structural repairs of the property.
6. The rentals reported herein are contractual rentals without taking into account rent free periods and turnover rent, if any. The average monthly turnover rent income is approximately RMB 2,340,000 in year 2011.
7. The estimated net property yield of the retail portion is based on the said monthly rental income of the retail portion for December 2011 and average monthly income from both advertising spaces and turnover rent after allowing business tax and real estate tax provided by BOP.
8. Based on the tenancy information provided by BOP, our analysis of the existing tenancy profile (excluding advertising spaces and turnover rent) is set out below:

Occupancy Profile

Type	Leased Rentable Area (sq m) (approx.)	% of total (approx.)
Leased	72,783	98.1
Vacant	1,392	1.9
Total	74,175	100.0

Tenancy Commencement Profile

Year	Leased		Monthly Rental (RMB) (approx.)	% of total (approx.)	No. of Tenancies	% of total (approx.)
	Rentable Area (sq m) (approx.)	% of total (approx.)				
2001	2,801	3.8	249,458	0.4	2	0.7
2002	1,686	2.3	256,081	0.4	1	0.4
2003	2,329	3.2	414,172	0.7	1	0.4
2004	0	0.0	0	0.0	0	0.0
2005	0	0.0	0	0.0	0	0.0
2006	833	1.1	296,100	0.5	2	0.7
2007	9,362	12.9	7,665,400	12.4	14	4.9
2008	3,978	5.5	1,510,500	2.5	3	1.1
2009	14,972	20.6	14,617,700	23.7	54	18.9
2010	15,342	21.1	18,114,459	29.3	109	38.2
2011	21,480	29.5	18,601,674	30.1	99	34.7
Total	72,783	100.0	61,725,544	100.0	285	100.0

Tenancy Expiry Profile

Year	Leased		Monthly Rental (RMB) (approx.)	% of total (approx.)	No. of Tenancies	% of total (approx.)
	Rentable Area (sq m) (approx.)	% of total (approx.)				
2011	4,387	6.0	1,620,900	2.6	10	3.5
2012	21,467	29.5	21,390,803	34.7	110	38.6
2013	14,107	19.4	17,395,600	28.2	90	31.6
2014	16,177	22.2	15,536,959	25.2	51	17.9
2015	7,281	10.0	3,349,900	5.4	11	3.9
2016	8,366	11.5	2,310,082	3.7	12	4.2
2017	998	1.4	121,300	0.2	1	0.3
Total	72,783	100.0	61,725,544	100.0	285	100.0

Tenancy Duration Profile

Year	Leased		Monthly Rental (RMB) (approx.)	% of total (approx.)	No. of Tenancies	% of total (approx.)
	Rentable Area (sq m) (approx.)	% of total (approx.)				
Up to 1 year	4,001	5.5	948,800	1.5	6	2.1
More than 1 year and up to 2 years	4,714	6.5	7,193,449	11.7	67	23.5
More than 2 years and up to 3 years	20,955	28.8	27,299,342	44.2	136	47.7
More than 3 years and up to 4 years	6,495	8.9	7,219,118	11.7	27	9.5
More than 4 years and up to 5 years	12,848	17.7	8,136,724	13.2	28	9.8
More than 5 years and up to 6 years	9,561	13.1	7,067,500	11.4	12	4.2
More than 6 years and up to 7 years	4,189	5.8	2,317,000	3.8	2	0.7
More than 7 years and up to 8 years	2,206	3.0	502,600	0.8	2	0.7
More than 8 years and up to 9 years	0	0.0	0	0.0	0	0.0
More than 9 years and up to 10 years	5,013	6.9	791,554	1.3	3	1.1
More than 10 years	2,801	3.8	249,457	0.4	2	0.7
Total	72,783	100.0	61,725,544	100.0	285	100.0

9. We have noted from the market the strata-title transactions and asking retail properties with details as follows:

Property	Location	Completion Date (approx.)	Type of transaction	Date of transaction/ offer	Price (RMB/sq m on gross) (About)
Gong San Plaza (Retail portion)	Chaoyang District	Expected 2011	Transaction noted from the market	Q3 2011	Basement L1 – Level 4: 70,000 – 220,000
Chaoyang Men Soho	Dongcheng District	2009	Asking	Q3 2010	Level 1: 120,000 to 130,000 (average)
Galaxy Soho	Dongcheng District	Expected 2012	Transaction noted from the market	Mid 2010	Basement L1: 130,000 to 180,000 Basement L2: 80,000 (average)

Note: We are not the transaction parties nor are we the professional advisor in the above transactions. We are unable to verify or obtain direct confirmation of the above information and we make no guarantee, warranty or representation about it, which is for reference purpose only.

VALUATION CERTIFICATE

Office Portion – East Office Towers, West Office Towers and Central Office Towers

Property	Description and Tenure	Particulars of Occupancy	Estimated net property yield (approx.)	Capital Value in Existing State as at December 31, 2011 (RMB)
The office portion of the Property No. 1 East Chang An Avenue, Dong Cheng District, Beijing, the People's Republic of China	<p>The Property comprises retail, office and basement portions of a comprehensive development comprising of a shopping mall, eight office towers, two serviced apartment towers, a hotel and about 1,900 car parking spaces including loading/unloading spaces.</p> <p>The office portion comprises five blocks of 12-storey office towers and three blocks of 18-storey office towers with a total gross floor area of approximately 309,552 square metres. The total rentable area is approximately 298,361 square metres. The office portion was completed between 2000 and 2001.</p> <p>The office portion is held by Beijing Oriental Plaza Co., Ltd. for a term to be expired on April 21, 2049.</p>	<p>According to the tenancy schedule dated December 31, 2011 provided to us, the office portion of the Property is let under various tenancies for various terms with the latest expiring on February 29, 2016, yielding a total monthly rental income of about RMB 47,842,568 exclusive of management fee and utility charges. Most of the tenancies do not contain rent review clauses and/or options to renew for further terms at the then market rents.</p> <p>Various naming rights are let under various agreements for terms of 5.75 to 6 years with the latest expiry date in May 2014, yielding an average monthly rental of approximately RMB 196,000 in year 2011.</p> <p>The occupancy rate of the office portion of the Property as at December 31, 2011 was about 97.7%.</p>	4.0%	12,250,000,000

Notes:

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2. Pursuant to the Appendix of Construction Land Use Planning Permit (建設用地規劃許可證附件), 2000-Gui Di Zi-0008 (2000-規地字-0008), issued by the Urban Planning Administration Bureau of Beijing City (北京市城市規劃管理局) dated January 10, 2000, the total land area is 109,924.1 square metres, of which about 94,624.1 square metres of land is for construction land use of Oriental Plaza Project, and about 15,300 square metres of land is to be resumed for city road use.
3. Pursuant to the Building Ownership Certificate (房屋所有權證), Jing Fang Quan Zheng Shi Dong Gang Ao Tai Zi Di No. 10283 (京房權證市東港澳臺字第10283號) issued by the Beijing Municipal Commission of Construction (北京市建設委員會) dated December 9, 2005, the buildings ownership rights with gross floor area of 763,480.35 square metres are held by Beijing Oriental Plaza Co., Ltd. (北京東方廣場有限公司).
4. As advised by BOP, as at the date of our valuation, the following encumbrances have been released:
 - i). Pursuant to the Land Right Encumbrances Certificate (土地他項權利證明書), Jing Dong Ta Xiang (2009 Chu) Di No.0001 (京東他項(2009出)第0001號) issued by Land Resources and Housing Administration Bureau of Beijing City (北京市國土資源和房屋管理局) dated January 8, 2009, an area of 77,594.81 square metres has been mortgaged to Bank of China Corporation Limited — Beijing Wangfujing Branch (中國銀行股份有限公司北京王府井支行) with a consideration of RMB1,100,000,000.
 - ii). Pursuant to the Land Right Encumbrances Certificate (土地他項權利證明書), Jing Dong Ta Xiang (2009 Chu) Di No.0022 (京東他項(2009出)第0022號) issued by Land Resources Bureau of Beijing City (北京市國土資源管理局) dated May 27, 2009, an area of 77,594.81 square metres has been mortgaged to Bank of China Corporation Limited — Beijing Wangfujing Branch (中國銀行股份有限公司北京王府井支行) with a consideration of RMB500,000,000.
 - iii). Pursuant to the Building Right Encumbrances Certificate (房屋他項權證), X Jing Fang Ta Zheng Shi Gang Ao Tai Zi Di No.008266 (X京房他證市港澳臺字第008266號) issued by the Construction Committee of Beijing City (北京市建設委員會) dated January 6, 2009, the building under the Building Ownership Certificate of Jing Fang Quan Zheng Shi Dong Gang Ao Tai Zi Di No.10283 has been mortgaged to Bank of China Corporation Limited — Beijing Wangfujing Branch (中國銀行股份有限公司北京王府井支行) with a consideration of RMB1,100,000,000.
 - iv). Pursuant to the Building Right Encumbrances Certificate (房屋他項權證), X Jing Fang Ta Zheng Shi Dong Zi Di No.002681 (X京房他證東字第002681號) issued by the Construction Committee of Beijing City (北京市建設委員會) dated April 27, 2009, the building under the Building Ownership Certificate of Jing Fang Quan Zheng Shi Dong Gang Ao Tai Zi Di No.10283 has been mortgaged to Bank of China Corporation Limited — Beijing Wangfujing Branch (中國銀行股份有限公司北京王府井支行) with a consideration of RMB500,000,000.
5. In accordance with standard terms and conditions of the tenancy agreement, the landlord is responsible for repairs of main building structure and the tenant is responsible for the maintenance of internal non-structural repairs of the property.
6. The rentals reported herein are contractual rentals without taking into account rent free periods, if any.
7. The estimated net property yield of the office portion is based on the said monthly rental income of the office portion for December 2011 and average monthly income from naming rights after allowing business tax and real estate tax provided by BOP.
8. Based on the tenancy information provided by BOP, our analysis of the existing tenancy profile (excluding naming rights) is set out below:

Occupancy Profile

Type	Leased Rentable Area ^{Note 1} (sq m) (approx.)	% of total (approx.)
Leased	291,392	97.7
Self-Used	2,794	0.9
Vacant	4,175	1.4
Total	298,361	100.0

Tenancy Commencement Profile

Year	Leased Rentable Area ^{Note 1} (sq m) (approx.)	% of total (approx.)	Monthly Rental (RMB) ^{Note 2} (approx.)	% of total (approx.)	No. of Tenancies ^{Note 3}	% of total (approx.)
2002	8	0.0	181,082	0.4	1	0.2
2003	0	0.0	0	0.0	0	0.0
2004	0	0.0	0	0.0	0	0.0
2005	5,586	1.9	983,779	2.1	9	1.4
2006	2,379	0.8	399,672	0.8	5	0.8
2007	18,214	6.2	2,787,659	5.8	12	1.9
2008	17,122	5.9	3,068,955	6.4	19	3.1
2009	59,644	20.5	9,070,572	19.0	107	17.3
2010	96,204	33.0	13,251,853	27.7	207	33.4
2011	89,158	30.6	18,098,996	37.8	248	40.1
2012	3,077	1.1	0	0.0	11	1.8
Total	291,392	100.0	47,842,568	100.0	619	100.0

Tenancy Expiry Profile

Year	Leased Rentable Area ^{Note 1} (sq m) (approx.)	% of total (approx.)	Monthly Rental (RMB) ^{Note 2} (approx.)	% of total (approx.)	No. of Tenancies ^{Note 3}	% of total (approx.)
2011	25,821	8.8	3,392,595	7.1	39	6.3
2012	97,801	33.6	14,712,799	30.7	253	40.9
2013	110,647	38.0	19,538,693	40.8	225	36.3
2014	54,585	18.7	9,650,721	20.2	96	15.5
2015	2,287	0.8	505,090	1.1	5	0.8
2016	251	0.1	42,670	0.1	1	0.2
Total	291,392	100.0	47,842,568	100.0	619	100.0

Tenancy Duration Profile

Year	Leased Rentable Area ^{Note 1} (sq m) (approx.)	% of total (approx.)	Monthly Rental (RMB) ^{Note 2} (approx.)	% of total (approx.)	No. of Tenancies ^{Note 3}	% of total (approx.)
Up to 1 year	4,135	1.4	837,351	1.7	11	1.8
More than 1 year and up to 2 years	95,820	32.9	15,225,371	31.8	277	44.7
More than 2 years and up to 3 years	92,473	31.7	15,339,174	32.1	214	34.6
More than 3 years and up to 4 years	24,354	8.4	4,436,540	9.3	44	7.1
More than 4 years and up to 5 years	50,084	17.2	7,958,229	16.6	47	7.6
More than 5 years and up to 6 years	5,943	2.1	993,464	2.1	7	1.1
More than 6 years and up to 7 years	14,095	4.8	2,090,909	4.4	12	1.9
More than 7 years and up to 8 years	4,480	1.5	780,448	1.6	6	1.0
More than 8 years and up to 9 years	0	0.0	0	0.0	0	0.0
More than 9 years and up to 10 years	8	0.0	181,082	0.4	1	0.2
More than 10 years	0	0.0	0	0.0	0	0.0
Total	291,392	100.0	47,842,568	100.0	619	100.0

Note 1: As at the date of valuation, the total leased rentable area of about 291,392 square metres included an area of about 3,077 square metres for tenancies with lease term not yet commenced and an area of about 288,315 square metres for tenancies with lease terms already commenced.

Note 2: As at the date of valuation, the total monthly rental only includes the monthly rental receivable from tenancies with lease terms already commenced and excludes the monthly rental receivable from tenancies with lease term not yet commenced, amounting to about RMB 1,009,057 per month.

Note 3: As at the date of valuation, there are 619 tenancies, in which 608 tenancies are with lease terms already commenced and 11 tenancies are with lease term not yet commenced.

9. We have noted from the market the strata-title transactions and asking office properties with details as follows:

Property	Location	Completion Date (approx.)	Type of transaction	Date of transaction/ offer	Price (RMB/sq m on gross) (About)
Jianwai SOHO	Chaoyang District	2006	Asking	Q4 2011	35,000 (average)
Wangjing SOHO	Chaoyang District	Expected 2013	Asking	Q4 2011	35,000 (with gross floor area of about 50,000 sq m)
Maple Tree Tower	Chaoyang District	2000	Asking	Q4 2011	48,000 (with gross floor area of about 34,000 sq m)
Fifth Square	Chaoyang District	2010	Transaction noted from the market	Q1 2011	37,500 (with gross floor area of about 120,000 sq m)

Note: We are not the transaction parties nor are we the professional advisor in the above transactions. We are unable to verify or obtain direct confirmation of the above information and we make no guarantee, warranty or representation about it, which is for reference purpose only.

VALUATION CERTIFICATE

Serviced Apartment – East Tower and West Tower

Property	Description and Tenure	Particulars of Occupancy	Estimated net property yield (approx.)	Capital Value in Existing State as at December 31, 2011 (RMB)
The serviced apartment portion of the Property No. 1 East Chang An Avenue, Dong Cheng District, Beijing, the People's Republic of China	<p>The Property is a comprehensive development comprising of a shopping mall, eight office towers, two serviced apartment towers, a hotel and about 1,900 car parking spaces including loading/unloading spaces.</p> <p>The serviced apartment portion comprises a 21-storey serviced apartment tower and a 14-storey serviced apartment tower with a total gross floor area of approximately 81,603 square metres. The total rentable area is approximately 81,098 square metres. The serviced apartment portion was completed between 2002 and 2004.</p> <p>The serviced apartment portion is held by Beijing Oriental Plaza Co., Ltd. for a term to be expired on April 21, 2049.</p>	<p>The serviced apartment portion of the Property is let under various tenancies for various terms with the latest expiring on October 31, 2013, yielding a total monthly rental income of about RMB 7,635,435 exclusive of management fee and utility charges. Most of the tenancies do not contain rent review clauses and/or options to renew for further terms at the then market rents.</p> <p>The occupancy rate of the serviced apartment portion of the Property as at December 31, 2011 was about 88.7%.</p>	3.1%	2,300,000,000

Notes:

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2. Pursuant to the Appendix of Construction Land Use Planning Permit (建設用地規劃許可證附件), 2000-Gui Di Zi-0008 (2000-規地字-0008), issued by the Urban Planning Administration Bureau of Beijing City (北京市城市規劃管理局) dated January 10, 2000, the total land area is 109,924.1 square meters, in which about 94,624.1 square meters of land is for construction land use of Oriental Plaza Project, and about 15,300 square meters of land is to be resumed for city road use.
3. Pursuant to the Building Ownership Certificate (房屋所有權證), Jing Fang Quan Zheng Shi Dong Gang Ao Tai Zi Di No. 10283 (京房權證市東港澳臺字第10283號) issued by the Beijing Municipal Commission of Construction (北京市建設委員會) dated December 9, 2005, the building ownership rights with gross floor area of 763,480.35 square metres are held by Beijing Oriental Plaza Co., Ltd. (北京東方廣場有限公司).
4. As advised by BOP, as at the date of our valuation, the following encumbrances have been released:
 - i). Pursuant to the Land Right Encumbrances Certificate (土地他項權利證明書), Jing Dong Ta Xiang (2009 Chu) Di No.0001 (京東他項(2009出)第0001號) issued by Land Resources and Housing Administration Bureau of Beijing City (北京市國土資源和房屋管理局) dated January 8, 2009, an area of 77,594.81 square metres has been mortgaged to Bank of China Corporation Limited — Beijing Wangfujing Branch (中國銀行股份有限公司北京王府井支行) with a consideration of RMB1,100,000,000.
 - ii). Pursuant to the Land Right Encumbrances Certificate (土地他項權利證明書), Jing Dong Ta Xiang (2009 Chu) Di No.0022 (京東他項(2009出)第0022號) issued by Land Resources Bureau of Beijing City (北京市國土資源管理局) dated May 27, 2009, an area of 77,594.81 square metres has been mortgaged to Bank of China Corporation Limited — Beijing Wangfujing Branch (中國銀行股份有限公司北京王府井支行) with a consideration of RMB500,000,000.
 - iii). Pursuant to the Building Right Encumbrances Certificate (房屋他項權證), X Jing Fang Ta Zheng Shi Gang Ao Tai Zi Di No.008266 (X京房他證市港澳臺字第008266號) issued by the Construction Committee of Beijing City (北京市建設委員會) dated January 6, 2009, the building under the Building Ownership Certificate of Jing Fang Quan Zheng Shi Dong Gang Ao Tai Zi Di No.10283 has been mortgaged to Bank of China Corporation Limited — Beijing Wangfujing Branch (中國銀行股份有限公司北京王府井支行) with a consideration of RMB1,100,000,000.
 - iv). Pursuant to the Building Right Encumbrances Certificate (房屋他項權證), X Jing Fang Ta Zheng Shi Dong Zi Di No.002681 (X京房他證東字第002681號) issued by the Construction Committee of Beijing City (北京市建設委員會) dated April 27, 2009, the building under the Building Ownership Certificate of Jing Fang Quan Zheng Shi Dong Gang Ao Tai Zi Di No.10283 has been mortgaged to Bank of China Corporation Limited — Beijing Wangfujing Branch (中國銀行股份有限公司北京王府井支行) with a consideration of RMB500,000,000.
5. In accordance with standard terms and conditions of the tenancy agreement, the landlord is responsible for the repairs of common areas and the tenant is responsible to maintain the leased property in a reasonable, tidy and tenable condition when handing back to the landlord upon the lease expiry.
6. The rentals reported herein are contractual rentals without taking into account rent free periods, if any.
7. The estimated net property yield of the serviced apartment portion is based on the said monthly rental income of the serviced apartment portion for December 2011 after allowing business tax and real estate tax provided by BOP.
8. Based on the tenancy information provided by BOP, our analysis of the existing tenancy profile is set out below:

Occupancy Profile

Type	Leased Rentable Area ^{Note 1} (sq m) (approx.)	% of total (approx.)
Leased	71,948	88.7
Self-Used ^{Note 1}	693	0.9
Vacant	8,457	10.4
Total	81,098	100.0

Tenancy Commencement Profile

Year	Leased Rentable Area ^{Note 2}	% of total (approx.)	Monthly Rental (RMB) ^{Note 3}	% of total (approx.)	No. of Tenancies ^{Note 4}	% of total (approx.)
	(sq m) (approx.)		(approx.)			
2009	110	0.1	8,290	0.1	1	0.2
2010	1,921	2.7	196,589	2.6	14	2.6
2011	67,791	94.2	7,430,556	97.3	509	94.2
2012	2,126	3.0	0	0.0	16	3.0
Total	71,948	100.0	7,635,435	100.0	540	100.0

Tenancy Expiry Profile

Year	Leased Rentable Area ^{Note 2}	% of total (approx.)	Monthly Rental (RMB) ^{Note 3}	% of total (approx.)	No. of Tenancies ^{Note 4}	% of total (approx.)
	(sq m) (approx.)		(approx.)			
2011	7,524	10.5	754,415	9.9	56	10.4
2012	61,182	85.0	6,624,286	86.7	465	86.1
2013	3,242	4.5	256,734	3.4	19	3.5
Total	71,948	100.0	7,635,435	100.0	540	100.0

Tenancy Duration Profile

Year	Leased Rentable Area ^{Note 2}	% of total (approx.)	Monthly Rental (RMB) ^{Note 3}	% of total (approx.)	No. of Tenancies ^{Note 4}	% of total (approx.)
	(sq m) (approx.)		(approx.)			
Up to 1 year	33,664	46.8	3,579,944	46.9	261	48.3
More than 1 year and up to 2 years	37,824	52.6	4,015,966	52.6	275	50.9
More than 2 years and up to 3 years	460	0.6	39,525	0.5	4	0.8
Total	71,948	100.0	7,635,435	100.0	540	100.0

Note 1: As at the date of valuation, the self-use rentable area of about 693 square metres are occupied by staffs.

Note 2: As at the date of valuation, the total leased rentable area of about 71,948 square metres includes an area of about 2,125 square metres for tenancies with lease term not yet commenced and an area of about 69,823 square metres for tenancies with lease terms already commenced.

Note 3: As at the date of valuation, the total monthly rental only includes the monthly rental receivable from tenancies with lease terms already commenced and excludes the monthly rental receivable from tenancies with lease term not yet commenced, amounting to about RMB 257,006 per month.

Note 4: As at the date of valuation, there are 540 tenancies, of which 524 tenancies are with lease terms already commenced and 16 tenancies are with lease term not yet commenced.

9. We have noted from the market the strata-title asking residential properties with details as follows:

Property	Location	Completion Date	Type of transaction	Date of Offer	Average Price
		(about)			(RMB/sq m on gross)
Huayuan Qiumadou	Chaoyang District	2008	Asking	Q4 2011	36,000
Xingfu Ercun	Chaoyang District	2000	Asking	Q4 2011	36,000
Shanshui Wenyuan Phase 3	Chaoyang District	2005	Asking	Q4 2011	36,000

Note: We are not the transaction parties nor are we the professional advisor in the above transactions. We are unable to verify or obtain direct confirmation of the above information and we make no guarantee, warranty or representation about it, which is for reference purpose only.

VALUATION CERTIFICATE**Hotel Portion – Grand Hyatt Beijing**

Property	Description and Tenure	Particulars of Occupancy	Capital Value in Existing State as at December 31, 2011 (RMB)
<p>The hotel portion of the Property</p> <p>No. 1 East Chang An Avenue, Dong Cheng District, Beijing, the People's Republic of China</p>	<p>The Property is a comprehensive development comprising of a shopping mall, eight office towers, two serviced apartment towers, a hotel and about 1,900 car parking spaces including loading/unloading spaces.</p> <p>The hotel portion is a 5-star hotel comprising one 24-storey tower (including 4 basement levels) with a total gross floor area of approximately 125,420 square metres completed in 2001. The hotel has a total of 825 guest rooms (including a split-level Presidential Suite and 824 luxurious guestrooms) and rooms for in house use, food and beverage outlets, a business centre, a fitness centre with indoor swimming pool, meeting rooms, function rooms and ballrooms.</p> <p>The hotel portion is held by Beijing Oriental Plaza Co., Ltd. for a term to be expired on April 21, 2049.</p>	<p>The hotel portion of the Property is currently operated under the brand name of Grand Hyatt Beijing.</p> <p>The average occupancy rate of the hotel portion of the Property for the year ended December 31, 2011 is about 66.3%.</p>	<p>4,030,000,000</p>

Notes:

1. Pursuant to the State-owned Land Use Certificate (國有土地使用證), Jing Shi Dong Gang Ao Tai Guo Yong (2006 Chu) Di No. 10128 (京市東港澳臺國用(2006出)第10128) issued by the People's Government of Beijing Municipality (北京市人民政府) dated June 26 2006, the land use rights of the Property with a site area of 77,594.81 square metres are held by Beijing Oriental Plaza Co., Ltd. (北京東方廣場有限公司) ("BOP") for a term expiring on April 21, 2049 for composite use.
2. Pursuant to the Appendix of Construction Land Use Planning Permit (建設用地規劃許可證附件), 2000-Gui Di Zi-0008 (2000-規地字-0008), issued by the Urban Planning Administration Bureau of Beijing City (北京市城市規劃管理局) dated January 10, 2000, the total land area is 109,924.1 square meters, in which about 94,624.1 square meters of land is for construction land use of Oriental Plaza Project, and about 15,300 square meters of land is to be resumed for city road use.
3. Pursuant to the Building Ownership Certificate (房屋所有權證), Jing Fang Quan Zheng Shi Dong Gang Ao Tai Zi Di No. 10283 (京房權證市東港澳臺字第10283號) issued by the Beijing Municipal Commission of Construction (北京市建設委員會) dated December 9 2005, the building ownership rights with gross floor area of 763,480.35 square metres are held by Beijing Oriental Plaza Co., Ltd. (北京東方廣場有限公司).
4. As advised by BOP, as at the date of our valuation, the following encumbrances have been released:
 - i). Pursuant to the Land Right Encumbrances Certificate (土地他項權利證明書), Jing Dong Ta Xiang (2009 Chu) Di No.0001 (京東他項(2009出)第0001號) issued by Land Resources and Housing Administration Bureau of Beijing City (北京市國土資源和房屋管理局) dated January 8, 2009, an area of 77,594.81 square metres has been mortgaged to Bank of China Corporation Limited — Beijing Wangfujing Branch (中國銀行股份有限公司北京王府井支行) with a consideration of RMB1,100,000,000.
 - ii). Pursuant to the Land Right Encumbrances Certificate (土地他項權利證明書), Jing Dong Ta Xiang (2009 Chu) Di No.0022 (京東他項(2009出)第0022號) issued by Land Resources Bureau of Beijing City (北京市國土資源管理局) dated May 27, 2009, an area of 77,594.81 square metres has been mortgaged to Bank of China Corporation Limited — Beijing Wangfujing Branch (中國銀行股份有限公司北京王府井支行) with a consideration of RMB500,000,000.
 - iii). Pursuant to the Building Right Encumbrances Certificate (房屋他項權證), X Jing Fang Ta Zheng Shi Gang Ao Tai Zi Di No.008266 (X京房地證市港澳臺字第008266號) issued by the Construction Committee of Beijing City (北京市建設委員會) dated January 6, 2009, the building under the Building Ownership Certificate of Jing Fang Quan Zheng Shi Dong Gang Ao Tai Zi Di No.10283 has been mortgaged to Bank of China Corporation Limited — Beijing Wangfujing Branch (中國銀行股份有限公司北京王府井支行) with a consideration of RMB1,100,000,000.
 - iv). Pursuant to the Building Right Encumbrances Certificate (房屋他項權證), X Jing Fang Ta Zheng Dong Zi Di No.002681 (X京房地證東字第002681號) issued by the Construction Committee of Beijing City (北京市建設委員會) dated April 27, 2009, the building under the Building Ownership Certificate of Jing Fang Quan Zheng Shi Dong Gang Ao Tai Zi Di No.10283 has been mortgaged to Bank of China Corporation Limited — Beijing Wangfujing Branch (中國銀行股份有限公司北京王府井支行) with a consideration of RMB500,000,000.
5. Pursuant to the Management Agreement and Supplementary Management Agreement (管理契約及管理契約補充契約) dated July 27, 2001 and September 13, 2002 respectively, as well as Amendment to Management Agreement (管理契約之修協議) and Termination of 2001 Letter Agreement both dated March 28, 2011, entered into between BOP and Hyatt of China Limited (中國凱悅有限公司) ("Hyatt China") (collectively the "Management Agreement"), Hyatt China shall provide management services for the operation and management of Grand Hyatt Beijing (the "Hotel") for a term commencing from the date of which the agreements are approved and registered by the Ministry of Foreign Trade and Economic Cooperation (MOFTEC) of the People's Republic of China and expiring on December 31, 2019, with the current basic management fee of 2% of the cumulative revenue of the Hotel during the current calendar year after deducting from such basic management fee all basic management fees previously paid to Hyatt China during such calendar year and an incentive fee equal to 5% of the cumulative gross operating profit of the Hotel during the current fiscal year, after deducting from such incentive fee payment all incentives fees previously paid to Hyatt during such fiscal year.
6. Pursuant to the Reservation Services Agreement (訂房服務契約) entered into between Grand Hyatt Beijing at Oriental Plaza (北京東方廣場有限公司君悅大酒店分公司) ("GHB") and International Reservation Limited ("IRL") dated February 10, 2003, IRL shall provide computerized telephone reservation services outside Mainland China to GHB for a term coterminous with the term of the said Management Agreement.
7. Pursuant to the Chain Marketing Services Agreement (連鎖行銷服務契約) entered into between GHB and Hyatt Chain Services Limited ("HCSL") dated February 10, 2003, HCSL shall provide chain marketing services outside of Mainland China for the benefit of GHB for a term coterminous with the term of the said Management Agreement.
8. Pursuant to the Loyalty Program Services Agreement (常客服務計劃契約) entered into between GHB and HGP (Travel) Limited ("HGP") dated February 10, 2003, HGP shall provide loyalty program services to GHB for a term coterminous with the term of the said Management Agreement. No part of such program services are to be performed in Mainland China.

9. We have noted from the market the transaction of serviced apartment properties with details as follows:

Property	Location	Completion Date (about)	Type of transaction	Date of Transaction	Price (RMB/room) (About)
Oakwood Residence Beijing	Chaoyang District, Beijing	2006	Transaction noted from the market	Q1 2010	4,000,000
21st Century Tower	Pudong Xinqu, Shanghai	Expected 2012	Transaction noted from the market	Q4 2010	4,200,000

Note: We are not the transaction parties nor are we the professional advisor in the above transactions. We are unable to verify or obtain direct confirmation of the above information and we make no guarantee, warranty or representation about it, which is for reference purpose only.

VALUATION CERTIFICATE

Basement Portion (portion of level P1 and the whole of levels P2 to P4)

Property	Description and Tenure	Particulars of Occupancy	Capital Value in Existing State as at December 31, 2011 (RMB)
The basement portion (portion of level P1 and the whole of levels P2 to P4) of the Property	The Property comprises retail, office and basement portions of a comprehensive development comprising of a shopping mall, eight office towers, two serviced apartment towers, a hotel and about 1,900 car parking spaces including loading/ unloading spaces.	According to the information dated December 31, 2011 provided to us, the total of about 1,900 car parking spaces including loading/ unloading spaces are provided within the basement portion of the Property, let under various agreements, occupied by either Beijing Oriental Plaza Co. Ltd. or various other occupiers as car parking spaces. The total average monthly income is approximately RMB 1,800,000 in year 2011.	290,000,000
No. 1 East Chang An Avenue, Dong Cheng District, Beijing, the People's Republic of China	The basement portion comprises 4 basement levels with a total gross floor area of approximately 116,712 square metres (excluding the civil defence shelter area of about 24,474 square metres). The total number of parking spaces is approximately 1,900 car parking spaces including loading/ unloading spaces. The basement portion was completed in 2000. The basement portion is held by Beijing Oriental Plaza Co., Ltd. for a term to be expired on April 21, 2049.	Various spaces for postage services, machinery rooms, storage are let under various agreements for terms of 1.25 to 5 years, with the last expiry date in September 2014, yielding an average monthly rental of approximately RMB 44,000 in year 2011. The occupancy rate of the carpark portion of the Property as at December 31, 2011 is about 72%.	

Notes:

1. Pursuant to the State-owned Land Use Certificate (國有土地使用證), Jing Shi Dong Gang Ao Tai Guo Yong (2006 Chu) Di No. 10128 (京市東港澳臺國用(2006出)第10128號) issued by the People's Government of Beijing Municipality (北京市人民政府) dated June 26, 2006, the land use rights of the Property with a site area of 77,594.81 square metres are held by Beijing Oriental Plaza Co., Ltd. (北京東方廣場有限公司) ("BOP") for a term expiring on April 21, 2049 for composite use.
2. Pursuant to the Appendix of Construction Land Use Planning Permit (建設用地規劃許可證附件), 2000-Gui Di Zi-0008 (2000-規地字-0008), issued by the Urban Planning Administration Bureau of Beijing City (北京市城市規劃管理局) dated January 10, 2000, the total land area is 109,924.1 square metres, in which about 94,624.1 square metres of land is for construction land use of Oriental Plaza Project, and about 15,300 square metres of land is to be resumed for city road use.
3. Pursuant to the Building Ownership Certificate (房屋所有權證), Jing Fang Quan Zheng Shi Dong Gang Ao Tai Zi Di No. 10283 (京房權證市東港澳臺字第10283號) issued by the Beijing Municipal Commission of Construction (北京市建設委員會) dated December 9, 2005, the buildings ownership rights with gross floor area of 763,480.35 square metres are held by Beijing Oriental Plaza Co., Ltd. (北京東方廣場有限公司).
4. As advised by BOP, as at the date of our valuation, the following encumbrances have been released:
 - i). Pursuant to the Land Right Encumbrances Certificate (土地他項權利證明書), Jing Dong Ta Xiang (2009 Chu) Di No.0001 (京東他項(2009出)第0001號) issued by Land Resources and Housing Administration Bureau of Beijing City (北京市國土資源和房屋管理局) dated January 8, 2009, an area of 77,594.81 square metres has been mortgaged to Bank of China Corporation Limited — Beijing Wangfujing Branch (中國銀行股份有限公司北京王府井支行) with a consideration of RMB1,100,000,000.
 - ii). Pursuant to the Land Right Encumbrances Certificate (土地他項權利證明書), Jing Dong Ta Xiang (2009 Chu) Di No.0022 (京東他項(2009出)第0022號) issued by Land Resources Bureau of Beijing City (北京市國土資源管理局) dated May 27, 2009, an area of 77,594.81 square metres has been mortgaged to Bank of China Corporation Limited — Beijing Wangfujing Branch (中國銀行股份有限公司北京王府井支行) with a consideration of RMB500,000,000.
 - iii). Pursuant to the Building Right Encumbrances Certificate (房屋他項權證), X Jing Fang Ta Zheng Shi Gang Ao Tai Zi Di No.008266 (X京房他證市港澳臺字第008266號) issued by the Construction Committee of Beijing City (北京市建設委員會) dated January 6, 2009, the building under the Building Ownership Certificate of Jing Fang Quan Zheng Shi Dong Gang Ao Tai Zi Di No.10283 has been mortgaged to Bank of China Corporation Limited — Beijing Wangfujing Branch (中國銀行股份有限公司北京王府井支行) with a consideration of RMB1,100,000,000.
 - iv). Pursuant to the Building Right Encumbrances Certificate (房屋他項權證), X Jing Fang Ta Zheng Dong Zi Di No.002681 (X京房他證東字第002681號) issued by the Construction Committee of Beijing City (北京市建設委員會) dated April 27, 2009, the building under the Building Ownership Certificate of Jing Fang Quan Zheng Shi Dong Gang Ao Tai Zi Di No.10283 has been mortgaged to Bank of China Corporation Limited — Beijing Wangfujing Branch (中國銀行股份有限公司北京王府井支行) with a consideration of RMB500,000,000.
5. Pursuant to Civil Defence Shelter Use Certificate (人防工程使用證), Jing (Dong) Fang Yong Zi No. 008 (京(東)防用字008號) issued by the Civil Defence Bureau of Dong Cheng District, Beijing City (北京市東城區民防局), Beijing Oriental Plaza Co., Ltd. (北京東方廣場有限公司) is permitted to use a gross floor area of 23,577 square metres of the Property as car parking purpose for a term commencing from May 20, 2008 and to be expired on May 20, 2013.
6. The rentals reported herein are contractual rentals without taking into account rent free periods, if any.
7. We have noted from the market the strata-title asking car parking spaces with details as follows:

Property	Location	Completion Date (about)	Type of transaction	Date of Offer	Price (RMB/carpark) (About)
Jianwai SOHO	Chaoyang District	2004	Asking	Q3 2011	260,000

Note: We are not the transaction parties nor are we the professional advisor in the above transactions. We are unable to verify or obtain direct confirmation of the above information and we make no guarantee, warranty or representation about it, which is for reference purpose only.

PRC LEGAL OPINION ON ORIENTAL PLAZA, BEIJING

Pursuant to the PRC legal opinion dated April 6, 2011, it states, inter alias, that:

- a. Beijing Oriental Plaza Co., Ltd. (北京東方廣場有限公司) (“BOP”) has obtained the land use rights and building ownership rights of the property with a site area of 77,594.81 square metres and the gross floor area of 763,480.35 square metres respectively. BOP, being the sole legal owner of the said land use rights and building ownership rights, has obtained all necessary permits and certificates from relevant departments of the PRC Government, and has the right to occupy, use, lease, transfer, mortgage or deal with the said land use rights and building ownership rights by other lawful means in accordance with the permitted use during the term of the said land use rights. However, as the land use rights and building ownership rights of the Property have been mortgaged, BOP has to obtain prior written approval from the Bank of China Limited – Wangfujing Branch (中國銀行股份有限公司北京王府井支行) (the “Bank”) before leasing, transferring, contributing capital by real property, substantially renovating or redeveloping the said land and buildings, or dealing with such land use rights and buildings by other means, except for leasing, renovation or alteration for the purposes of the operation of business and provided that such leasing, renovation or alteration would not reduce the value of the mortgaged property.
- b. BOP does not possess the building ownership rights of the civil defence shelter of the Property with gross floor area of 24,474.37 square metres. However, pursuant to the Civil Defence Shelter Use Certificate, BOP has the right to use the civil defence shelter of the Property with gross floor area of 23,577 square metres for car parking purpose.
- c. Apart from the said mortgage and the existing tenancies, the said land use rights and building ownership rights of the Property are not subject to any other forced requisition, mortgage, encumbrances or other third party rights.
- d. As confirmed by BOP, the approval, permission and certificates related to the completion of the development of the Property have not been revoked, abolished or repealed.
- e. BOP is the sole legal owner of the said building ownership rights and possesses the rights to lease the property and receive rental income from the leased property according to the relevant tenancy agreements.
- f. The existing tenancy agreements are legal and valid, and binding on both the signing parties within the respective tenancy period.
- g. Most of the existing tenancy agreements have been registered with the relevant government departments, and as confirmed by BOP, the remaining tenancy agreements are in the process of applying for registration. For tenancies with the registration process not yet completed, the legal effectiveness, validity and enforceability of those tenancies would not be affected. The risk of being penalised by corresponding government department is minimal.

- h. BOP should not sub-let the leased portion of the Property during relevant lease terms. If BOP wishes to deal with the said leased portion of the Property by other means, BOP should comply with the clauses stipulated in the relevant tenancy agreements. If BOP wishes to dispose of the leased portion of the Property, BOP should, within a reasonable period before the disposal, provide prior notification to those tenants who have not given up the priority purchasing right in the relevant tenancy agreements. Those tenants possess the priority right to purchase the property upon the same conditions.
- i. The said property management agreements regarding the hotel portion of the Property as stipulated in the valuation certificate are legal and valid, and binding on both the signing parties.

MARKET OVERVIEW

Beijing is one of the most developed cities in the PRC with the tertiary industry accounting for the majority of its GDP. The well developed financial industry, the innovative cultural and other modern service industries are now well established in the international market. The real estate and automotive sectors have also grown rapidly in recent years. The successful hosting of the Olympic Games further enhanced the reputation of Beijing. Tertiary industries continue to buoy Beijing's economic development, supported by the rally in foreign investment and domestic consumption.

Beijing Retail Market

Supply and Demand

Beijing's retail market has remained active since 2010 due to the expansion of many well-known brands. This market is expected to remain active in the coming few years with strong pre-commitment levels and robust demand. As people become accustomed to shopping malls in Beijing, the new supply of shopping malls has surpassed that of department stores over the past five years. Few new shopping malls were launched in Q3-Q4 2011. The new supply in 2010 and the future supply to be launched onto the market in coming years, is not expected to have substantially impact on the mature shopping malls currently enjoying high occupancy rates in the core central districts. The supply of new retail projects in Wangfujing/East Chang'an Avenue was limited between 2001 and 2007, those projects launched over the past two years have already been absorbed by the market in a positive manner.

More domestic and overseas retailers in fashion, jewellery, cosmetics, F&B, watches, home and lifestyle penetrating the market, opening new stores and expanding outlets, especially fashion brands and children's brands actively expanded in the local market. With more reputable retailers continue entering the Beijing retail market and luxury brands expanded rapidly in the second half of year 2011, the vacancy rate of Beijing retail market in Q4 2011 slightly dropped comparing with the first half of 2011. Demand for mature shopping malls with high occupancy, good positioning and unique theme is expected to remain high. It is predictable that the demand for retail space will maintain its momentum in the next few quarters.

Market Trend

The Wangfujing/East Chang'an Avenue area is a well developed shopping area with many international brands. The rental level in this area has witnessed stable growth after the global financial crisis. Being a core business and shopping area in Beijing, customer flow is high, especially during public holidays and weekends. Despite the new supply, retailers continued to battle for hot prime shopping centres. The demand continued to edge up and outstripped supply in the market. The average rental level in Wangfujing/East Chang'an Avenue area remains stable overall in year 2011. This area ranks as one of the top retail regions in Beijing. The other major retail areas include the Xidan, CBD and the Lufthansa areas. The average asking rental level of prime shopping malls in Wangfujing/East Chang'an Avenue area has been ranging from RMB 1,200 to RMB 3,000 per sq m per month approximately in Q4 2011. The strong macro economy is expected to have positive effect on the future rental level of shopping malls in the Wangfujing/East Chang'an Avenue area.

Beijing Office Market

Supply and Demand

A significant supply of Grade A office space came onto the market over the past 5 years, however supply became tight since 2010. In mature and well developed districts such as Wangfujing/East Chang'an Avenue, there is limited vacant land for development.

Recovering from the global financial crisis in Q4 2008 and 2009, the Beijing office leasing market has become active since 2010, with the overall Grade A office vacancy rate falling steadily as companies looking for high quality office space for business expansion. New supply entered into Beijing Grade A office market during Q3 to Q4 2011 was quickly absorbed by energy industries companies and companies providing financial services. The tight supply and the strong demand results a further drop in vacancy rate. The vacancy rate of Beijing Grade A offices has dropped to about 5% in Q4 2011. Beijing's office market becomes a landlord oriented market in 2011. Landlords are in better position to choose high-quality tenants to enhance the positioning of their projects by raising rental levels and reducing rent-free periods.

Market Trend

The increase in demand helped to ease the pressure on landlords to retain existing tenants. There are signs of upward adjustment in rental levels and a shift in leasing strategies from maintaining occupancy levels to improving tenant quality and maximising revenue. Driven by the trend of short supply, average transacted rental level of Grade A offices reached about RMB 230 per gross sq m per month in Q4 2011. However, a slowing trend was observed in the leasing market. It is expected that the average rental level, especially in the prime location like Wangfujing/East Chang'an Avenue area, will keep stable or rise slightly with the vacancy rate tends to drop in the next few quarters.

Beijing Serviced Apartment Market

Supply and Demand

Wangfujing/East Chang'an Avenue is one of the key areas for serviced apartments in Beijing. It is a major business district of Beijing with Grade A offices. The supply of serviced apartments has been steadily increasing over the past 10 years due to the continuous growth of the Beijing economy, the influx of foreign expatriates together with investment and rising demand from the domestic middle class and professionals. Many international serviced apartments have been established in Beijing and have introduced new brand names for different market segments. New projects are expected to come onto the market over the next few years.

Guests of serviced apartments in Beijing are mainly mid to long-term stay expatriates at senior management level. Whilst the majority of the demand comes from foreign expatriates from Japan, Europe and the US, demand from domestic residents is also on the rise. Along with stabilised market conditions, business activity has picked up in Beijing since 2009, bringing new expatriates and increased demand for serviced apartments in 2010. The overall demand remained stable in overall Beijing whilst the demand in some major business areas remained strong in 2011.

Market Trend

China's economy is on the rise in 2011. Beijing, as the capital city of China, is considered as the preferred place for headquarters of international corporations, who demand high quality housing. However, some international corporations adversely impacted by the global financial crisis have become more cost conscious and reduced housing budgets of expatriate staff and localised middle and senior management. The demand from domestic customers, on the other hand, is on the rise prompting operators to diversify in order to capture domestic market demand. The improved performance of the serviced apartment market has attracted the attention of developers who are going to launch their luxury residential projects in the for-sale market to transform their projects into serviced apartments for long-term investment.

Beijing Hotel Market

Supply and Demand

According to the government's statistics, the average daily rate (ADR) of standard star-hotels remained steady in the first half of 2011, while the average occupancy rate has slightly increased comparing with 2010. Grand Hyatt Beijing, as a component of the mixed development of Oriental Plaza, is well positioned to capture the rising demand as it is well located in the Wangfujing shopping area and is close to many historical tourist attractions including Tiananmen Square and the Forbidden City. The conference facilities provided within the hotel and the Grade A offices of Oriental Plaza allow Grand Hyatt Beijing to capture significant corporate business and its convenient location provides substantial leisure demand.

Market Trend

More international hotels will enter the market in order to catch-up with the fast-growing market for the hospitality industry. Although operators may experience pressure from rising cost of labour, energy and commodities, it is expected that the ADR as well as the occupancy rate will keep improving steadily in 2012 due to the push from promising local economies and the country's growth in reputation as an international tourism destination.

Trustee's Report

Hui Xian Asset Management Limited

(in its capacity as the REIT Manager of Hui Xian REIT)
Unit 303, 3rd Floor
Cheung Kong Center
2 Queen's Road Central
Hong Kong

Dear Sir,

We hereby confirm that, in our opinion, the Manager of Hui Xian Real Estate Investment Trust ("Hui Xian REIT") has, in all material respects, managed Hui Xian REIT in accordance with the provisions of the Trust Deed dated 1 April 2011 for the period from 1 April 2011 to 31 December 2011.

DB Trustees (Hong Kong) Limited

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

Hong Kong, 29 February 2012



TO THE UNITHOLDERS OF HUI XIAN REAL ESTATE INVESTMENT TRUST

(A Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))

We have audited the consolidated financial statements of Hui Xian Real Estate Investment Trust (the "Hui Xian REIT") and its subsidiaries (collectively referred to as the "Group") set out on pages 91 to 138, which comprise the consolidated statement of financial position as at 31 December 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in net assets attributable to unitholders, consolidated statement of cash flows and distribution statement for the period from 29 April 2011 (date of listing) to 31 December 2011, and a summary of significant accounting policies and other explanatory information.

MANAGER'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Appendix C of the Code, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the disposition of the assets and liabilities of the Group as at 31 December 2011, and of the Group's results and cash flows for the period from 29 April 2011 (date of listing) to 31 December 2011 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the relevant provisions of the Trust Deed and the relevant disclosure requirements set out in Appendix C of the Code.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

1 March 2012

Consolidated Statement of Comprehensive Income

For the period from 29 April 2011 (date of listing) to 31 December 2011

	<i>Notes</i>	RMB million
Revenue	5	1,588
Rental related income	6	41
Other income	7	6
Increase in fair value of investment properties	14	360
Hotel inventories consumed		(38)
Staff costs		(55)
Depreciation and amortisation		(141)
Other operating expenses	8	(470)
Finance costs	9	(6)
Manager's fee	10	(89)
Real estate investment trust expenses	11	(18)
Profit before taxation and transactions with unitholders		1,178
Income tax expense	12	(359)
Profit for the period, before transactions with unitholders		819
Distributions to unitholders		(735)
Surplus of profit and total comprehensive income for the period, after transactions with unitholders		84
Income available for distribution to unitholders		735
Basic earnings per unit (<i>RMB</i>)	13	0.1637

Distribution Statement

For the period from 29 April 2011 (date of listing) to 31 December 2011

	RMB million
Profit for the period, before transactions with unitholders	819
Adjustments:	
Manager's fee	54
Depreciation and amortisation	141
Deferred tax	81
Increase in fair value of investment properties	(360)
Income available for distribution (<i>note (i)</i>)	735
Distributions to unitholders (<i>note (ii)</i>)	
— Interim distribution paid	202
— Distribution payable	533
	735
Distribution per unit (RMB) (<i>note (ii)</i>)	0.1467
Interim distribution per unit (RMB) (<i>note (ii)</i>)	0.0403

As disclosed in Hui Xian REIT's offering circular dated 11 April 2011, Hui Xian REIT's first distribution after listing of its units on The Stock Exchange of Hong Kong Limited is for the period from the listing date, i.e. 29 April 2011, to 30 June 2011. The first distribution has been paid on 15 September 2011. Hui Xian REIT's initial distribution policy is that two distributions will be made in respect of each year, being distributions with respect to the six months ending 30 June and 31 December.

Notes:

- (i) Adjustments for the current period include:
 - (a) Manager's fee paid and payable in units of RMB 54 million (9,521,491 units issued (Note 24(i)) and 5,820,537 units estimated to be issued) out of the total Manager's fee of RMB 89 million (the difference of RMB 35 million are paid or payable in cash).
 - (b) Deferred tax credit of RMB 9 million in relation to accelerated tax depreciation and deferred tax charge of RMB 90 million in relation to revaluation of investment properties.
 - (c) Depreciation and amortisation of the Group's properties of RMB 141 million.
 - (d) Increase in fair value of investment properties of RMB 360 million.

In accordance with the Trust Deed, Hui Xian Real Estate Investment Trust ("Hui Xian REIT") is required to distribute to unitholders not less than 90% of its distributable income for each financial period and it is the REIT Manager's stated policy to distribute 100% of Hui Xian REIT's annual distributable income for the period from the listing date to 31 December 2011 and the financial year ending 31 December 2012 and thereafter at least 90% of Hui Xian REIT's annual distributable income for each financial year. Pursuant to the Trust Deed, annual distributable income is defined as the amount calculated by the REIT Manager as representing the consolidated profit after tax of Hui Xian REIT and its subsidiaries for the relevant financial year/period, as adjusted to eliminate the effects of certain Adjustments (as defined in the Trust Deed) which have been recorded in the consolidated statement of comprehensive income for the relevant financial year/period.

- (ii) The distribution per unit of RMB 0.1467 for the period from 29 April 2011 (date of listing) to 31 December 2011 is calculated based on Hui Xian REIT's income available for distribution of RMB 734,796,372 over 5,009,521,491 units, representing issued units as at 31 December 2011. The distribution per unit of RMB 0.0403 for the period from 29 April 2011 (date of listing) to 30 June 2011 is calculated based on Hui Xian REIT's income available for distribution of RMB 201,500,000 over 5,000,000,000 units, representing issued units as at 30 June 2011. The first distribution of RMB 201,500,000 for the period from the listing date to 30 June 2011 has been paid on 15 September 2011 and the remaining distribution will be paid to unitholders on 4 May 2012.

Consolidated Statement of Financial Position

As at 31 December 2011

	<i>Notes</i>	RMB million
Non-current assets		
Investment properties	14	26,860
Property, plant and equipment	15	1,961
Land and related costs	16	4,110
Total non-current assets		32,931
Current assets		
Hotel inventories	17	20
Land and related costs	16	114
Trade and other receivables	18	47
Bank balances and cash	19	883
Total current assets		1,064
Total assets		33,995
Current liabilities		
Trade and other payables	20	330
Tenants' deposits		221
Tax payable		57
Manager's fee payable		34
Distribution payable		533
Loan from a unitholder	21	202
Total current liabilities		1,377
Total assets less current liabilities		32,618

	<i>Notes</i>	RMB million
Non-current liabilities, excluding net assets attributable to unitholders		
Tenants' deposits		269
Deferred tax liabilities	<i>22</i>	6,377
<hr/>		
Total non-current liabilities, excluding net asset attributable to unitholders		6,646
<hr/>		
Total liabilities, excluding net assets attributable to unitholders		8,023
<hr/>		
Net assets attributable to unitholders		25,972
<hr/>		
Units in issue ('000)	<i>24</i>	5,009,521
<hr/>		
Net asset value per unit (<i>RMB</i>) attributable to unitholders	<i>25</i>	5.1845
<hr/>		

The consolidated financial statements on pages 91 to 138 were approved and authorised for issue by the Board of Directors of the Manager on 1 March 2012 and were signed on its behalf by:

CHU Stephen Henry
DIRECTOR

PANG Shuen Wai, Nichols
DIRECTOR

Consolidated Statement of Changes in Net Assets Attributable to Unitholders

For the period from 29 April 2011 (date of listing) to 31 December 2011

	Issued units RMB million	Retained profit RMB million	Total RMB million
Units issued for business combination (Notes 23 and 24)	14,148	—	14,148
Units issued from initial offering (Note 24)	12,052	—	12,052
Unit issue costs	(345)	—	(345)
Units issued for settlement of manager's fees (Note 24)	33	—	33
	25,888	—	25,888
Profit for the period, before transactions with unitholders	—	819	819
Distributions to unitholders			
— Interim distribution paid	—	(202)	(202)
— Distribution payable	—	(533)	(533)
Total comprehensive income for the period	—	84	84
Net assets attributable to unitholders as at 31 December 2011	25,888	84	25,972

Consolidated Statement of Cash Flows

For the period from 29 April 2011 (date of listing) to 31 December 2011

	<i>Notes</i>	RMB million
Operating activities		
Profit before taxation		1,178
Adjustments for:		
Depreciation of property, plant and equipment		65
Amortisation of land and related costs		76
Fair value change on investment properties		(360)
Interest income		(5)
Finance costs		6
Manager's fee settled by issuing units	<i>24</i>	33
<hr/>		
Operating cash flows before movements in working capital		993
Increase in hotel inventories		(1)
Increase in trade and other receivables		(2)
Increase in trade and other payables		43
Increase in tenants' deposits		26
Increase in Manager's fee payable		34
<hr/>		
Cash generated from operations		1,093
Income tax paid		(274)
<hr/>		
Net cash from operating activities		819
<hr/>		
Investing activities		
Acquisition of a business	<i>23</i>	259
Purchase of property, plant and equipment		(7)
Interest received		5
<hr/>		
Net cash from investing activities		257

Consolidated Statement of Cash Flows
 For the period from 29 April 2011 (date of listing) to 31 December 2011

	<i>Note</i>	RMB million
Financing activities		
Proceeds from issue of new units		12,052
Issue costs paid		(332)
Interest paid		(6)
Distributions payment to unitholders		(202)
Repayment of bank borrowings		(200)
Loan advanced from a unitholder		202
Repayment of amount due to a unitholder	(a)	(11,707)
Net cash used in financing activities		(193)
Net increase in cash and cash equivalents		883
Cash and cash equivalents at the beginning of the period		—
Cash and cash equivalents at the end of the period, represented by bank balances and cash		883

Note:

- (a) Following the completion of the initial offering ("Offering") of Hui Xian REIT, the proceeds (net of all fees and charges) from the Offering have been used for repaying the Indebtedness (defined in Note 24) immediately on 29 April 2011 (date of listing).

Notes to the Consolidated Financial Statements

For the period from 29 April 2011 (date of listing) To 31 December 2011

1. GENERAL

Hui Xian Real Estate Investment Trust (“Hui Xian REIT”) is a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Hui Xian REIT was established on 1 April 2011 and had not carried on any operation prior to 29 April 2011 (date of listing). Hui Xian REIT commenced operation on 29 April 2011 and its units are listed on The Stock Exchange of Hong Kong Limited (the “HKSE”) since that date. This financial report covers the period from 29 April 2011 (date of listing) to 31 December 2011. Hui Xian REIT is governed by the deed of trust dated 1 April 2011 (the “Trust Deed”) made between Hui Xian Asset Management Limited (the “Manager”) and DB Trustees (Hong Kong) Limited (the “Trustee”), and the Code on Real Estate Investment Trusts issued by the Securities and Futures Commission.

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

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

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

(a) Property manager’s fee

Under the operations management agreement entered by Beijing Oriental Plaza Co., Ltd and Beijing Hui Xian Enterprise Services Limited (the “Property Manager”) on 29 April 2011, (the “Operations Management Agreement”), the Property Manager will receive a property manager’s fee of 1% per annum of net property income (“NPI”) (before deduction therefrom of the Variable Fee (as defined in Note 1(c)) and the Property Manager’s fee) and reimbursements for the employment costs and remuneration of the employees of the Property Manager for provision of business advisory and management services, marketing and lease management services and property management co-ordination services.

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

(b) Trustee’s fees

The Trustee is entitled to receive a one-off inception fee of not more than RMB 100,000 and, in each financial year, an annual fee of such amount as is agreed between the Manager and the Trustee from time to time of not more than 0.02% of the fair values of the real estate properties (the “Property Values”) as at the end of such financial year (which may be increased without obtaining unitholders’ approval to a maximum of 0.06% per annum of the Property Values by giving at least one month’s prior written notice to the Manager and the unitholders), subject to a minimum amount of RMB 56,000 per month.

1. GENERAL (continued)

(c) Manager's fees

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

Base Fee

Under the Trust Deed, the Manager will receive a base fee from Hui Xian REIT at 0.3% per annum of the Property Values. For the period from the date of listing until 31 December 2011, the base fee, only to the extent that it is referable to Oriental Plaza, shall be paid to the Manager as to 80% in the form of units and as to 20% in the form of cash. Thereafter, the Manager may elect whether the base fee is to be paid in cash or in units.

Variable Fee

Under the Trust Deed, the Manager will receive a variable fee ("Variable Fee") of 3% per annum of the NPI of that real estate (before deduction therefrom of the Variable Fee and, where the Property Manager is a subsidiary of the Manager, the Property Manager's fee) provided however that in respect of Oriental Plaza and as from the date of the Property Manager is appointed pursuant to the Operations Management Agreement and for so long as the Property Manager is 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% (instead of 3% as stated above) per annum.

The Manager may elect whether the variable fee is to be paid in cash or in units in accordance with the provisions in the Trust Deed.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. In addition, the consolidated financial statements include the applicable disclosures requirements set out in Appendix C of the Code on Real Estate Investment Trusts issued by the Securities and Futures Commission and the Rules Governing the Listing of Securities on the HKSE.

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

The significant accounting policies are set out below.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of Hui Xian REIT and entities controlled by Hui Xian REIT (its subsidiaries). Control is achieved where Hui Xian REIT has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

(c) Business combinations

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Revenue recognition

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

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

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

Service income is recognised when services are provided.

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

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

(e) Investment properties

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment

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

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

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

(g) Hotel inventories

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

(h) Financial instruments

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

Financial assets

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

Financial assets (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Interest income is recognised on an effective interest basis.

Impairment of financial assets

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

Objective evidence of impairment could include:

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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

Financial liabilities and equity

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

Financial liabilities and equity (continued)

Financial liabilities (including trade and other payables, manager's fee payable, distribution payable and loan from a unitholder) are subsequently measured at amortised cost, using the effective interest method.

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

Derecognition

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment losses on tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

(j) Leases

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

The Group as lessor

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

(k) Land and related costs

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

(l) Borrowing costs

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Foreign currencies

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

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

(n) Taxation

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Taxation (continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred tax is charged or credited to profit or loss. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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

(o) Retirement benefit costs

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Potential impact arising from recently issued accounting standards

At the date of authorisation of these consolidated financial statements, the Group has not early applied the following new and revised Hong Kong Financial Reporting Standards (“HKFRS(s)”), Hong Kong Accounting Standards (“HKAS(s)”), Interpretations (“HK(IFRIC)(s)”) and amendments that have been issued but not yet effective:

Amendments to HKFRS 7	Disclosures — Transfers of Financial Assets ¹ Disclosures — Offsetting Financial Assets and Financial Liabilities ² Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
HKFRS 9	Financial Instruments ³
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosure of Interests in Other Entities ²
HKFRS 13	Fair Value Measurement ²
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income ⁵
Amendments to HKAS 12	Deferred Tax — Recovery of Underlying Assets ⁴
HKAS 19 (as revised in 2011)	Employee Benefits ²
HKAS 27 (as revised in 2011)	Separate Financial Statements ²
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ²
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ⁶
HK (IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine ²

¹ Effective for annual periods beginning on or after 1 July 2011.

² Effective for annual periods beginning on or after 1 January 2013.

³ Effective for annual periods beginning on or after 1 January 2015.

⁴ Effective for annual periods beginning on or after 1 January 2012.

⁵ Effective for annual periods beginning on or after 1 July 2012.

⁶ Effective for annual periods beginning on or after 1 January 2014.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Amendments to HKAS 12 Deferred Tax – Recovery of Underlying Assets

The amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets* mainly deal with the measurement of deferred tax for investment properties that are measured using fair value model in accordance with HKAS 40 *Investment Property*. As at 31 December 2011, the deferred tax arising from the revaluation of the properties amounted to RMB 4,249 million. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. If the presumption is not rebutted, the Manager anticipates that the application of the amendments to HKAS 12 will have a material impact on deferred tax recognised for investment properties that are measured using fair value model.

The amendments to HKAS 12 are effective for annual periods beginning on or after 1 January 2012.

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

3. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, the Manager is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

As described in Notes 2(e) and 14, investment properties of RMB 26,860 million are stated at fair value based on the valuation performed by an independent professional valuer. The valuation of properties was principally arrived by using the income capitalisation approach which is a method of valuation whereby valuation is the sum of capitalised value of the term income and the appropriately deferred reversionary income for the remaining term of the land use rights of the property. The capitalised value of the term income is derived by capitalising the rental income derived from existing tenancies for their respective unexpired terms of contractual tenancies, while the capitalised value of reversionary income is derived by capitalising the current market rents for the remaining term of the land use rights of the property. Capitalisation rates are estimated with reference to the yield generally accepted by the market for comparable properties. The key drivers underlying estimation of fair value of investment properties are market rents capitalisation rates.

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

4. SEGMENT REPORTING

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

- The Malls: Renting of the shopping mall and car parking spaces in Oriental Plaza, Beijing, the PRC.
- The Tower Offices: Renting of office buildings in Oriental Plaza, Beijing, the PRC.
- The Tower Apartments: Operation of serviced apartment towers in Oriental Plaza, Beijing, the PRC.
- The Hotel: Operation of the hotel, namely Grand Hyatt Beijing, Beijing, the PRC.

(a) Segment revenue and results

	The Malls RMB million	The Tower Offices RMB million	The Tower Apartments RMB million	The Hotel RMB million	Consolidated RMB million
Segment revenue	602	485	82	419	1,588
Segment profit	496	368	41	158	1,063
Finance costs					(6)
Depreciation and amortisation					(125)
Unallocated income					366
Unallocated expense					(120)
Profit before taxation and transactions with unitholders					1,178
Income tax expense					(359)
Profit for the period, before transactions with unitholders					819

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

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

(b) Segment assets

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

	As at 31 December 2011 RMB million
The Malls	14,642
The Tower Offices	12,263
The Tower Apartments	2,272
The Hotel	3,984
Total segment assets	33,161
Bank balances and cash	798
Other assets	36
Consolidated assets	33,995

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

4. SEGMENT REPORTING (continued)

(c) Geographical information

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

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

(d) Other segment information

	The Malls RMB million	The Tower Offices RMB million	The Tower Apartments RMB million	The Hotel RMB million	Segment Total RMB million
Depreciation of property, plant and equipment	5	2	1	8	16

5. REVENUE

	RMB million
Gross rental from investment properties	1,087
Income from hotel operation	419
Income from serviced apartments operation	82
Total	1,588

The gross rental from investment properties includes contingent rents of RMB 16 million for the period from 29 April 2011 (date of listing) to 31 December 2011.

The direct operating expense from investment properties (includes depreciation of property, plant and equipment, other operating expenses and staff costs) amounting to RMB 264 million for the period from 29 April 2011 (date of listing) to 31 December 2011.

Notes to the Consolidated Financial Statements

For the period from 29 April 2011 (date of listing) To 31 December 2011

6. RENTAL RELATED INCOME

	RMB million
Service income	30
Forfeited tenant deposits	5
Others	6
Total	41

7. OTHER INCOME

Amount mainly represents bank interest income.

8. OTHER OPERATING EXPENSES

	RMB million
Advertising and promotion	7
Audit fee	1
Business tax	90
Insurance	4
Lease agency fee	16
Property manager's fees (<i>Note 1(a)</i>)	12
Property management fees	26
Repairs and maintenance	52
Other miscellaneous expenses	121
Stamp duty	1
Urban land use tax	2
Urban real estate tax	69
Utilities	69
Total	470

9. FINANCE COSTS

	RMB million
Interest expense on secured bank loans wholly repayable within five years	5
Interest expense on loan from a unitholder	1
	6

10. MANAGER'S FEE

	RMB million
Base fee (Note 1(c))	67
Variable fee (Note 1(c))	22
	89

11. REAL ESTATE INVESTMENT TRUST EXPENSES

	RMB million
Trustee's fee	2
Legal and professional fees	11
Public relations — related expenses	1
Trust administrative expenses	3
Others	1
	18

12. INCOME TAX EXPENSE

The income tax expense comprises:

	RMB million
Current tax — PRC Enterprise Income Tax	246
Deferred taxation (<i>Note 22</i>)	113
	359

No provision for Hong Kong profits tax was made as the Group's profits neither arose in, nor was derived from, Hong Kong.

PRC enterprise income tax was provided at the applicable enterprise income tax rate of 25% on the estimated assessable profits of a PRC subsidiary.

The Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law also required withholding tax to be levied on distribution of profits earned by a PRC entity to non-PRC tax residents for profits generated after 1 January 2008. The applicable withholding tax rate is 5% as approved by the relevant tax authorities in the PRC pursuant to double taxation arrangement between Hong Kong and the PRC. As at 31 December 2011, deferred taxation was provided for in full in respect of the temporary differences attributable to such profits.

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

	RMB million
Profit before taxation	1,178
Tax at the applicable income tax rate of 25%	295
Tax effect of expenses not deductible for tax purpose	32
Deferred tax on undistributed earnings of a PRC subsidiary	32
Tax charge for the period	359

13. EARNINGS PER UNIT

The earnings per unit is calculated by dividing the profit for the period, before transaction with unitholders of RMB 819 million by 5,004,237,528 units being the weighted average number of units in issue during the period of 5,003,141,759 plus the weighted average number of units issuable for settlement of Manager's fee for the period from 1 October 2011 to 31 December 2011 of 1,095,769.

14. INVESTMENT PROPERTIES

	RMB million
FAIR VALUE	
Addition arising from business combination (<i>Note 23</i>) on 29 April 2011	26,500
Increase in fair value of investment properties	360
At 31 December 2011	26,860

- (a) The Group's investment properties held under operating leases are located in Beijing, the PRC under medium-term leases and are measured using the fair value model.
- (b) Investment properties were revalued on 31 December 2011 by American Appraisal China Limited, an independent valuer having appropriate professional qualifications and experiences in the valuation of similar properties in the relevant locations. The valuation of properties was principally arrived by using the income capitalisation approach which is a method of valuation whereby valuation is the sum of capitalised value of the term income and the appropriately deferred reversionary income for the remaining term of the land use rights of the property. The capitalised value of the term income is derived by capitalising the rental income derived from existing tenancies for their respective unexpired terms of contractual tenancies, while the capitalised value of reversionary income is derived by capitalising the current market rents for the remaining term of the land use rights of the property. Capitalisation rates are estimated with reference to the yield generally accepted by the market for comparable properties.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings				Total RMB million
	Hotel RMB million	Serviced apartments RMB million	Plant and machinery RMB million	Others RMB million	
COST					
Addition arising from business combination at 29 April 2011 (<i>Note 23</i>)	1,207	578	145	89	2,019
Additions for the period	—	—	—	7	7
Disposals for the period	—	—	—	(2)	(2)
At 31 December 2011	1,207	578	145	94	2,024
ACCUMULATED DEPRECIATION					
At 29 April 2011	—	—	—	—	—
Provided for the period	27	13	9	16	65
Eliminated on disposals	—	—	—	(2)	(2)
At 31 December 2011	27	13	9	14	63
CARRYING AMOUNTS					
At 31 December 2011	1,180	565	136	80	1,961

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

Hotel and serviced apartments	2.6% per annum
Plant and machinery	5% per annum
Others (comprising of furniture and fixtures and computer equipment)	18%–33 ¹ / ₃ % per annum

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

16. LAND AND RELATED COSTS

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

	RMB million
Non-current asset	4,110
Current asset	114
	4,224

17. HOTEL INVENTORIES

	RMB million
Food and beverage	4
Other consumables	16
	20

18. TRADE AND OTHER RECEIVABLES

	RMB million
Trade receivables	26
Deposits and prepayments	15
Advance to suppliers	4
Other receivables	2
	47

18. TRADE AND OTHER RECEIVABLES (continued)

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

	RMB million
Less than or equal to 1 month	24
1–3 months	2
	26

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

Hotel revenue is normally settled by cash or credit card.

Included in the Group's trade receivable balance are debtors with a carrying amount of RMB 4 million as at 31 December 2011 which were past due less than or equal to 3 months at the reporting date on which the Group did not provide for doubtful debts as there were no significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral over these balances. The average age of these past due receivables for the period is 34 days at 31 December 2011.

Trade and other receivables are denominated in RMB.

19. BANK BALANCES AND CASH

	RMB million
Cash at bank and in hand	473
7 days notice bank deposits	410
	883

Average interest rate per annum is as follows:

Bank deposits – 7 days notice	1.49%
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19. BANK BALANCES AND CASH (continued)

Bank balances and cash are denominated in the following currencies:

	RMB million
RMB	870
Hong Kong Dollars ("HK\$")	6
United States Dollars ("US\$")	7
	883

20. TRADE AND OTHER PAYABLES

	RMB million
Trade payables	54
Rental received in advance	147
Others	129
	330

Trade and other payables are denominated in the following currencies:

	RMB million
HK\$	12
RMB	301
US\$	17
	330

21. LOAN FROM A UNITHOLDER

The amount represents a loan drawn under a revolving credit facility (Note 32(j)) granted from a unitholder, Hui Xian Holdings Limited ("Hui Xian Holdings"), which is unsecured, bears fixed interest at 2.1% per annum and repayable on 12 March 2012.

22. DEFERRED TAX LIABILITIES

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

	Accelerated tax depreciation RMB million	Fair value of investment properties RMB million	Withholding tax on retained profit to be distributed RMB million	Total RMB million
Addition arising from business combination (<i>Note 23</i>)	2,004	4,159	101	6,264
(Credit) charge to profit or loss (<i>Note 12</i>)	(9)	90	32	113
At 31 December 2011	1,995	4,249	133	6,377

23. ACQUISITION OF A BUSINESS

On 29 April 2011, Hui Xian REIT effectively obtained control of Hui Xian (B.V.I.) Limited (“Hui Xian BVI”) together with its subsidiaries and acquired the interests in the amount owing by Hui Xian BVI to Hui Xian (Cayman Islands) Limited (“Hui Xian Cayman”), amounting to RMB 11,707 million for consideration of RMB 14,148 million satisfied by issuance of 2,700,000,000 units. This acquisition has been accounted for using the acquisition method. Hui Xian BVI is an investment holding company and indirectly owns Beijing Oriental Plaza Co., Ltd which engages in property investment and hotel and serviced suites operations in Beijing, the PRC.

Consideration transferred

	RMB million
Units issued	14,148

The fair value of 2,700,000,000 units of Hui Xian REIT, determined using the offer price of RMB 5.24 per unit amounted to RMB 14,148 million in total.

23. ACQUISITION OF A BUSINESS (continued)

Consideration transferred (continued)

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	RMB million
Investment properties	26,500
Property, plant and equipment	2,019
Land and related costs	4,300
Hotel inventories	19
Trade and other receivables	45
Bank balances and cash	259
Trade and other payables	(274)
Tenants' deposits	(464)
Amount due to Hui Xian Cayman	(11,707)
Tax payable	(85)
Bank borrowings	(200)
Deferred tax liabilities	(6,264)
	14,148

	RMB million
Net cash flow arising on acquisition:	
Bank balances and cash acquired	259

Fair value of investment properties, property, plant and equipment and land and related costs on 29 April 2011 had been arrived at on the basis of valuations carried out on that date by American Appraisal China Limited, an independent valuer having appropriate professional qualifications and experiences in the valuation of similar properties in the relevant locations. The valuation of properties was arrived at using investment approach by capitalising i) net income derived from the existing tenancies with due allowance for the reversionary income potential of the properties and ii) income generated from operating hotel after deducting the operating and non-operating expenses, or where appropriate, by reference to market evidence of transaction prices for similar properties in the similar locations and conditions.

24. UNITS IN ISSUE

On 8 April 2011, the Trustee (as trustee of Hui Xian REIT), the Manager, Hui Xian Cayman and Hui Xian Holdings entered into a reorganisation agreement, pursuant to which Hui Xian Cayman has agreed to transfer and assign to the Trustee (as trustee of Hui Xian REIT) the shares of Hui Xian BVI (“Hui Xian BVI Share”) and interests in the amount owing by Hui Xian BVI to Hui Xian Cayman immediately prior to the Completion (as defined below), amounting to RMB 11,707 million (the “Indebtedness”).

Completion of the transfer of Hui Xian BVI Share and the assignment of the Indebtedness took place by the end of 28 April 2011 (the “Completion”). The consideration for the transfer and assignment of the Hui Xian BVI Share and the Indebtedness was satisfied by the issuance of 2,700,000,000 Units to Hui Xian Cayman.

After the Completion and prior to the completion of the Offering, Hui Xian REIT issued 2,700,000,000 units and all the units in Hui Xian REIT were owned by Hui Xian Cayman.

Upon listing on 29 April 2011, Hui Xian REIT issued 2,300,000,000 units at RMB 5.24 per unit, amounting to RMB 12,052 million.

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

	Number of units	RMB million
Units issued for business combination (<i>Note 23</i>)	2,700,000,000	14,148
Units issued for initial offering	2,300,000,000	12,052
Units issue costs	—	(345)
Payment of Manager’s fee through issuance of new units during the period (<i>note (i)</i>)	9,521,491	33
Balance at 31 December 2011	5,009,521,491	25,888

Note:

(i) Details of units issued during the period as payment of Manager’s fee are as follows:

Issue date	Payment of the Manager’s fee for the period	Average price per unit determined based on Trust Deed RMB	Aggregate issue price RMB million	Number of units issued
8 September 2011	29 April 2011–30 June 2011	3.87	13	3,503,434
31 October 2011	1 July 2011–30 September 2011	3.29	20	6,018,057
			33	9,521,491

25. NET ASSET VALUE PER UNIT ATTRIBUTABLE TO UNITHOLDERS

The net asset value per unit is calculated based on the net assets attributable to unitholders and the total number of 5,009,521,491 units in issue as at 31 December 2011.

26. NET CURRENT LIABILITIES

At the end of the reporting period, the Group's net current liabilities, defined as total current assets less total current liabilities, amounted to RMB 313 million.

27. CAPITAL RISK MANAGEMENT

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

The Group is also subject to external capital requirements imposed by the REIT Code. The Group has to maintain a level of borrowings that shall not exceed 45% of the total gross asset value (the "gearing ratio") as required by the REIT Code. As at 31 December 2011, the Group's gearing ratio is 0.6%, being the amount of loan from a unitholder divided by total assets of the Group.

28. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	RMB million
Financial assets	
<i>Loans and receivables</i>	
Trade and other receivables	28
Bank balances and cash	883
	911
Financial liabilities	
<i>Amortised cost</i>	
Trade and other payables	183
Manager's fee payable (excluding RMB 21 million to be settled in units)	13
Distribution payable	533
Loan from a unitholder	202
	931
Unitholders' funds	25,972

b. Financial risk management objectives and policies

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

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

Interest rate risk

The Group is exposed to fair value interest rate risk relates to the loan from a unitholder (Note 21). Interest rate risk is managed by the management on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (see Note 19 for details of these bank balances). However, the Manager considers the exposure to interest rate risk in relation to bank balances is insignificant due to the low level of deposit interest rate.

28. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Interest rate risk (continued)

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

As the amount of bank balances is not material, the Manager considers that the exposure of interest rate fluctuation is not significant for the period. Accordingly, no interest rate sensitivity analysis is disclosed in the consolidated financial statements.

Foreign currency risk

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

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

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

	RMB million
Assets	
HK\$	6
US\$	7
Liabilities	
HK\$	12
US\$	17

The foreign currency risk is managed by the Manager on an ongoing basis as well as by minimising the net liabilities in HK\$ and US\$.

28. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Foreign currency risk (continued)

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

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

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

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

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

The Group's concentration of credit risk by geographical location is mainly in the PRC, which accounted for all trade debtor as at 31 December 2011.

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

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

28. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk

The management monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations. As at 31 December 2011, the Group had net current liabilities of RMB 313 million. Taking into account of the internally generated funds and the available revolving credit facilities granted by Hui Xian Holdings set out in Note 32(j), the Group will be able to meet its financial obligation when they fall due.

As at 31 December 2011, the Group had unutilised revolving credit facilities granted by Hui Xian Holdings of RMB 1,198 million.

Liquidity risk analysis

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

	Weighted average interest rate %	On demand or less than 3 months RMB million	3 months to 1 year RMB million	1 year to 2 years RMB million	Over 2 years RMB million	Total undiscounted cash flows RMB million	Carrying amount at 31 December 2011 RMB million
Non-derivative financial liabilities							
Trade and other payables	—	183	—	—	—	183	183
Tenants' deposits	—	113	108	127	142	490	490
Manager's fee payable	—	13	—	—	—	13	13
Distribution payable	—	—	533	—	—	533	533
Loan from a unitholder	2.1	202	—	—	—	202	202
		511	641	127	142	1,421	1,421

c. Fair value

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

The Manager considers that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate their corresponding fair values.

29. RETIREMENT BENEFIT PLANS

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

The Group recognised the retirement benefit costs of RMB 5 million for the period from 29 April 2011 (date of listing) to 31 December 2011.

30. OPERATING LEASE COMMITMENTS

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

	RMB million
Within one year	1,348
In the second to fifth years inclusive	1,653
Over five years	4
Total	3,005

The Group rents out its investment properties in the PRC under operating leases. Operating lease income represents rentals receivable by the Group for its investment properties. Leases are negotiated for term ranging from 1 month to 6 years with monthly fixed rental, except for certain leases of the mall of which contingent rents are charged based on the percentage of sales ranged from 1.5% to 25%.

31. CAPITAL COMMITMENTS

	RMB million
Capital expenditure in respect of the acquisition of the entire share capital of, and shareholder's loans owing at completion by, Shenyang Investment (BVI) Limited (<i>Note 34</i>) contracted but not provided for in the consolidated financial statements	980

32. CONNECTED AND RELATED PARTY TRANSACTIONS

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

Name of Connected/Related Party	Notes	RMB'000
Rent and rental related income		
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.)*	(a)	27
北京屈臣氏個人用品連鎖商店有限公司 (Beijing Watson's Personal Care Stores Co., Limited)*	(b)	2,523
和記電訊信息科技(深圳)有限公司 (Hutchison Telecommunications Information Technology (Shenzhen) Limited)*	(b)	281
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.)*	(b) & (k)	1,635
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.)*	(b) & (k)	2,360
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.)*	(b) & (k)	711
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.)*	(b) & (k)	1,241
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.)*	(b) & (k)	16,799
Cheung Kong (Holdings) Limited (Beijing Office)	(b) & (k)	44
AMTD China (Holdings) Limited	(b) & (k)	256
北京尚乘財策諮詢有限公司 (AMTD Beijing Investment Advisory Co., Ltd.)*	(b) & (k)	631
TOM Group International Limited Beijing Representative Office	(c)	266
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited)*	(d)	159
HSBC Bank (China) Company Limited (Beijing Branch)	(e)	15
Bank of China Limited	(b)	13,002
Orient Overseas Container Line (China) Co., Ltd. (Beijing Branch)	(f)	123
OOCL Logistics (China) Ltd. (Beijing Branch)	(f)	131
李嘉誠基金會(香港)北京辦事處 (Li Ka Shing Foundation (Hong Kong) Beijing Office)*	(g)	387
和記黃埔地產(北京朝陽)有限公司 (Hutchison Whampoa Properties (Beijing Chaoyang) Limited)*	(h)	194
Bank interest income		
Bank of China Limited	(b)	1,995

32. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Name of Connected/Related Party	Notes	RMB'000
Property management fee		
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.)*	(b) & (k)	3,139
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.)*	(b) & (k)	6,381
Club facilities usage fee		
麗都飯店有限公司 (Lido Hotel Co., Ltd.)*	(b)	26
Internet services fee		
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.)*	(b) & (k)	3,568
Insurance expense		
中銀保險有限公司北京分公司 (Bank of China Insurance Co., Ltd. Beijing Branch)*	(b)	306
中國人壽財產保險股份有限公司北京市分公司	(b)	1,073
China Life Insurance Company Limited Beijing Branch	(b)	100
Interest expense		
Bank of China Limited	(b)	4,987
Hui Xian Holdings Limited	(j)	1,287
Trustee's fee		
DB Trustees (Hong Kong) Limited		2,246
Manager's fee		
Hui Xian Asset Management Limited		88,851
Property Manager's fee		
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited)*	(d)	11,948
Valuation fee		
American Appraisal China Limited	(i)	694

32. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Name of Connected/Related Party	Notes	RMB'000
Balances with connected and related parties as at 31 December 2011 are as follows:		
Loan from a unitholder		
Hui Xian Holdings Limited	(j)	201,500
Deposits placed with the Group for the lease of the Group properties		
北京屈臣氏個人用品連鎖商店有限公司 (Beijing Watson's Personal Care Stores Co., Limited)*	(b)	825
和記電訊信息科技(深圳)有限公司 (Hutchison Telecommunications Information Technology (Shenzhen) Limited)*	(b)	100
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.)*	(b) & (k)	536
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.)*	(b) & (k)	718
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.)*	(b) & (k)	262
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.)*	(b) & (k)	518
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.)*	(b) & (k)	1,097
北京尚乘財策諮詢有限公司 (AMTD Beijing Investment Advisory Co., Ltd.)*	(b) & (k)	298
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited)*	(d)	59

32. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Notes:

- (a) Mr. Wong K, James, a deputy chief operating officer of the Manager, is a director of this company.
- (b) These companies are associated companies¹ of Hui Xian Holdings, a significant unitholder² of Hui Xian REIT.
- (c) Mr. Ip Tak Chuen, Edmond, a director of Hui Xian Holdings and Hui Xian Cayman, is also a director of this company.
- (d) The company is a subsidiary of the Manager.
- (e) Mr. Cheng Hoi Chuen, Vincent, an independent non-executive director of the Manager, is also a director of this company. He ceased to be a director of HSBC Bank (China) Company Limited at (and with effect from) the conclusion of the annual general meeting of HSBC Holdings plc held at 11:00 am on 27 May 2011 (London time).
- (f) These companies are associates (within the meaning of the REIT Code) of Mr. Tung Chee Chen, a director of Hui Xian Holdings and Hui Xian Cayman. He ceased to be a director of both of Hui Xian Holdings and Hui Xian Cayman on 1 August 2011.
- (g) Mr. Li Tzar Kuoi, Victor, a director of Hui Xian Holdings and Hui Xian Cayman, is also a director of this company.
- (h) Mr. Chow Wai Kam, Raymond, a director of Hui Xian Holdings and Hui Xian Cayman, is also a director of this company.
- (i) The company is the principal valuer of Hui Xian REIT.
- (j) On 8 April 2011, Hui Xian Holdings (as lender) and Hui Xian Investment Limited ("Hui Xian Investment"), a subsidiary of Hui Xian REIT (as borrower) entered into a facility agreement pursuant to which Hui Xian Holdings had agreed to grant to Hui Xian Investment the facility in the aggregate amount of RMB 1,400 million (comprising a RMB 1,300 million revolving credit facility and a RMB 100 million revolving credit facility). The RMB 100 million revolving credit facility will be used to finance the general working capital requirements and general corporate funding of Hui Xian REIT and its special purpose vehicles, and is available for multiple drawings on a revolving basis from the listing date of Hui Xian REIT until one month before and not including its final maturity date which falls on the expiry of 18 months of the date of the facility agreement (or such later date as Hui Xian Holdings and Hui Xian Investment may extend by mutual agreement in writing from time to time). The RMB 1,300 million revolving credit facility will be used to support Hui Xian REIT's making of distributions in RMB and is available for multiple drawings on a revolving basis from the listing date of Hui Xian REIT until one month before and not including its final maturity date which falls on the expiry of 42 months of the date of the facility agreement (or such later date as Hui Xian Holdings and Hui Xian Investment may extend by mutual agreement in writing from time to time). As of 31 December 2011, RMB 202 million loan was drawn under the RMB 1,300 million revolving credit facility while the RMB 100 million revolving credit facility was not used.
- (k) These companies are representative office or subsidiaries of Cheung Kong (Holdings) Limited which has significant influence over Hui Xian REIT.

1 As defined in the REIT Code, a company shall be deemed to be an associated company of another company if one of them owns or controls 20% or more of the voting rights of the other or if both are associated companies of another company.

2 As defined in the REIT Code, a unitholder is a significant holder if it holds 10% or more of the outstanding units.

* The English name is shown for identification purpose only.

33. LIST OF SUBSIDIARIES

The following entities are wholly-owned and controlled by Hui Xian REIT as at 31 December 2011.

Name of company	Date of incorporation	Ordinary share capital/ registered capital	Principal activities	Name of property held
Incorporated in the British Virgin Islands:				
Hui Xian (B.V.I.) Limited	7 June 1994	1 share of US\$1	Investment holding in Hui Xian Investment Limited	—
Incorporated in Hong Kong:				
Hui Xian Investment Limited	18 August 1992	10,000 shares of US\$1 each	Investment holding in Beijing Oriental Plaza Co., Ltd.	—
Incorporated in the PRC:				
Beijing Oriental Plaza Co., Ltd. ("BOP")	25 January 1999	Registered — US\$600,000,000	Property investment and hotel and serviced suites operations in Beijing, the PRC	Oriental Plaza

34. EVENT AFTER THE REPORTING PERIOD

On 1 January 2012, the Group completed the acquisition of the entire issued share capital of, and shareholder's loans owing at completion by, Shenyang Investment (BVI) Limited ("Shenyang Investment BVI"), which is a wholly owned subsidiary of Yick Ho Limited ("Yick Ho"), a connected party of the Group at a consideration of RMB 980 million. Yick Ho is the foreign joint venture party of Shenyang Lido Business Co., Limited ("Shenyang Lido"), a sino-foreign cooperate joint venture enterprise established in the PRC which operates the Sheraton Shenyang Lido Hotel in Shenyang, the PRC. Just before the acquisition, Yick Ho was entitled to 99% equity interest of Shenyang Lido and Beijing Wondergrow Investment and Consulting Co., Ltd ("Beijing Wondergrow"), the domestic partner, was entitled to the remaining 1%. Pursuant to the transfer agreement entered between Shenyang Investment (Hong Kong) Limited ("Shenyang Investment HK"), Yick Ho, and Beijing Wondergrow, Yick Ho transferred 70% of its equity interest in Shenyang Lido to Shenyang Investment HK as a new foreign joint venture party. Since Shenyang Investment HK is a wholly owned subsidiary of Shenyang Investment BVI, so through the acquisition of entire issued share capital of, and shareholder's loans owing at completion by, Shenyang Investment BVI, the Group was in effect acquiring 70% equity interest of Shenyang Lido and it became one of the subsidiaries controlled by Hui Xian REIT. The acquisition was financed by a bank loan jointly granted by several banks with facilities amounting to HK\$1,200 million. The financial impact and the disclosures required for the fair value of each major class of assets acquired and liabilities assumed as of the acquisition date cannot be estimated in details because the initial accounting for the business combination, for example, valuation of assets acquired and liabilities assumed, is incomplete at the time the financial statements are authorised for issue. Details about the acquisition were included in the announcement of Hui Xian REIT dated 10 November 2011 and 3 January 2012.

The acquisition is consistent with the strategy of the Group that the Manager will from time to time consider appropriate opportunities in investment properties in the PRC that provide stable cash flow and potential long term capital appreciation.

Summary Financial Information

The summary of the consolidated statement of comprehensive income, distributions and the consolidated statement of financial position of Hui Xian REIT is set out as below:

SUMMARY OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 29 APRIL 2011 (DATE OF LISTING) TO 31 DECEMBER 2011

	RMB million
Revenue	
Gross rental from investment properties	1,087
Income from hotel operation	419
Income from serviced apartments operation	82
	1,588
Profit before taxation and transactions with unitholders	1,178
Income tax expense	(359)
Profit for the period, before transactions with unitholders	819

	RMB
Basic earnings per unit	0.1637

SUMMARY OF DISTRIBUTIONS FOR THE PERIOD FROM 29 APRIL 2011 (DATE OF LISTING) TO 31 DECEMBER 2011

	RMB million
Income available for distribution	735
Additional distribution	—
Distributions to unitholders	735

	RMB
Distribution per unit	0.1467

SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

	RMB million
Non-current assets	32,931
Current assets	1,064
Total assets	33,995
Current liabilities	1,377
Non-current liabilities	6,646
Total liabilities	8,023
Net assets attributable to unitholders	25,972

	RMB
Net assets value per unit attributable to unitholders	5.1845

Note: No comparative figures have been presented as this is the first set of Hui Xian REIT's financial results since its listing on 29 April 2011.

Performance Table

AS AT 31 DECEMBER 2011

	<i>Notes</i>	
Net assets attributable to unitholders (RMB million)		25,972
Net asset value per unit attributable to unitholders (RMB)		5.1845
Market capitalisation (RMB million)		17,834
Units issued		5,009,521,491
Debt to net asset value	<i>1</i>	0.8%
Debt to total asset value ratio	<i>2</i>	0.6%

FOR THE PERIOD FROM 29 APRIL 2011 (DATE OF LISTING) TO 31 DECEMBER 2011

	<i>Notes</i>	
Highest traded unit price (RMB)		5.10
Highest premium of the traded unit price to net asset value per unit	<i>3</i>	N/A
Lowest traded unit price (RMB)		2.65
Highest discount of the traded unit price to net asset value per unit		48.9%
Distribution per unit (RMB)		0.1467
Annualised distribution yield per unit	<i>4</i>	6.09%

Notes:

1. Debt to net asset value is calculated based on loan from a unitholder over net assets attributable to unitholders as at 31 December 2011.
2. Debt to total asset value ratio is calculated based on loan from a unitholder over total assets as at 31 December 2011.
3. The highest traded unit price is lower than the net asset value per unit attributable to unitholders at the end of the period. Accordingly, premium of the traded unit price to net asset value per unit has not been recorded.
4. Annualised distribution yield per unit is calculated by dividing the distribution per unit by the closing unit price of RMB 3.56 as at 31 December 2011 on an annualised basis.
5. No comparative figures have been presented as this is the first set of Hui Xian REIT's financial results since its listing on 29 April 2011.

Investor Calendar

Annual results announcement for the period from 29 April 2011 to 31 December 2011	1 March 2012 (Thursday)
Ex-final distribution date	15 March 2012 (Thursday)
Five consecutive trading days to determine unit price for scrip in lieu of cash distribution	15 March (Thursday) to 21 March 2012 (Wednesday) (both dates inclusive)
Closure of register of unitholders (for final distribution) ¹	19 March (Monday) to 23 March 2012 (Friday) (both dates inclusive)
Record date for final distribution	23 March 2012 (Friday)
Announcement of issue price for scrip in lieu of cash distribution	23 March 2012 (Friday)
Despatch of circular and election form for distribution reinvestment arrangement	28 March 2012 (Wednesday)
Latest time for return of election form ²	17 April 2012 (Tuesday) not later than 4:30pm
Final distribution payment date	On or about 4 May 2012 (Friday)
Closure of register of unitholders (for 2012 annual general meeting of Unitholders ("2012 AGM")) ³	18 May (Friday) to 22 May 2012 (Tuesday) (both dates inclusive)
2012 AGM	22 May 2012 (Tuesday)

¹ The register of unitholders is closed for ascertaining Unitholders' entitlement to the final distribution. In order to qualify for the final distribution, all properly completed transfer forms (accompanied by the relevant unit certificates) must be lodged with Hui Xian REIT's unit registrar, Computershare Hong Kong Investor Services Limited (the "Unit Registrar"), at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 pm on 16 March 2012 (Friday).

² A distribution reinvestment arrangement is available to the eligible Unitholders and who may elect to receive the final distribution for the six months ended 31 December 2011 wholly in cash or in the form of new units or a combination of both. An announcement giving further details will be published on 23 March 2012 (Friday) and a circular together with the relevant election form will be delivered by post to the Unitholders on 28 March 2012 (Wednesday). Election form for scrip distribution must be lodged with and received by the Unit Registrar (as its address at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) not later than 4:30 pm on 17 April 2012 (Tuesday). Please refer to the relevant circular and election form for the details of such distribution reinvestment arrangement. Unitholders should note that any election form arrived or received after the aforesaid deadline will be treated and taken as invalid.

³ The register of unitholders is closed for ascertaining Unitholders' right to attend and vote at the 2012 AGM of Hui Xian REIT. To be eligible to attend and vote at the said AGM, Unitholders must lodge all transfer forms (accompanied by the relevant unit certificates) with the Unit Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 pm on 17 May 2012 (Thursday).

MANAGER

Hui Xian Asset Management Limited
Unit 303
Cheung Kong Center
2 Queen's Road Central
Hong Kong
Tel: (852) 2121 1128
Fax: (852) 2121 1138

BOARD OF DIRECTORS OF THE MANAGER

KAM Hing Lam
(Chairman and Non-executive Director)
CHU Stephen Henry
(Chief Executive Officer and Executive Director)
KWAN Man Fai, Louis *(Note)*
(Chief Investment Officer and Executive Director)
(Resigned on 5 August 2011)
PANG Shuen Wai, Nichols *(Note)*
(Chief Financial Officer and Executive Director)
(Appointed on 5 August 2011)
IP Tak Chuen, Edmond
(Non-executive Director)
LIM Hwee Chiang
(Non-executive Director)
YIN Ke
(Non-executive Director)
CHENG Hoi Chuen, Vincent
(Independent Non-executive Director)
LEE Chack Fan
(Independent Non-executive Director)
CHOI Koon Shum, Jonathan
(Independent Non-executive Director)

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF THE MANAGER

CHENG Hoi Chuen, Vincent *(Chairman)*
LEE Chack Fan
CHOI Koon Shum, Jonathan
IP Tak Chuen, Edmond
YIN Ke

DISCLOSURES COMMITTEE OF THE BOARD OF DIRECTORS OF THE MANAGER

CHU Stephen Henry *(Chairman)*
IP Tak Chuen, Edmond
LEE Chack Fan

DESIGNATED (FINANCE) COMMITTEE OF THE BOARD OF DIRECTORS OF THE MANAGER

YIN Ke *(Chairman)*
CHU Stephen Henry
CHOI Koon Shum, Jonathan

COMPANY SECRETARY OF THE MANAGER

Fair Wind Secretarial Services Limited

Note: Mr. KWAN Man Fai, Louis has resigned as an Executive Director and the Chief Investment Officer of the Manager with effect from 5 August 2011. Mr. PANG Shuen Wai, Nichols, the Chief Financial Officer of the Manager, has been appointed as an Executive Director of the Manager with effect from 5 August 2011.

TRUSTEE

DB Trustees (Hong Kong) Limited

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL VALUER

American Appraisal China Limited

LEGAL ADVISER

Woo Kwan Lee & Lo

UNIT REGISTRAR

Computershare Hong Kong Investor Services Limited

17M Floor

Hopewell Centre

183 Queen's Road East

Wanchai, Hong Kong

Tel: (852) 2862 8555

Fax: (852) 2865 0990

INVESTOR RELATIONS

TONG BARNES Wai Che, Wendy

Tel: (852) 2121 1128

Fax: (852) 2121 1138

Email: info@huixianreit.com

PROPERTY MANAGER

北京匯賢企業管理有限公司

(Beijing Hui Xian Enterprise Services Limited)*

STOCK CODE

87001

WEBSITE

www.huixianreit.com

(* the English name is shown for identification purposes only)



Hui Xian Asset Management Limited

(as the manager of Hui Xian REIT)

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