



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

2013 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 deed of trust 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 (“Trustee”) (as amended by a supplemental deed dated 24 May 2013) (“Trust Deed”). Units of Hui Xian REIT were first listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) 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.





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FINANCIAL HIGHLIGHTS

For the financial year from 1 January 2013 to 31 December 2013

	1 Jan–31 Dec 2013	1 Jan–31 Dec 2012	Percentage Change
Total Revenue (<i>RMB million</i>)	2,710	2,648	2.4%
Net Property Income (<i>RMB million</i>)	1,764	1,671	5.6%
Amount Available for Distribution (<i>RMB million</i>)	1,262	1,208	4.5%
Distribution per Unit (<i>RMB</i>)	0.2455	0.2392	2.6%
Distribution Yield	6.36%⁽¹⁾	5.76% ⁽²⁾	N/A
Payout Ratio	100%	100%	N/A

	As at 31 Dec 2013	As at 31 Dec 2012	Percentage Change
Gross Asset Value (<i>RMB million</i>)	40,727	39,388	3.4%
Net Asset Value Attributable to Unitholders (<i>RMB million</i>)	27,963	27,914	0.2%
Net Asset Value per Unit (<i>RMB</i>)	5.4144	5.4988	-1.5%
Debts to Gross Asset Value	7.9%	5.0%	N/A

Notes:

- (1) Based on the closing price of the units of Hui Xian REIT ("Units") on 31 December 2013 and the actual distribution amount for the period from 1 January 2013 to 31 December 2013.
- (2) Based on the closing price of the Units on 31 December 2012 and the actual distribution amount for the period from 1 January 2012 to 31 December 2012.

CHAIRMAN'S STATEMENT



H L Kam *Chairman*

Looking ahead in 2014, we will continue to capitalise on our existing competitive advantages to fuel organic growth from our current portfolio. Our goals are to achieve rental growth and improve operational performances by implementing active asset management and enhancement strategies.

I am pleased to report the annual results of Hui Xian REIT for the financial year ended 31 December 2013. The amount available for distribution for the Reporting Period increased 4.5% year-on-year to RMB1,262 million. Distribution per unit ("DPU") rose 2.6% year-on-year to RMB0.2455, representing a distribution yield of 6.36% based on the closing unit price of RMB3.86 on 31 December 2013.

RESULTS AND DISTRIBUTION

Total revenue for the Reporting Period was RMB2,710 million, an increase of 2.4% as compared to the same period in 2012. Net property income ("NPI") increased 5.6% year-on-year to RMB1,764 million. Gross asset value was up by 3.4% year-on-year to RMB40,727 million, while net asset value attributable to unitholders rose 0.2% year-on-year to RMB27,963 million.

The amount available for distribution during the Reporting Period increased by 4.5% year-on-year to RMB1,262 million. 100% of this amount will be distributed to the unitholders of Hui Xian REIT ("Unitholders"). This translates into a 2.6% year-on-year growth in total DPU of RMB0.2455, comprising an interim DPU of RMB0.1203 and a final DPU of RMB0.1252. The total DPU represented a distribution yield of 6.36% based on the closing unit price of RMB3.86 on 31 December 2013.

OFFSHORE RMB MARKET DEVELOPMENT

Denominated in RMB, Hui Xian REIT's outlook is closely linked to the development of offshore RMB market as well as the pace of RMB internationalisation.

Hong Kong was the first offshore market to launch RMB business back in 2004 and remarkable progress has been witnessed in the decade following. The city remains the world's biggest and most liquid offshore RMB centre, with its offshore RMB deposits surging 43% year-on-year to RMB860.5 billion as at the end of December 2013. Cities such as London, Singapore, Taipei, Tokyo and Sydney are also rapidly expanding their RMB businesses and competing to become key offshore RMB hubs.

Since the listing of Hui Xian REIT in 2011, an extensive array of RMB financial products have been launched in Hong Kong, including RMB loans; securities products such as bonds and equities; and insurance policies, all offering various investment yields, in addition to RMB currency appreciation. In 2013, the exchange rate of RMB against the Hong Kong Dollar has appreciated about 3.1%*.

BUSINESS ENVIRONMENT IN CHINA

China's economy maintained its growth momentum in 2013. Gross domestic product ("GDP") in 2013 rose 7.7% year-on-year to RMB56.9 trillion. Retail sales, a key indicator of consumer spending, increased 13.1% year-on-year to RMB23.44 trillion. Beijing's GDP recorded 7.7% year-on-year growth to RMB1.95 trillion.

BUSINESS REVIEW

Hui Xian REIT's portfolio comprises two properties: (1) Oriental Plaza, a 800,000 square metre mixed-use development in Beijing (which consists of The Malls, The Tower Offices, The Tower Apartments and Grand Hyatt Beijing); and (2) Sofitel Shenyang Lido, a five-star hotel in Shenyang. The appraised value of Hui Xian REIT's properties was RMB37,040 million as at 31 December 2013.

Hui Xian REIT's retail, office and serviced apartment sectors delivered solid organic growth during the Reporting Period. The hotel sector, however, continued to face challenges and keen competitions.

Total revenue of Hui Xian REIT's portfolio increased 2.4% year-on-year to RMB2,710 million. NPI grew 5.6% year-on-year to RMB1,764 million.

Net Property Income	Jan-Dec 2013 (RMB million)	Jan-Dec 2012 (RMB million)	Percentage Change (%)
Retail	858	746	14.9%
Office	681	568	20.0%
Serviced apartment	63	60	4.8%
Hotels	162	297	-45.3%
TOTAL	1,764	1,671	5.6%

Retail Portfolio

In 2013, disposable income per capita of Beijing's urban residents grew by 10.6% year-on-year to RMB40,321. The capital city's retail sales increased 8.7% year-on-year to RMB838 billion. Demand for retail space at prime locations and well-managed shopping centres remained firm in Beijing.

The Malls at Oriental Plaza, situated in the prime Wangfujing area, has maintained its position as a sought-after location for both domestic and international retailers. Its well-balanced tenant mix, which spans from mass market products to luxury brands, continues to be a draw for shoppers.

The retail portfolio's NPI increased 14.9% year-on-year to RMB858 million. The average monthly passing rent rose 10.1% year-on-year to RMB1,035 per square metre. Rental reversion was 15.8%. The average occupancy rate was 99.2%.

Office Portfolio

After seeing accelerated rental increases during 2010 and 2012, the Grade A office leasing market in Beijing has softened slightly in 2013. Nonetheless, supply remained limited.

CHAIRMAN'S STATEMENT

Leasing demand for The Tower Offices at Oriental Plaza has continued unabated and a high occupancy level was maintained. Strong growth in passing rent and positive rental reversion were also recorded, reflecting the rent escalation of Beijing office market over the past three years.

The office portfolio's NPI was RMB681 million, an increase of 20.0% over 2012. The average monthly passing rent increased 20.7% year-on-year to RMB234 per square metre. The average monthly spot rent was down by 18.9% year-on-year to RMB255 per square metre. Rental reversion was 24.2%. The average occupancy rate was 93.5%.

Given the high occupancy rate which leaves limited space to be offered for recruitment of new tenants, the majority of the leasing activities in 2013 were renewals. As rentals of renewal leases tend to be lower than those of new leases, a year-on-year decrease in spot rent was recorded. However, lease renewals offer Hui Xian REIT a steady income stream and occupancy rate; avoiding the loss of revenue which arises from vacancy gaps.

Serviced Apartment Portfolio

During 2013, leasing demand for well-located luxury serviced apartments in Beijing was stable while supply was limited.

Featuring over 600 fully-furnished units over two blocks, The Tower Apartments at Oriental Plaza's average occupancy rate was 82.3% in 2013. NPI continued to grow, with a year-on-year increase of 4.8% to RMB63 million.

Hotel Portfolio

The operating environment remained challenging for China's hotel industry throughout the Reporting Period. At the beginning of 2013, the extreme cold weather and the outbreak of human avian flu in several provinces caused the contraction of business and tourist arrivals, as well as cancellation of conferences and corporate events.

Moreover, the Central Government's new policy of restrictions on entertainment and hospitality also led to the cancellation or scaling down of corporate entertainment and banquets, business meetings and government-driven events.

As a result of these market headwinds, the NPI of Hui Xian REIT's hotel portfolio (comprising Grand Hyatt Beijing at Oriental Plaza and Sofitel Shenyang Lido) declined by 45.3% year-on-year to RMB162 million.

Grand Hyatt Beijing's average room rate per night for 2013 was down by 5.1% year-on-year to RMB1,746. Revenue per available room ("RevPAR") decreased 17.4% year-on-year to RMB948 and the average occupancy rate for the year was 54.3%.

On 1 January 2013, Hui Xian REIT's hotel in Shenyang was rebranded as Sofitel Shenyang Lido and has since been managed by Sofitel Luxury Hotels. The boom in hotel openings prior to the commencement of the 12th National Games of the People's Republic of China in August 2013 has mounted increasing challenges on existing hotels, applying further pressure on both room rates and occupancy levels.

Sofitel Shenyang Lido's average occupancy rate for the year was 41.5%. The average room rate per night decreased 17.2% year-on-year to RMB680; and RevPAR was down by 46.0% year-on-year to RMB282.

ASSET ENHANCEMENT

Asset enhancement is a key part of Hui Xian REIT's continuous efforts to stay competitive. The asset enhancement programme for Grand Hyatt Beijing has made good progress to date and half of the hotel rooms have undergone renovation, offering a fresh new look and upgraded amenities. The renovation programme for Sofitel Shenyang Lido is also underway.

STRONG FINANCIAL POSITION

Hui Xian REIT has maintained a strong financial position over the Reporting Period. As at 31 December 2013, bank balances and cash on hand amounted to RMB3,740 million and debts amounted to RMB3,217 million. Debts to gross asset value ratio was 7.9%. We believe that Hui Xian REIT will have the financial flexibility and capacity to seize market opportunities when they arise.

OUTLOOK

Looking ahead in 2014, we will continue to capitalise on our existing competitive advantages to fuel organic growth from our current portfolio. Our goals are to achieve rental growth and improve operational performances by implementing active asset management and enhancement strategies.

Concurrently, we will continue to actively pursue yield-accretive acquisition opportunities in China. Our focus is on acquiring quality assets which have the potential to enhance Hui Xian REIT's portfolio as well as deliver long-term benefits for Unitholders.

As the offshore RMB market continues to grow and sentiment towards RMB remains positive, we believe that there is significant potential for the further expansion of the RMB investment market. Any such growth would be positive for the prospects of Hui Xian REIT.

CHAIRMAN'S STATEMENT

After three decades of rapid economic growth that has been heavily reliant on exports and investments, China is now in the process of reshaping its economy with a focus on expanding domestic consumption. We believe that such a shift would help the world's second largest economy to maintain sustainable and healthy growth in the long-term.

On behalf of the Manager, I would like to thank all Unitholders and the Trustee for their continued support and commitment for Hui Xian REIT.

H L Kam

Chairman

Hui Xian Asset Management Limited

(as manager of Hui Xian Real Estate Investment Trust)

Hong Kong, 24 February 2014

* Based on the RMB/HK Dollar exchange rate of 1:1.2313 on 31 December 2012 and 1:1.2689 on 31 December 2013 (Source: "Exchange Rates for Stamp Duty Calculation" on hkex.com.hk).

MANAGEMENT DISCUSSION AND ANALYSIS

PORTFOLIO HIGHLIGHTS

Hui Xian REIT's portfolio spans across retail, office, serviced apartment and hotel businesses, including:

- (1) its investment in Hui Xian (B.V.I.) Limited, which in turn holds Hui Xian Investment Limited ("Hui Xian Investment"), the foreign joint venture partner of 北京東方廣場有限公司 (Beijing Oriental Plaza Company Limited[#]) ("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**, and
- (2) its investment in Shenyang Investment (BVI) Limited ("Shenyang Investment BVI"), which in turns 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[#]) ("Shenyang Lido"). Shenyang Investment HK is entitled to 70% of the distributions of 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 **Sofitel Shenyang Lido**.

Hui Xian REIT's portfolio by sectors:

Sector	Property	City	Gross Floor Area (sq.m.)
(1) Retail	<ul style="list-style-type: none"> • The Malls at Oriental Plaza: <i>A shopping mall</i> 	Beijing	130,195
(2) Office	<ul style="list-style-type: none"> • The Tower Offices at Oriental Plaza: <i>8 Grade A office towers</i> 	Beijing	309,552
(3) Serviced apartment	<ul style="list-style-type: none"> • The Tower Apartments at Oriental Plaza: <i>2 serviced apartment towers (over 600 units)</i> 	Beijing	81,603
(4) Hotels	<ul style="list-style-type: none"> • 2 hotels: 		204,166
	<ul style="list-style-type: none"> ➢ Grand Hyatt Beijing at Oriental Plaza: <i>5-star hotel (825 rooms)</i> 	Beijing	125,420
	<ul style="list-style-type: none"> ➢ Sofitel Shenyang Lido: <i>5-star hotel (590 rooms)</i> 	Shenyang	78,746
(5) Car parking spaces & other ancillary facilities	<ul style="list-style-type: none"> • 1,901 car parking spaces at Oriental Plaza 	Beijing	140,289
Total			865,805

[#] The English name is shown for identification purpose only.





Retail Portfolio

The Malls at Oriental Plaza

The Malls, a three-level shopping centre with a gross floor area of over 130,000 square metres, is home to over 280 top international and domestic fashion, accessory and lifestyle brands. It also boasts a cinema and over 50 food and beverage outlets, making it Beijing's leading one-stop shopping, dining and leisure destination for locals and tourists alike.

OPERATIONS REVIEW

(1) Retail Portfolio

In 2013, Beijing's GDP expanded 7.7% year-on-year to RMB1.95 trillion. Retail sales increased 8.7% year-on-year to RMB838 billion. Disposable income per capita of Beijing's urban residents grew 10.6% year-on-year to RMB40,321 in 2013.

It was widely reported that the Central Government's new policy of restrictions on entertainment and hospitality implemented in 2013 had a noticeable effect on China's overall retail sales of luxury brands and high-end restaurants. The uncertain economic environment also prompted some first-tier luxury retailers to take a more conservative approach to expansion and became more careful in selecting store locations. Nonetheless, second-tier luxury and mass market brands continued to tap into China's vast consumer market, which was supported by the prospering middle class. As a result, demand for quality retail space in prime locations remained strong.

Hui Xian REIT's retail portfolio consists of The Malls at Oriental Plaza, a 130,000 square metre shopping centre in Beijing. NPI of the retail portfolio increased 14.9% year-on-year to RMB858 million, accounting for 48.6% of the total NPI of Hui Xian REIT during the Reporting Period.

Located in the Wangfujing area, one of Beijing's busiest shopping districts, leasing demand for The Malls continued to be strong in 2013.

Rental income recorded healthy growth and the occupancy rate also remained at high, benefitting from The Malls' balanced and well diversified tenant mix. It boasts a broad spectrum of goods and services, including fast and high fashion, fast food chains, casual and fine dining restaurants, watches and jewellery, showrooms, banks, personal care stores and a cinema. The average monthly passing rent increased 10.1% year-on-year to RMB1,035 per square metre. Rental reversion was 15.8%. The average occupancy rate for 2013 was 99.2%.

The tenant mix of The Malls is constantly refined to keep pace with the fast-changing retail environment. During 2013, a number of new shops were opened at The Malls, such as Brooks Brothers, GANT, Patrizia Pepe, TAG Heuer, IWC, Evisu, Fossil, ALDO, Lenovo Flagship and Pacific Coffee. A few existing tenants also expanded and upgraded their shops, including Piaget, Dunhill, Hublot, Stuart Weitzman, Calvin Klein Jeans and Gabor. Moreover, Audi added over 1,000 square metres and launched its first digital car showroom, Audi City Beijing, in Asia.

Asset enhancement works at The Malls' Zone 1 was completed in the second half of 2013, bringing a whole new shopping experience to the shoppers. A new free Wi-Fi service was also launched inside The Malls.

Gross Revenue	RMB1,075 million, +12.1% YoY
Net Property Income	RMB858 million, +14.9% YoY
Average Occupancy Rate	99.2%
Average Monthly Passing Rent	RMB1,035 per square metre, +10.1% YoY
Average Monthly Spot Rent	RMB1,503 per square metre, +49.2% YoY







Office Portfolio

The Tower Offices at Oriental Plaza

The Tower Offices consists of eight towers offering over 309,000 square metres of Grade A office space. It has a strong and diversified tenant base, which includes some of the leading multinational and domestic corporations, as well as overseas government bodies.

(2) Office Portfolio

Beijing's Grade A office market has experienced rapid growth from 2010 to 2012. During 2013, the leasing market has slightly softened. Supply of new office space in the capital city remained limited.

Hui Xian REIT's office portfolio is comprised of eight Grade A office blocks totaling over 309,000 square metres, known as The Tower Offices at Oriental Plaza. NPI of the office portfolio increased 20.0% year-on-year to RMB681 million, accounting for 38.6% of the total NPI of Hui Xian REIT.

Leasing demand for The Tower Offices in 2013 was largely driven by lease renewal. Given the high occupancy level with only limited spaces available for recruiting new tenants, Hui Xian REIT's strategy was to retain loyal tenants, so as to save leasing and administrative costs, as well as to maintain current occupancy without interruption. More importantly, this stable tenant base generates a secure source of income for Hui Xian REIT.

The average monthly passing rent recorded a strong growth of 20.7% year-on-year to RMB234

per square metre. Since renewals accounted for the majority of leasing activity of The Tower Offices in 2013, and renewal rentals tend to be lower than the new leases rentals, the average monthly spot rent dropped 18.9% year-on-year to RMB255 per square metre. Nevertheless, rental reversion was 24.2%. The average occupancy rate for 2013 was 93.5%.

Over 490 multinational and domestic corporations have established their offices at The Tower Offices. The tenant base comprises a wide range of industries, including finance and banking, accounting, high technology, law, media and advertising, consumer products, education and government-related organisations. This large and diversified tenant base has contributed to the stability and sustainability of The Tower Offices' rental income.

The lobby of one of the office towers, public areas and washrooms have undergone renovation works in the second half of 2013. The asset enhancement programme will continue to be carried out in 2014.

Gross Revenue	RMB922 million, +17.4% YoY
Net Property Income	RMB681 million, +20.0% YoY
Average Occupancy Rate	93.5%
Average Monthly Passing Rent	RMB234 per square metre, +20.7% YoY
Average Monthly Spot Rent	RMB255 per square metre, -18.9% YoY







Serviced Apartment Portfolio

The Tower Apartments at Oriental Plaza

Comprising two blocks, The Tower Apartments features over 600 apartments of varying sizes, all fully furnished and elegantly appointed to offer luxury living in the city. Tenants can enjoy a wide array of amenities, such as housekeeping and concierge services, and access to nearby Grand Hyatt Beijing's Club Oasis, which boasts an indoor swimming pool and gym.

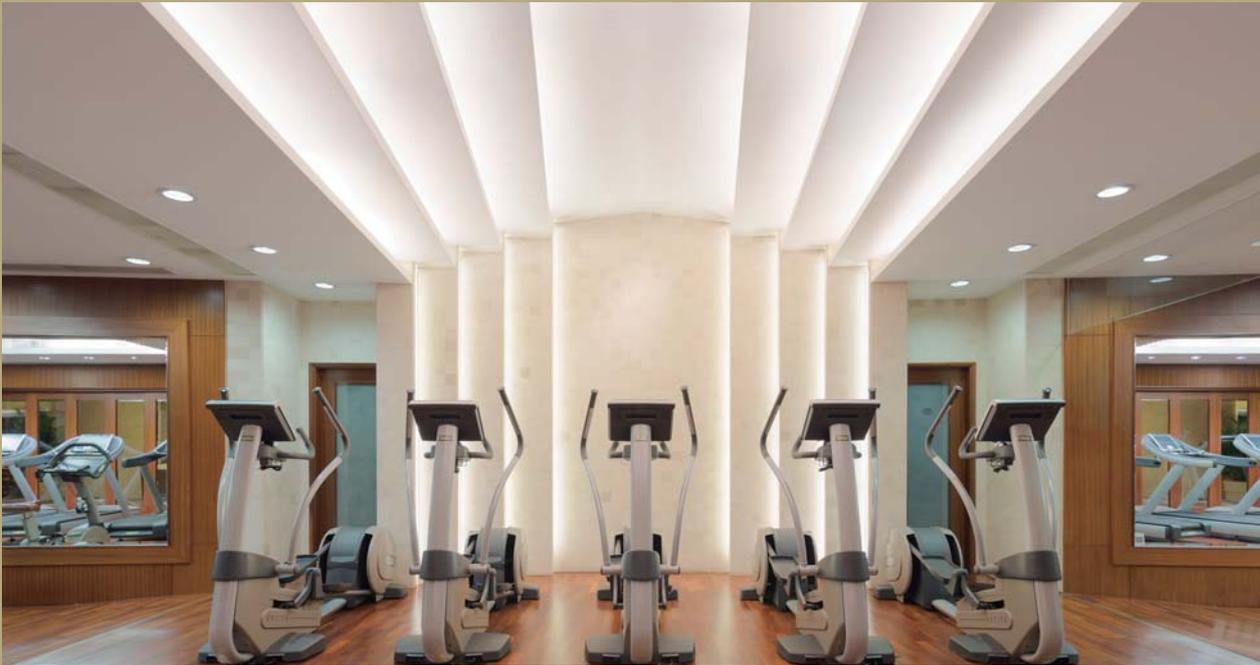
(3) Serviced Apartment Portfolio

There was a stable leasing demand for high-end serviced apartments in the prime areas of Beijing during 2013 and supply remained limited.

Hui Xian REIT's serviced apartment portfolio consists of The Tower Apartments at Oriental Plaza, featuring over 600 fully-furnished serviced

apartments in two blocks. The average occupancy rate for 2013 was 82.3%. NPI of the serviced apartment portfolio was up by 4.8% year-on-year to RMB63 million, contributing to 3.6% of the total NPI of Hui Xian REIT during the Reporting Period.

Gross Revenue	RMB129 million, +0.4% YoY
Net Property Income	RMB63 million, +4.8% YoY
Average Occupancy Rate	82.3%







Hotel Portfolio

**Grand Hyatt Beijing at Oriental Plaza
Sofitel Shenyang Lido**

As an integral part of the Oriental Plaza complex, the award-winning Grand Hyatt Beijing has 825 rooms and suites, all beautifully appointed to offer discerning travellers the ultimate in luxury hotel accommodation.

Located in the business hub of Shenyang and just a 20-minute drive away from Taoxian International Airport, the Sofitel Shenyang Lido is a popular choice for both business and leisure travellers.

(4) Hotel Portfolio

China's hotel and tourism industry was hit by a series of developments in 2013, including the unfavourable macroeconomic environment, air pollution, a strong RMB and the outbreak of human avian flu in various provinces. Moreover, the new policy of restrictions on entertainment and hospitality introduced by the Central Government had a significant impact. Consequently, there was a considerable reduction in business and individual travel, corporate conferences and entertainment, banquets as well as government-driven events. All these caused a plummet in the hotels' room rates, occupancy rates as well as food and beverage revenues. The competition amongst hotels, particularly in the five-star segment, was further intensified.

Hui Xian REIT's hotel portfolio includes Grand Hyatt Beijing at Oriental Plaza and Sofitel Shenyang Lido. These two five-star hotels provide a total of 1,415 guest rooms and suites. NPI of the two hotels combined was RMB162 million, a 45.3% decrease year-on-year. The hotel sector contributed 9.2% of the total NPI of Hui Xian REIT in 2013.

Grand Hyatt Beijing, Beijing

The number of foreign tourists visiting Beijing fell 10.1% year-on-year to 4.5 million in 2013, mainly attributable to the events mentioned above.

Due to an uncertain economic environment, large corporations tightened their business travelling spending and promotional expenses. The scale and guest room bookings of many conferences and corporate events held at Grand Hyatt Beijing were downsized as compared with previous years. The average room rate per night decreased 5.1% year-on-year to RMB1,746. RevPAR was down by 17.4% year-on-year to RMB948. The average occupancy rate was down to 54.3% in 2013 from 62.4% in 2012.

Grand Hyatt Beijing responded quickly to the new market environment by implementing a range of marketing programmes and competitive pricing strategies, as well as developing new channels to attract new customers to the hotel and its restaurants.

The asset enhancement programme for the Club Lounge and half of the guest rooms have been completed. The refurbished rooms feature new design and upgraded amenities, and they have been well received by the market.



Sofitel Shenyang Lido, Shenyang

Shenyang experienced an extremely cold winter in 2012/13 with heavy snowfall and icy rain, which affected business activities and tourism. A number of upscale hotels opened before the 12th National Games of the People’s Republic of China in August 2013, adding over 1,400 new rooms in Shenyang. In line with the Central Government’s frugality campaign, the Games’ budget was cut by 78% and the expected surge in tourists failed to materialise. As a result, deep price cuts were offered by the hotels in Shenyang to compete for customers.

Hui Xian REIT’s hotel in Shenyang was rebranded as Sofitel Shenyang Lido on 1 January 2013 and has since

been managed by Sofitel Luxury Hotels. The average room rate per night decreased 17.2% year-on-year to RMB680. RevPAR was down by 46.0% year-on-year to RMB282, and the average occupancy rate for 2013 was 41.5% compared to 63.6% a year earlier.

In response to the challenging operating environment, the hotel has been implementing prudent cost-containment and competitive pricing strategies with the aim of improving occupancy rate and revenues. An asset enhancement programme is also underway.

Gross Revenue	RMB584 million, -24.5 % YoY
Net Property Income	RMB162 million, -45.3% YoY
<i>Grand Hyatt Beijing</i>	
• Average Occupancy Rate	• 54.3%
• Average Room Rate Per Night	• RMB1,746, -5.1% YoY
• RevPAR	• RMB948, -17.4% YoY
<i>Sofitel Shenyang Lido</i>	
• Average Occupancy Rate	• 41.5%
• Average Room Rate Per Night	• RMB680, -17.2% YoY
• RevPAR	• RMB282, -46.0% YoY

FINANCIAL REVIEW

Net Property Income

The net property income was RMB1,764 million for the year ended 31 December 2013.

Distributions

Distribution Amount

Hui Xian REIT will distribute a total of RMB646 million (“2013 Final Distribution”) to Unitholders for the period from 1 July 2013 to 31 December 2013. The 2013 Final Distribution represents 100% of Hui Xian REIT’s total amount available for distribution during the period from 1 July 2013 to 31 December 2013 and will be paid in RMB. A total of RMB616 million (“2013 Interim Distribution”) has been distributed to Unitholders of Hui Xian REIT on 26 September 2013 for the period from 1 January 2013 to 30 June 2013. In total, Hui Xian REIT will distribute a total of RMB1,262 million to Unitholders for the year ended 31 December 2013.

Distribution per Unit

The final DPU for the period from 1 July 2013 to 31 December 2013 is RMB0.1252 based on the number of outstanding Units on 31 December 2013. Together with the interim DPU of RMB0.1203, Hui Xian REIT provides a total DPU for the year ended 31 December 2013 of RMB0.2455. This represents a distribution yield of 6.36% based on the closing unit price of RMB3.86 on 31 December 2013.

Closure of Register of Unitholders

The record date for the 2013 Final Distribution will be 12 March 2014, Wednesday (“Record Date”). The Register of Unitholders will be closed from 10 March 2014, Monday to 12 March 2014, Wednesday, both days inclusive, during which period no transfer of Units will be registered. The final distribution is expected to be payable on 30 April 2014, Wednesday to Unitholders whose names appear on the Register of Unitholders on the Record Date.

Subject to obtaining authorisation from the SFC, a distribution reinvestment arrangement will be made available to Unitholders under which eligible Unitholders will be entitled to have a scrip distribution in lieu of a cash distribution. Eligible Unitholders can elect to receive their distribution in the form of cash, in the form of new Units of Hui Xian REIT (subject to any fractional entitlement being disregarded), or a combination of both.

In order to qualify for the 2013 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 7 March 2014, Friday.

Debt Positions

In January 2012, Hui Xian Investment, a special purpose vehicle wholly-owned by Hui Xian REIT, drew down an unsecured 3-year term loan of HK\$1,200 million offered by The Hongkong and Shanghai Banking Corporation Limited, Bank of China (Hong Kong) Limited and DBS Bank Ltd. (the “2011 Credit Facility”). The purpose of the 2011 Credit Facility was to finance the general corporate funding needs of the Hui Xian REIT group.

MANAGEMENT DISCUSSION AND ANALYSIS

In April 2013, Hui Xian Investment drew down a new unsecured 3-year term loan of HK\$1,200 million offered by Bank of China (Hong Kong) Limited, DBS Bank Ltd., Hang Seng Bank Limited and The Bank of East Asia Limited (the “April 2013 Credit Facility”). The purpose of the April 2013 Credit Facility was to finance the repayment of outstanding loans from Hui Xian Holdings Limited (“Hui Xian Holdings”) and the general corporate funding needs of the Hui Xian REIT group.

In November 2013, Hui Xian Investment drew down a new unsecured 3-year term loan of HK\$1,525 million offered by Hang Seng Bank Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, Sumitomo Mitsui Banking Corporation, United Overseas Bank Limited and Chong Hing Bank Limited (the “November 2013 Credit Facility”). The purpose of the November 2013 Credit Facility was to finance the repayment of outstanding loans from Hui Xian Holdings and the general corporate funding needs of the Hui Xian REIT group.

In December 2013, Hui Xian Investment drew down a new unsecured term loan of HK\$200 million offered by Bank of East Asia Limited (the “December 2013 Credit Facility”). The purpose of the December 2013 Credit Facility was to finance the general working capital requirement of the Hui Xian REIT group.

As at 31 December 2013, the outstanding loans drawn down by Hui Xian Investment under a revolving credit facility arrangement with Hui Xian Holdings was fully repaid (31 December 2012: RMB1,005 million).

All facilities under Hui Xian REIT are unsecured and unsubordinated and rank pari passu with all other unsecured and unsubordinated obligations of Hui Xian Investment.

Based on Hui Xian REIT’s net assets attributable to Unitholders of RMB27,963 million as at 31 December 2013 (31 December 2012: RMB27,914 million), Hui Xian REIT’s debts to net asset value ratio stood at 11.5% (31 December 2012: 7.0%). Meanwhile, the debts to gross asset value ratio was 7.9% as at 31 December 2013 (31 December 2012: 5.0%).

Bank Balances and Asset Positions

As at 31 December 2013, Hui Xian REIT’s bank balances and cash amounted to RMB3,740 million (31 December 2012: RMB2,063 million). The bank balances and cash are mainly denominated in RMB. No currency hedge was employed.

Hui Xian REIT is indirectly interested in a 130,195 square metre shopping mall, eight Grade A office towers, two blocks of serviced apartments towers and an 825-room 5-star hotel in a 787,059 square metre building complex at 1 East Chang’an Avenue, Beijing, PRC which are collectively named as Oriental Plaza. Hui Xian REIT’s interests in Oriental Plaza are held through its special purpose vehicle, Hui Xian Investment, which is the foreign joint venture partner of BOP. BOP holds the land use rights and building ownership rights of Oriental Plaza.

American Appraisal China Limited (“American Appraisal”), Hui Xian REIT’s principal valuer, valued the eight blocks of office towers, the shopping mall and car parking spaces at RMB30,080 million as at 31 December 2013 (31 December 2012: RMB29,660 million), translating into an increase of 1.4% over the valuation as of 31 December 2012. Together with the hotel and serviced apartment premises, gross property value of BOP was RMB35,865 million as at 31 December 2013, as compared to RMB35,577 million as at 31 December 2012.

On 1 January 2012, Hui Xian REIT completed its acquisition of all issued shares of Shenyang Investment BVI, which in turn indirectly owns 70% of the entitlement in the distributions of Shenyang Lido, owner of Sofitel Shenyang Lido (formerly Sheraton Shenyang Lido Hotel). Standing on the famous Qingnian Street, the 30-storey 78,746 square metre Sofitel Shenyang Lido is located in the heart of the newly established Central Business District in southern Shenyang.

American Appraisal valued the hotel premises of Shenyang Lido at RMB970 million as at 31 December 2013 (31 December 2012: RMB1,620 million). Subjected to the general unfavourable economic condition in China's hotel industry, an impairment loss of RMB520 million was recognised in respect of the hotel premises of Shenyang Lido. Gross property value of hotel premises as at 31 December 2013 was RMB970 million (31 December 2012: RMB1,580 million).

Net Assets Attributable to Unitholders

As at 31 December 2013, net assets attributable to Unitholders amounted to RMB27,963 million (31 December 2012: RMB27,914 million) or RMB5.4144 per Unit, representing a 40.3% premium to the closing unit price of RMB3.86 on 31 December 2013 (31 December 2012: RMB5.4988 per Unit, representing a 32.5% premium to the closing unit price of RMB4.15 on 31 December 2012).

Pledge of Assets

Hui Xian REIT does not pledge its properties to any financial institutions or banks. The Trustee (as trustee of Hui Xian REIT) and certain special purpose vehicles of Hui Xian REIT provide guarantees for the 2011 Credit Facility, the April 2013 Credit Facility, the November 2013 Credit Facility and the December 2013 Credit Facility.

Commitments

As at 31 December 2013, except for capital commitment in respect of the asset enhancement programme for the hotels, Hui Xian REIT did not have any significant commitments.

Employees

As at 31 December 2013, BOP, by itself and through its branch, employed a total of approximately 350 employees in the PRC, of which approximately 310 employees performed hotel operation functions and services, and approximately 40 employees handled legal, regulatory and other administrative matters and carried out and provided commercial functions and services, including leasing and some other property management functions and services, other than the hotel operation functions and services.

As at 31 December 2013, Shenyang Lido by itself and through its branch employed a total of approximately 390 employees in the PRC.

Save as disclosed above, Hui Xian REIT is managed by the Manager and did not directly employ any staff as at 31 December 2013.

TOP 5 CONTRACTORS

Contractors	Nature of services	Value of contract (RMB'000)	Percentage
上海嘉榮建設工程有限公司	Renovation and maintenance	55,607	11.6%
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited)*	Property management	30,297	6.3%
Hyatt of China Limited	Management services	18,050	3.7%
北京金正東人力資源顧問有限公司	Integrated services	16,695	3.5%
北京清水百工人力資源管理諮詢服務有限公司	Integrated services	16,436	3.4%
		137,085	28.5%

TOP 5 REAL ESTATE AGENTS

Real estate agents	Nature of services	Commission paid (RMB'000)	Percentage
華仕兄弟（北京）房地產經紀有限公司	Leasing	1,031	3.5%
北京中原房地產經紀有限公司	Leasing	927	3.1%
北京宏成行房地產經紀有限公司	Leasing	587	2.0%
第一太平戴衛斯物業顧問（北京）有限公司	Leasing	492	1.7%
北京睿意德房地產經紀有限公司	Leasing	454	1.5%
		3,491	11.8%

* The English name is shown for identification purpose only.

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 a compliance manual which sets out the key processes, systems and measures applied by the Manager in order to comply with the Trust Deed, the REIT Code and other applicable legislation, rules and regulations. The compliance manual also contains a corporate governance policy, which regulates the activities of the board of directors of the Manager.

Throughout the year ended 31 December 2013, both the Manager and Hui Xian REIT have in material terms complied with the provisions of the compliance manual, the corporate governance policy, the Trust Deed, the REIT Code and applicable provisions of the SFO and the Listing Rules.

AUTHORISATION STRUCTURE

Hui Xian REIT is a collective investment scheme authorised by the SFC under section 104 of the SFO and regulated by the provisions of the REIT Code. The Manager is 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. CHEUNG Ling Fung, Tom (chief executive officer and executive director of the Manager), Mr. LEE Chi Kin, Casey (executive director of the Manager), Mr. HUI Tung Keung, Tommy (chief operating officer of the Manager) and Ms. LAI Wai Yin, Agnes (chief financial officer of the Manager) are the responsible officers of the Manager as required by section 125 of the SFO and 5.4 of the REIT Code.

The Trustee, 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). It 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 primarily responsible under the Trust Deed for the safe custody of the assets of Hui Xian REIT and holds the assets in trust for the benefit of the Unitholders.

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

The Trust Deed was amended pursuant to special resolutions passed at the extraordinary general meeting of Unitholders held on 7 May 2013. Please refer to the announcement and circular both dated 12 April 2013 published by the Manager for details of the amendments.

BOARD OF DIRECTORS OF THE MANAGER

The Board is responsible for corporate governance and the overall management of the Manager. It establishes goals for the management and monitors the achievement of these goals. The Board is also responsible for the strategic business direction and risk management of Hui Xian REIT. All Board members participate in matters relating to corporate governance, business operations and risks, financial performance and the nomination and review of directors. The Board has established a framework for the management of the Manager and Hui Xian REIT, including a system of internal control and a business risk management process.

The Directors in the year ended 31 December 2013 were Mr. KAM Hing Lam (chairman and non-executive director); Mr. CHEUNG Ling Fung, Tom and Mr. LEE Chi Kin, Casey (executive directors); Mr. IP Tak Chuen, Edmond, Mr. LIM Hwee Chiang and Mr. YIN Ke (with Mr. PANG Shuen Wai, Nichols as Mr. Yin's alternate) (non-executive directors); and Mr. CHENG Hoi Chuen, Vincent, Professor LEE Chack Fan and Dr. CHOI Koon Shum, Jonathan (independent non-executive directors).

BOARD COMPOSITION

The board of directors of the Manager currently comprises nine members (one of whom has appointed an alternate), three of whom are independent non-executive directors ("INEDs").

There were no changes to the composition of the Board or any of its committees in the year ended 31 December 2013.

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 (which, based on the current composition of the Board, will require the Manager to have at least three INEDs).

INEDs must be individuals who fulfil the independence criteria set out in the compliance manual. The Manager has received written confirmation from each of its INEDs confirming his independence.

The positions of chairman and 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.

Four Board meetings of the Manager were held in 2013. The attendance of each Director at these Board meetings was as follows:

Members of the Board	Attendance
Chairman and Non-executive Director	
Mr. KAM Hing Lam	4/4
Executive Directors	
Mr. CHEUNG Ling Fung, Tom (<i>chief executive officer</i>)	4/4
Mr. LEE Chi Kin, Casey	4/4
Non-executive Directors	
Mr. IP Tak Chuen, Edmond	4/4
Mr. LIM Hwee Chiang	4/4
Mr. YIN Ke	2/4*
Independent Non-executive Directors	
Mr. CHENG Hoi Chuen, Vincent	4/4
Professor LEE Chack Fan	4/4
Dr. CHOI Koon Shum, Jonathan	2/4
Alternate Director to Mr. YIN Ke	
Mr. PANG Shuen Wai, Nichols	2/2*

* Mr. Yin attended two of the four meetings and the other two meetings were attended by his alternate, Mr. Pang.

APPOINTMENTS AND REMOVALS OF DIRECTORS

The appointments and removals of Directors (including responsible officers appointed under the SFO) are matters for the Board and the shareholders of the Manager in accordance with the compliance manual, the articles of association of the Manager and applicable laws. As the Manager is licensed by the SFC under Part V of the SFO, the appointments and removals of any of its directors and responsible officers must be notified to the SFC and the appointment of a responsible officer requires the prior approval of the SFC.

INTERNAL CONTROLS

The Board, through the Audit Committee, conducts reviews on the effectiveness of the internal control system of Hui Xian REIT, which covers all material controls, including financial, operational and compliance controls, and risk management functions. The Board has appointed an internal audit manager to maintain an independent and objective internal audit function and to report on the adequacy, effectiveness and efficiency of the Manager's operations and internal controls.

The audit plan for each year is prepared by the internal audit manager 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 the effective implementation of the internal control systems and compliance procedures. Five audit reviews were conducted in the year ended 31 December 2013. Accomplishments of the audit plan and major findings of the audit reviews were reported to the Audit Committee on a half-yearly basis. Adequate controls were found to be in place and no major irregularities were noted. Recommendations to further improve on the internal control framework were all implemented.

BOARD COMMITTEES

Subject to the provisions contained in the corporate governance policy, the Board has the power to delegate certain of its responsibilities to board committees. Three board committees have been established, each with clear terms of reference, to assist the Board in discharging its responsibilities. Unless the decision making power has been vested in the relevant board committee, the ultimate responsibility of making final decisions rests with the full Board and not the board committee. Where appropriate, each board committee reports back to the Board on key decisions or submits its findings and recommendations to the full Board for consideration and endorsement.

The three board committees are:

AUDIT COMMITTEE

The Audit Committee of the Manager is appointed by the Board from among its members and comprises non-executive directors only. Majority of the members of the Audit Committee are INEDs and at least one INED has appropriate professional qualifications or accounting or related financial management expertise. The Audit Committee is chaired by an INED, namely Mr. CHENG Hoi Chuen, Vincent. The other members of the Committee are Professor LEE Chack Fan, Dr. CHOI Koon Shum, Jonathan (both INEDs), Mr. IP Tak Chuen, Edmond and Mr. YIN Ke (who are non-executive directors).

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 for appointment and reappointment as Directors to, and, where appropriate, proposing 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 Manager's 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 two meetings during the year ended 31 December 2013 to (among others) consider and review the annual results for the year ended 31 December 2012, the interim results for the six months ended 30 June 2013, connected party transactions and reports from the external and internal auditors. Attendance at these two meetings of the Audit Committee was as follows:

Members of the Audit Committee	Attendance
Mr. CHENG Hoi Chuen, Vincent (<i>chairman of the committee</i>)	2/2
Professor LEE Chack Fan	2/2
Dr. CHOI Koon Shum, Jonathan	0/2
Mr. IP Tak Chuen, Edmond	2/2
Mr. YIN Ke	2/2

DISCLOSURES COMMITTEE

The Disclosures Committee comprises the chief executive officer and two non-executive directors of the Manager, one of whom is an INED. Its role 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, who bears the responsibility in ensuring that such disclosure is accurate, complete and not misleading. As at the date of this report, the members of the Disclosures Committee are Mr. CHEUNG Ling Fung, Tom, Mr. IP Tak Chuen, Edmond and Professor LEE Chack Fan. Mr. CHEUNG Ling Fung, Tom is 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 year ended 31 December 2013 to consider (among others) the disclosures in the interim and annual results announcements, and the disclosures in the interim and annual reports. Attendance at these two meetings of the Disclosures Committee was as follows:

Members of the Disclosures Committee	Attendance
Mr. CHEUNG Ling Fung, Tom (<i>chairman of the committee</i>)	2/2
Mr. IP Tak Chuen, Edmond	1/2
Professor LEE Chack Fan	2/2

DESIGNATED (FINANCE) COMMITTEE

The Designated (Finance) Committee comprises the chief executive officer and two non-executive directors, one of whom is an INED. As at the date of this report, the members of the Designated (Finance) Committee are Mr. YIN Ke, Mr. CHEUNG Ling Fung, Tom and Dr. CHOI Koon Shum, Jonathan. Mr. YIN Ke is 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 did not hold any physical meeting in 2013.

MANAGEMENT OF BUSINESS RISK

As part of the risk management process, the Board meets quarterly or more often if necessary to review (among other information) the financial performance of Hui Xian REIT against the approved budget for the corresponding period. The Board also reviews risks to the assets of Hui Xian REIT from time to time and acts upon any comments from the independent external auditor where appropriate. In assessing any business risk, the Board will consider the economic environment and risks relevant to the real estate sector. In order to mitigate against risks, the Manager will hedge against interest rate exposure if necessary, prudently select tenants and review their financial position if necessary and always maintain sufficient liquidity for Hui Xian REIT.

CONFLICTS OF INTERESTS

The Manager is ultimately owned by Cheung Kong (Holdings) Limited ("CKH"), ARA Asset Management Limited ("ARA") and CITIC Securities International Company Limited ("CITIC Securities") as to 30%, 30% and 40% respectively. To the best of the Manager's knowledge, CKH had an indirect interest of approximately 7.84% in the shares of ARA as at 31 December 2013 and indirectly held 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) the principal activities of CKH and its subsidiaries (“Cheung Kong Group”) encompass property development and investment, hotel and serviced suite operation, property and project management, and investment in infrastructure business;
- (b) ARA, its subsidiaries and associated companies (“ARA Group”) are engaged in the management of publicly listed real estate investment trusts (“REITs”) (which includes Prosperity REIT and Fortune REIT) and private real estate funds; and
- (c) the principal activities of CITIC Securities International, its holding company and their respective subsidiaries (“CITIC Securities Group”) include securities trading, underwriting and sponsoring, proprietary trading, asset management and investment banking advisory services.

There may be circumstances where Hui Xian REIT (on the one hand), and the Cheung Kong Group, Prosperity REIT, Fortune REIT, and other publicly listed REITs and private real estate funds managed by ARA Group (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. Conflicts of interests may therefore arise in connection with the potential acquisitions, leasing opportunities and transactions mentioned above. Although Hui Xian REIT and CITIC Securities Group are engaged in different businesses, there is no assurance that conflicts of interests 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 when negotiating 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 the Cheung Kong Group 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 respective managers of Prosperity REIT and Fortune REIT. Mr. YIN Ke is a director and senior executive of certain members of the 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.

CORPORATE GOVERNANCE

The Manager has developed the following measures in order to address and manage the potential conflicts of interests described above:

- (1) unless with the approval from the SFC, the Manager does not manage any REIT other than Hui Xian REIT nor does it 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 interests situation that may arise are monitored;
- (3) all conflicts of interests are required to be managed by the full Board, including the INEDs; and
- (4) any director of the Manager who has a material interest in a matter which is the subject of a resolution proposed at a board meeting of the Manager is required to 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 Group and CITIC Securities Group, and of Fortune REIT, Prosperity REIT and other REITs and private real estate funds managed by the ARA Group 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 investors' 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 informed decisions.

The general meetings of Unitholders provide a forum for communication between the Board and the Unitholders. Two general meetings — one annual general meeting and one extraordinary general meeting — were held in the year ended 31 December 2013 with attendance as follows:

Members of the Board	Attendance
Chairman and Non-executive Director	
Mr. KAM Hing Lam	2/2
Executive Directors	
Mr. CHEUNG Ling Fung, Tom (<i>chief executive officer</i>)	2/2
Mr. LEE Chi Kin, Casey	2/2
Non-executive Directors	
Mr. IP Tak Chuen, Edmond	2/2
Mr. LIM Hwee Chiang	2/2
Mr. YIN Ke	0/2*
Independent Non-executive Directors	
Mr. CHENG Hoi Chuen, Vincent	2/2
Professor LEE Chack Fan	0/2
Dr. CHOI Koon Shum, Jonathan	0/2
Alternate Director to Mr. YIN Ke	
Mr. PANG Shuen Wai, Nichols	2/2*

* The two meetings were attended by Mr. Yin's alternate, Mr. Pang.

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

REPORTING AND TRANSPARENCY

Hui Xian REIT prepares its accounts in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants with a financial year-end of 31 December. In accordance with the REIT Code, the annual reports and interim reports for Hui Xian REIT are published and sent to Unitholders within four months from the end of the financial year and within two months from the end of the half-yearly period.

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

The Manager also issues circulars to 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 the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards, the relevant provisions of the Trust Deed and the relevant disclosure requirements set out in Appendix C of the REIT Code.

The consolidated financial statements of Hui Xian REIT for the year ended 31 December 2013 were audited by Deloitte Touche Tohmatsu and a statement on their responsibility with respect to the financial statements is set out in the Independent Auditor's Report on page 97 of this Annual 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% 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 to the above, Units may be issued as consideration for the acquisition of additional real estate.

CODE GOVERNING DEALINGS IN UNITS BY DIRECTORS OR THE MANAGER, AND DISCLOSURE OF INTERESTS IN UNITS

The Manager has adopted rules governing dealings in Units by the Directors, the Manager and certain senior executives, officers and employees of the Manager, subsidiaries of the Manager or the special purpose vehicles of Hui Xian REIT who, because of his/her office or employment in the Manager, the relevant subsidiaries of the Manager or the relevant special purpose vehicles of Hui Xian REIT, is likely to be in possession of unpublished price sensitive information in relation to the securities of Hui Xian REIT (collectively the "Management Persons"). These rules are set out in the Code Governing Dealings in Units by Directors or the REIT Manager (the "Units Dealing Code") contained in the compliance manual. It sets out the required standard against which Management Persons must measure their conduct regarding transactions in securities of Hui Xian REIT and are on terms no less exacting than those of the Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 of the Listing Rules.

Management Persons wishing to deal in any securities of Hui Xian REIT 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 apply 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 or any connected party transactions under the REIT Code or any price-sensitive information must refrain from dealing in the securities of Hui Xian REIT 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 securities of Hui Xian REIT at any time when he is in possession of unpublished price-sensitive information in relation to those securities, or where clearance to deal is not otherwise conferred upon him in the manner as provided in Units Dealing Code. Further, Management Persons must not deal in the securities of Hui Xian REIT 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 annual 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 relevant 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 Units Dealing Code.

The Manager is a Management Person and is subject to the same dealing requirements as the Directors.

Specific enquiry having been made with each of the Management Persons, all of them confirmed that they have complied with the required standard set out in the Units Dealing Code during the year ended 31 December 2013.

The Manager has also adopted procedures for monitoring disclosure of interests by Directors and 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% 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 Stock Exchange and the Manager of their holdings in Hui Xian REIT. The Manager keeps a register for these purposes and it records 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%; (c) any issue of the Units during any financial year that would increase the total number of Units from the number of Units that were outstanding at the end of the previous financial year by more than 20% (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 reinvestment 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 OF DIRECTOR'S INFORMATION

Updated information on the Manager's directors are set out in the section on Directors' Biographical Information on page 51 of this annual report. Save as disclosed therein, there is no change in the information of the Directors since the last published interim report.

COMPLIANCE WITH THE COMPLIANCE MANUAL

During the year ended 31 December 2013, 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 year ended 31 December 2013 has been reviewed by the Audit Committee and the Disclosures Committee.

NEW UNITS ISSUED

In the year ended 31 December 2013, (i) an aggregate of 21,534,029 new Units were issued to the Manager as payment of part of the manager's fees; and (ii) an aggregate of 66,575,818 new Units were issued to Unitholders who elected scrip distribution pursuant to the distribution reinvestment arrangement in respect of the final distribution for the period from 1 July 2012 to 31 December 2012 and the interim distribution for the period from 1 January 2013 to 30 June 2013.

PURCHASE, SALE OR REDEMPTION OF UNITS

During 2013, there was no repurchase, sale or redemption of the Units of Hui Xian REIT 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% of the issued and outstanding Units of Hui Xian REIT were held in public hands as at 31 December 2013.

CONNECTED PARTY TRANSACTIONS

WAIVERS FROM STRICT COMPLIANCE WITH CERTAIN REQUIREMENTS UNDER THE REIT CODE

Waivers from strict compliance with the disclosure and Unitholders' approval requirements 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") were granted by the SFC at the time of authorisation of Hui Xian REIT under section 104 of the SFO in April 2011. Some of the Waivers were subsequently modified and/or extended, with the approval of Unitholders where required. The terms and conditions pursuant to which the Waivers were granted were disclosed in the 2011 Interim Report of Hui Xian REIT and the announcements dated 10 November 2011, 22 May 2012 and 7 May 2013 published by the Manager for Hui Xian REIT.

With approval of the Unitholders, a new waiver was granted by the SFC on 7 May 2013 in respect of certain banking and financial services transactions between the Hui Xian REIT group (that is, Hui Xian REIT and other companies or entities held or controlled by it) and the China CITIC Bank group (that is, China CITIC Bank Corporation Limited and its subsidiaries) subject to the terms and conditions as disclosed in the announcement dated 7 May 2013 published by the Manager for Hui Xian REIT. Throughout the year ended 31 December 2013, Hui Xian REIT has complied with the relevant terms and conditions of the Waivers and the new waiver.

Set out below is a summary of the information in respect of the connected party transactions entered into in the year ended 31 December 2013.

CONNECTED PARTY TRANSACTIONS – INCOME

The following table sets out information on connected party transactions from which Hui Xian REIT derived its income in the year ended 31 December 2013:

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the year ended 31 December 2013 RMB'000
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 a significant holder ¹	Leasing and licensing transaction	3,440
和記環球電訊(廣東)有限公司 (Hutchison Global Communications (Guangdong) Limited)*	Associated company of a significant holder ¹	Leasing and licensing transaction	695
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.)*	Associated company of a significant holder ¹	Leasing and licensing transaction	2,661
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.)*	Associated company of a significant holder ¹	Leasing and licensing transaction	2,689

CONNECTED PARTY TRANSACTIONS

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the year ended 31 December 2013 RMB'000
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.)*	Associated company of a significant holder ¹	Leasing and licensing transaction	1,171
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.)*	Associated company of a significant holder ¹	Leasing and licensing transaction	1,421
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.)*	Associated company of a significant holder ¹	Leasing and licensing transaction	19,328
Cheung Kong (Holdings) Limited Beijing Office	Associated company of a significant holder ¹	Leasing and licensing transaction	74
北京尚乘財策諮詢有限公司 (AMTD Beijing Investment Advisory Co., Ltd)*	Associated company of a significant holder ¹	Leasing and licensing transaction	1,276
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited)*	Subsidiary of the Manager	Leasing and licensing transaction	323
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.)*	Associated company of a significant holder ³	Leasing and licensing transaction	6
Bank of China Limited	Associated company of a significant holder ¹	Leasing and licensing transaction	22,516
東方海外貨櫃航運（中國）有限公司 北京分公司 (Orient Overseas Container Line (China) Co., Ltd. Beijing Branch)*	Subsidiary of a controlling entity of a significant holder ²	Leasing and licensing transaction	559
東方海外物流（中國）有限公司 北京分公司 (OOCL Logistics (China) Ltd. Beijing Branch)*	Subsidiary of a controlling entity of a significant holder ²	Leasing and licensing transaction	432
Bank of China Limited	Associated company of a significant holder ¹	Interest income on deposits	42,618
Bank of China (Hong Kong) Limited	Associated company of a significant holder ¹	Interest income on deposits	13,253
Total			112,462

Notes:

- 1 Significant holders being Hui Xian Cayman and Hui Xian Holdings.
- 2 The connected person concerned is a subsidiary of a controlling entity of Hui Xian Cayman and Hui Xian Holdings.
- 3 This company became an associated company of significant holders, Hui Xian Cayman and Hui Xian Holdings, with effect from 12 November 2013.

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

* 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 in the year ended 31 December 2013:

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Expenses for the year ended 31 December 2013 RMB'000
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.)*	Associated company of a significant holder ¹	Property management fee	5,755
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.)*	Associated company of a significant holder ¹	Property management fee	8,091
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.)*	Associated company of a significant holder ¹	Internet services fee	341
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 a significant holder ¹	Promotional expense	9
屈臣氏酒窖(廣州)有限公司 Watson's Wine Cellar (Guangzhou) Company Limited)*	Associated company of a significant holder ¹	Beverage	55
北京屈臣氏蒸餾水有限公司 (Beijing Watson's Distilled Water Co., Ltd)*	Associated company of a significant holder ¹	Beverage	40
廣州屈臣氏食品飲料有限公司 北京飲料分公司 (Guangzhou Watson's Food & Beverages Company Limited Beijing Beverages Branch)*	Associated company of a significant holder ¹	Beverage	356

CONNECTED PARTY TRANSACTIONS

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Expenses for the year ended 31 December 2013 RMB'000
上海和黃白貓有限公司 (Shanghai Hutchison Whitecat Company Limited)*	Associated company of a significant holder ¹	Cleaning supplies	267
Hutchison Hotel Hong Kong Limited	Associated company of a significant holder ¹	Banquet services	45
Metro Broadcast Corporation Limited	Associated company of a significant holder ¹	Investment seminar sponsorship	78
中銀保險有限公司北京分公司 (Bank of China Insurance Co., Ltd. Beijing Branch)*	Associated company of a significant holder ¹	Insurance expense	456
中國人壽財產保險股份有限公司 北京市分公司 (China Life Property and Casualty Insurance Company Limited Beijing Branch)*	Associated company of a significant holder ¹	Insurance expense	1,596
Bank of China (Hong Kong) Limited	Associated company of a significant holder ¹	Interest expense on loans	14,289
Hui Xian Holdings Limited	Significant holder	Interest expense on loans	36,392
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited)*	Subsidiary of the Manager	Property Manager's fee	30,297
Total			98,067

Notes:

1 Significant holders being Hui Xian Cayman and Hui Xian Holdings.

* The English name is shown for identification purpose only.

CONFIRMATION BY THE INEDS

The INEDs have confirmed that they have reviewed the terms of all the relevant connected party transactions conducted during the year ended 31 December 2013 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 (where applicable) 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 its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions on leasing and licensing transactions, property management arrangements, third party services, insurance transactions and other operational transactions and transactions involving ordinary banking and financial services disclosed by Hui Xian REIT on pages 43 to 46 of this Annual Report in accordance with the relevant waivers from strict compliance with disclosure requirements under Chapter 8 of the REIT Code granted by the SFC. A copy of the auditor's letter will be provided to the SFC.

TERMS AND REMUNERATION OF SERVICES PROVIDED BY THE MANAGER, THE TRUSTEE AND THE PRINCIPAL VALUER

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 of Hui Xian REIT shall not be deemed connected party transactions. Such services are therefore not disclosed in the above sections. The aggregate amount of fees (in cash and/or units) payable by Hui Xian REIT to the Trustee and to the Manager under the Trust Deed for the year ended 31 December 2013 were RMB3,675,000 and RMB146,640,000 respectively. Particulars of the services provided by the Trustee and the Manager are set out in notes 1(b) and 1(c) respectively to the Consolidated Financial Statements of Hui Xian REIT for the year ended 31 December 2013 on pages 107 to 108 of this Annual Report. The fees payable to the principal valuer of Hui Xian REIT for the year ended 31 December 2013 were RMB396,000.

DISCLOSURE OF INTERESTS

INTERESTS OF CONNECTED PERSONS

As at 31 December 2013, each of the following persons was a connected person of Hui Xian REIT under the REIT Code and, so far as the Manager is aware, held or was interested in the Units of Hui Xian REIT as follows:

Name	As at 31 December 2013		As at 30 June 2013
	No. of Units held	Percentage of Units held ¹	No. of Units held
Hui Xian (Cayman Islands) Limited ²	2,190,000,000	42.4%	2,190,000,000
Hui Xian Holdings Limited ³	60,000,000	1.16%	60,000,000
Subsidiaries of Cheung Kong (Holdings) Limited ⁴	342,294,809	6.63%	322,819,286
Subsidiary of Hutchison Whampoa Limited ⁵	148,218,019	2.87%	143,587,048
Subsidiary of Bank of China Limited ⁶	148,125,000	2.87%	148,125,000
Subsidiaries of China Life Insurance (Group) Company ⁷	305,551,000	5.92%	276,491,000
Subsidiary of Orient Overseas (International) Limited ⁸	59,250,000	1.15%	59,250,000
Subsidiary of CITIC Securities International Company Limited ⁹	2,000,000	0.04%	6,919,652
Subsidiary of ARA Asset Management Limited ¹⁰	6,804,889	0.13%	5,304,889

Notes:

The terms associated company, connected person, controlling entity, holding company and significant holder are as defined in the REIT Code or the SFO.

- Based on the total number of Units in issue as at 31 December 2013 of 5,164,525,496 Units.
- Hui Xian Cayman is a direct wholly-owned subsidiary of Hui Xian Holdings and is deemed, under the REIT Code, to hold the 60,000,000 Units held by Hui Xian Holdings. As at 31 December 2013, Hui Xian Cayman was a significant holder and thus a connected person of Hui Xian REIT under the REIT Code as it held more than 10% of the outstanding Units of Hui Xian REIT.
- Hui Xian Holdings is ultimately owned by a consortium of six investors. These investors are Cheung Kong (Holdings) Limited ("CKH") (as to approximately 33.4%), Hutchison Whampoa Limited ("HWL") (as to approximately 17.9%), Bank of China Limited (as to approximately 19.8%), Orient Overseas (International) Limited (as to approximately 7.9%), China Life Insurance (Group) Company (as to approximately 19.8%) and Cranwood Company Limited (as to approximately 1.2%). Hui Xian Holdings is the holding company of Hui Xian Cayman and is deemed, under the REIT Code, to hold the 2,190,000,000 Units held by Hui Xian Cayman. As at 31 December 2013, Hui Xian Holdings was a significant holder and thus a connected person of Hui Xian REIT under the REIT Code as it held more than 10% of the outstanding Units of Hui Xian REIT by virtue of the aggregation of the deemed holdings of its wholly-owned subsidiary, Hui Xian Cayman, of 2,190,000,000 Units and its own direct holdings of 60,000,000 Units.

4. The subsidiaries being Noblecrown Investment Limited ("Noblecrown") (holding 275,262,033 Units as at 31 December 2013 and 266,661,659 Units as at 30 June 2013), Wisdom Ally Limited ("Wisdom Ally") (holding 60,056,794 Units as at 31 December 2013 and 50,852,738 Units as at 30 June 2013) and Wealth Finder Limited ("Wealth Finder") (holding 6,975,982 Units as at 31 December 2013 and 5,304,889 Units as at 30 June 2013), each of them was an associated company of Hui Xian Holdings and Hui Xian Cayman.

Separately, by virtue of the deemed application of Part XV of the SFO and based on information available to the Manager as at 31 December 2013:

- (i) Noblecrown was also taken to be interested in the total number of Units held by Hui Xian Cayman and Hui Xian Holdings as it was entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of HX Holdings;
 - (ii) each of CKH and the intermediate holding companies through which CKH was interested in the share capital of Noblecrown (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) was taken to have an interest in the Units that Noblecrown was interested in;
 - (iii) Cheung Kong Investment Company Limited, of which Wisdom Ally and Wealth Finder were indirect wholly-owned subsidiaries, was also taken to have an interest in the Units held by Wisdom Ally and Wealth Finder respectively;
 - (iv) CKH, in view of its interest in the above intermediate holding companies through which Noblecrown was held, in Wisdom Ally, in Wealth Finder and in HWL, was taken to have an interest in the Units held by Noblecrown, Wisdom Ally, Wealth Finder and HWL (HWL's interests were held through Heathcliff Developments Limited as disclosed in note 5 below); and
 - (v) each of Mr. Li Ka-shing, Li Ka-Shing Unity Holdings Limited, 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 same Units in which CKH was interested in.
5. The subsidiary being Heathcliff Developments Limited, an associated company of Hui Xian Holdings and Hui Xian Cayman.
6. The subsidiary being Lucky Star International Holdings Inc., an associated company of Hui Xian Holdings and Hui Xian Cayman.
7. The subsidiaries being Po Lian Enterprises Limited and China Life Insurance (Overseas) Co. Ltd, each of them was an associated company of Hui Xian Holdings and Hui Xian Cayman.
8. The subsidiary being Far Gain Investment Limited, a controlling entity of Hui Xian Holdings.
9. The subsidiary being CSI REITs Investment Management Company Limited, a wholly-owned subsidiary of CITIC Securities International Company Limited, which owned 40% of the voting power at general meetings of the Manager.
10. The subsidiary being ARA Hui Xian (Holdings) Limited, a wholly-owned subsidiary of ARA Asset Management Limited, which owned 30% of the voting power at general meetings of the Manager.

DISCLOSURE OF INTERESTS

Interests of the Manager

As at 31 December 2013, the Manager held 7,393,826 Units in Hui Xian REIT (30 June 2013: 12,025,072 Units).

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

As at 31 December 2013, each of the following persons was a director, senior executive or officer of the Manager and thus a connected person of Hui Xian REIT under the REIT Code and, so far as the Manager is aware, held or was interested in the Units in Hui Xian REIT as follows:

Name	As at 31 December 2013 Number of Units held	As at 30 June 2013 Number of Units held
KAM Hing Lam	649,371 ¹	629,082 ¹
IP Tak Chuen, Edmond	400,000 ²	400,000 ²
CHEUNG Ling Fung, Tom	54,977 ³	53,260 ³
TONG BARNES Wai Che, Wendy	108,609 ⁴	105,216 ⁴
HUI Tung Keung, Tommy	27,000 ⁵	27,000 ⁵

Notes:

1. These Units were held by Mr. KAM Hing Lam, chairman and non-executive director of the Manager, as a bare trustee and this is a voluntary disclosure made by Mr. KAM.
2. These Units were held by Mr. IP Tak Chuen, Edmond, non-executive director of the Manager, as beneficial owner.
3. These Units were held by Mr. CHEUNG Ling Fung, Tom, executive director and chief executive officer of the Manager, as beneficial owner.
4. These Units were held by Mrs. TONG BARNES Wai Che, Wendy, deputy chief executive officer of the Manager, as beneficial owner.
5. These Units were held by Mr. HUI Tung Keung, Tommy, chief operating officer of the Manager, as beneficial owner.

Save as disclosed above, the Manager is not aware of any connected persons of Hui Xian REIT holding any units of Hui Xian REIT as at 31 December 2013.

DIRECTORS' BIOGRAPHICAL INFORMATION

KAM Hing Lam, aged 67, is the founding Chairman and Non-executive Director of Hui Xian Asset Management Limited. He is also the founding Chairman of Beijing Oriental Plaza Company Limited.

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 and a member of its Executive Committee since March 2013. 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 property developments in a number of cities, including Beijing, Shanghai, Chongqing and Chengdu.

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, both of which are listed on the Main Board of Hong Kong Stock Exchange. Mr. Kam was previously an Executive Director of Power Assets Holdings Limited. 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 an Advisor of the 12th Beijing Municipal 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.

CHEUNG Ling Fung, Tom, aged 47, is an Executive Director and the Chief Executive Officer of Hui Xian Asset Management Limited (the "Manager"), and a member of the Disclosures Committee and a member of the Designated (Finance) Committee of the Manager, such appointments took effect from 1 July 2012. Mr. Cheung is also a Responsible Officer of the Manager.

Mr. Cheung is the General Manager of Beijing Oriental Plaza Company Limited ("BOP"), the Sino-foreign cooperative joint venture company through which Hui Xian REIT's investment in Oriental Plaza, Beijing is held. Mr. Cheung began his career at BOP as General Manager of The Tower Apartments at Oriental Plaza in 2001 and assumed the role of General Manager of The Tower Offices at Oriental Plaza in 2005. He became General Manager of Business Development for the entire complex in 2006, before adopting the position of General Manager of BOP in 2009. Prior to joining BOP, Mr. Cheung spent seven years in Shanghai, where, as General Manager, he set up the first Mainland China branch in Shanghai for CBRE. He has over 20 years of experience in real estate, encompassing office, retail and residential properties. Mr. Cheung was previously involved in the sales, leasing and marketing of over 20 real estate projects located throughout Mainland China, including Shanghai, Guangzhou, Shenzhen, Hangzhou and Huizhou. He is also a Director of Shenyang Lido Business Co. Ltd.

Mr. Cheung holds a Bachelor of Business Administration in Finance and a Master's degree in Business Administration.

DIRECTORS' BIOGRAPHICAL INFORMATION

LEE Chi Kin, Casey, aged 51, currently the Executive Director and a Responsible Officer of Hui Xian Asset Management Limited (the "Manager"). Mr. Lee had served as the Deputy Chief Operating Officer – Hotel of the Manager since the listing of the units of Hui Xian REIT on The Stock Exchange of Hong Kong Limited in April 2011 prior to his appointment as the Chief Investment Officer and a Responsible Officer of the Manager in August 2011. Mr. Lee joined the group of Cheung Kong (Holdings) Limited ("Cheung Kong Group") in 1998. His duties include assessing new hotel and related properties development opportunities in China, liaising with local PRC authorities, working with banks in respect of financing and overseeing the operation of various hotels in the group. He is also responsible for the investment in Sofitel Shenyang Lido (formerly known as Sheraton Shenyang Lido Hotel), which forms part of the Hui Xian REIT group since the beginning of 2012. Mr. Lee is also the Chairman of Shenyang Lido Business Co. Ltd and a Director of Beijing Oriental Plaza Company Limited.

Mr. Lee has over 28 years of experience in accounting, hotel management and property development. Prior to joining Cheung Kong Group, he worked for various hotel management groups, property investment companies, as well as Coopers and Lybrand. Mr. Lee holds a Bachelor's degree in Social Sciences. He is a member of The Institute of Chartered Accountants in England and Wales, a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a member of the Chinese Institute of Certified Public Accountants. He is also a member of the Chinese People's Political Consultative Conference (Shenyang).

IP Tak Chuen, Edmond, aged 61, 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 and Member of Executive Committee since March 2013. 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 (an Asian real estate fund management company listed in Singapore), AVIC International Holding (HK) Limited, Real Nutraceutical Group 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 as the manager of Fortune REIT (listed in Hong Kong and Singapore), and a Director of ARA Trust Management (Suntec) Limited as the manager of Suntec REIT (listed in Singapore).

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

LIM Hwee Chiang, aged 57, has been a Non-executive Director of Hui Xian Asset Management Limited since 21 December 2010 and Director of Hui Xian Investment Limited since 29 April 2011. He is also the Group Chief Executive Officer and Executive Director of ARA Asset Management Limited ("ARA") since its establishment. He is also a Non-executive Director of ARA Asset Management (Fortune) Limited (the manager of Fortune REIT dual-listed in Singapore and Hong Kong), ARA Trust Management (Suntec) Limited (the manager of Singapore-listed Suntec REIT), ARA Asset Management (Prosperity) Limited (the manager of Hong Kong-listed Prosperity REIT), Am ARA REIT Managers Sdn. Bhd. (the manager of Malaysia-listed AmFIRST REIT) and ARA-CWT Trust Management (Cache) Limited (the manager of Singapore-listed Cache Logistics Trust). Mr. Lim is also 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 and the Chairman of the remuneration committee of Singapore-listed Teckwah Industrial Corporation Limited, the Chairman of the property management committee of the Singapore Chinese Chamber of Commerce & Industry, the managing director of Chinese Chamber Realty Private Limited and a director of The Finance Board of the Singapore Chinese Chamber of Commerce. He is also a member of the Consultative Committee to the Department of Real Estate, National University of Singapore.

Mr. Lim has more than 30 years of experience in real estate industry and has received many notable corporate awards. His accolades include the Ernst & Young Entrepreneur of the Year Singapore 2012, Ernst & Young Entrepreneur of the Year – Financial Services 2012 and the Outstanding CEO of the year 2011 at the Singapore Business Awards 2012. Mr. Lim, together with the Board of Directors of ARA, is also a recipient of the prestigious Best Managed Board (Gold) Award at the Singapore Corporate Awards 2012.

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 50, 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 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., a company 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 and Dah Chong Hong Holdings Limited, 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's degree in Electrical Engineering and a Master's Degree in Economics from Zhejiang University.

PANG Shuen Wai, Nichols, aged 54, has been the alternate Director to Mr. Yin Ke in his position as a Non-executive Director and a member of the Audit Committee and the Designated (Finance) Committee of Hui Xian Asset Management Limited since 1 October 2012.

Mr. Pang is the Executive Director, Capital Management of CITIC Securities International Company Limited ("CSI") and a Director of CTI Capital Management Limited. Mr. Pang is also a Director of World Deluxe Enterprises Limited, which is the sole direct shareholder of Hui Xian Asset Management Limited and the issued share capital of which is in turn owned by the CSI group, the Cheung Kong (Holdings) Limited group and the ARA Asset Management Limited group. He was seconded by CSI to work as an Executive Director, a Responsible Officer and the Chief Financial Officer for Hui Xian Asset Management Limited on a full-time basis until 30 September 2012.

DIRECTORS' BIOGRAPHICAL INFORMATION

Before embarking on his capital market career by joining Cresvale Far East Limited in 1989, Mr. Pang had amassed substantial experience in the property market through working in chartered surveyors and property consultants firms. He subsequently held senior positions with major financial institutions including Baring Securities (HK) Limited, Nomura Research Institute (Hong Kong) Limited and Nomura International (Hong Kong) Limited. He moved to the asset management field managing public and private funds in 2001.

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

CHENG Hoi Chuen, Vincent, aged 65, has been an Independent Non-executive Director of Hui Xian Asset Management Limited since 4 April 2011. He was the Adviser to the Group Chief Executive of HSBC Holdings plc and is also an Independent Non-executive Director of Great Eagle Holdings Limited, MTR Corporation Limited, CLP Holdings Limited, China Minsheng Banking Corp., Ltd., Shanghai Industrial Holdings Limited and Wing Tai Properties Limited, the shares of all of which are listed on The Stock Exchange of Hong Kong Limited. He is the former Chairman of The Hongkong and Shanghai Banking Corporation Limited, HSBC Bank (China) Company Limited and HSBC Bank (Taiwan) Limited. Mr. Cheng had been an Executive Director of HSBC Holdings plc, a Non-executive Director of HSBC China Dragon Fund and an Independent Non-executive Director of Swire Properties Limited during the past three years.

Mr. Cheng is the 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 HKSAR and a member of the Advisory Committee on Post-service Employment of Civil Servants, a Vice-patron of Community Chest of Hong Kong and the Chairman of the Council of The Chinese University of Hong Kong. He is also a member of the National Committee of the 11th Chinese People's Political Consultative Conference ("CPPCC"), and a Senior Adviser to the 11th Beijing Municipal Committee of the CPPCC. He was the 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, a member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority and a Vice-chairman of the China Banking Association.

He was conferred the Doctoral degree of Social Science, honoris causa, by The Chinese University of Hong Kong and the Doctoral degree 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, New Zealand.

LEE Chack Fan, aged 68, 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 Louis XIII Holdings Limited (formerly known as 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 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 and a member of the Commission on Strategic Development. He is a past Chairman of the Harbourfront Enhancement Committee, and past Chairman of the Council of the Lord Wilson Heritage Trust, and past Chairman of the Veterinary Surgeons Board. He previously also served on 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 2001 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 and Gold Bauhinia Star in 2005 and 2013 respectively.

Professor Lee graduated from The University of Hong Kong with a Bachelor's 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 Honorary Doctor of Science degrees from The University of Western Ontario in 2006; the Plymouth University and the Edinburgh Napier University in 2012. He was also awarded the Gold Medal of the Hong Kong Institution of Engineers (HKIE) in 2008 and elected to the Hall of Fame of the HKIE in 2010.

CHOI Koon Shum, Jonathan, aged 56, 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 VinaCapital, Vietnam, 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 and is elected to be the Deputy Director of The Committee of Education, Science, Culture, Health and Sports. He also holds a number of public positions including Permanent Honorary President 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.

DIRECTORS' BIOGRAPHICAL INFORMATION

Dr. Choi is a Justice of 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, Jinggangshan, Zhongshan 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 and the Honorary Doctor of the Vietnam National University, Hanoi, in 2013.

KEY PERSONNEL'S BIOGRAPHICAL INFORMATION

TONG BARNES Wai Che, Wendy is the Deputy Chief Executive Officer of Hui Xian Asset Management Limited ("the Manager"). Mrs. Barnes is also a director of Beijing Oriental Plaza Company Limited ("BOP") 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. She is also a Board Member of The Community Chest of Hong Kong. Mrs. Barnes has been working on the Oriental Plaza project since the 1990s during the pre-leasing and pre-opening phase. She holds a Bachelor's degree in Business Administration.

LAI Wai Yin, Agnes is the Chief Financial Officer and Responsible Officer of the Manager. She is also the Financial Controller of 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 24 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.

HUI Tung Keung, Tommy is the Chief Operating Officer and Responsible Officer of the Manager, and a director of BOP. Prior to joining the Manager in 2012, Mr. Hui managed a 170,000 square metre mixed-used development in Beijing. Cheung Kong (Holdings) Limited was one of the co-owners of that development, which encompassed a hotel, offices, apartments and retail facilities. Mr. Hui has over 30 years of experience in accounting, hotel and property management. He holds a Master's degree in Business Administration.

TSE Chun Wai, Richard is the Internal Audit Manager of the Manager. 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 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.

FONG Chi Lam, Jasmine is the Compliance Manager of the Manager. Ms. Fong is also the Senior Legal Manager of Cheung Kong Infrastructure Holdings Limited. She has over 16 years of experience in legal and regulatory compliance, mergers and acquisitions, as well as project structuring and financing areas. Ms. Fong was qualified as a solicitor of the High Court of Hong Kong in 1997.

MAK Sum Wun, Simmy is the Legal Manager and Company Secretary of the Manager, and a director of Shenyang Lido Business Co. Ltd. Ms. Mak holds a Bachelor of Laws degree, a Master's degree in International Law and a Master of Science degree in Finance. She was admitted as a solicitor in Hong Kong and in England and Wales in 1993 and has over 20 years of legal and company secretarial experience.

VALUATION REPORT



February 21, 2014

Our Ref: 13/0944

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") and DB Trustees (Hong Kong) Limited 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, 2013 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 of the Hong Kong Institute of Surveyors to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market Value is understood as the value of an asset and liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

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.

VALUATION METHODOLOGY

We have valued the Property with reference to the tenancy schedules and hotel operating statement provided to us by Beijing Oriental Plaza Company Limited 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 of Real Estate Investment Trust (the "REIT Code") issued by the Securities and Futures Commission and the "HKIS Valuation Standards (2012 Edition)" 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 limitation 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.

We enclose herewith our valuation certificates and market overview.

Respectfully submitted,

For and on behalf of

AMERICAN APPRAISAL CHINA LIMITED

Calvin K. C. Chan

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

Real Estate Valuation Group

Vice President

Note: Mr. Calvin Chan, who is a Chartered Valuation Surveyor, has over 18 years experience in valuation of properties in Hong Kong and the PRC. Mr. Chan has been admitted to the Hong Kong Institute of Surveyors' approved List of Property Valuers to undertake valuation for incorporation or reference in Listing Particulars and Circulars and valuation in connection with takeovers and mergers.

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 Company Limited ("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	76,580
Office	298,330
Serviced Apartment	81,098
Total:	456,008

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, 2013

Valuation Methodology Income Capitalization Approach and Direct Comparison Approach

Uses	Capital Value in Existing State (RMB)
Retail	15,250,000,000
Office	14,550,000,000
Serviced Apartment	2,280,000,000
Hotel	3,710,000,000
Basement (Levels P1 to P4)	280,000,000
Total:	36,070,000,000

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, 2013 (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. The total rentable area is approximately 76,580 square metres. The retail portion was completed in 2000.</p> <p>The retail portion is held by Beijing Oriental Plaza Company Limited for a term to be expired on April 21, 2049.</p>	<p>According to the tenancy schedule dated December 31, 2013 provided to us, the retail portion of the Property is let under various tenancies for various terms with the latest expiring on November 30, 2021, yielding a total monthly rental income of about RMB79,169,873 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 month to 1 year with the latest expiry date in January 2015, yielding an average monthly income of approximately RMB1,000,000 in year 2013.</p> <p>The occupancy rate of the retail portion of the Property as at December 31, 2013 was about 99.1%.</p>	5.9%	15,250,000,000

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 Company Limited (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 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 RMB1,200,000 in year 2013.
7. The estimated net property yield of the retail portion is based on the said monthly rental income of the retail portion for December 2013 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 ^{Note 1} (sq.m.) (approx.)	% of total (approx.)
Leased	75,882	99.1
Vacant	698	0.9
Total	76,580	100.0

Tenancy Commencement Profile

Year	Leased		Monthly Rental		No. of Tenancies ^{Note 3}	
	Rentable Area ^{Note 1} (sq.m.)(approx.)	% of total (approx.)	(RMB) ^{Note 2} (approx.)	% of total (approx.)		% of total (approx.)
2001	2,801	3.7	249,458	0.3	2	0.7
2002	0	0.0	0	0.0	0	0.0
2003	0	0.0	0	0.0	0	0.0
2004	0	0.0	0	0.0	0	0.0
2005	0	0.0	0	0.0	0	0.0
2006	0	0.0	0	0.0	0	0.0
2007	4,402	5.8	2,134,300	2.7	4	1.5
2008	2,991	3.9	1,035,000	1.3	1	0.4
2009	2,665	3.5	2,711,100	3.4	4	1.5
2010	2,035	2.7	1,870,300	2.4	6	2.3
2011	13,165	17.3	17,063,767	21.6	52	19.5
2012	24,859	32.8	28,184,243	35.6	85	32.0
2013	22,604	29.8	25,921,705	32.7	111	41.7
2014	360	0.5	0.0	0.0	1	0.4
Total	75,882	100.0	79,169,873	100.0	266	100.0

Tenancy Expiry Profile

Year	Leased		Monthly Rental (RMB) ^{Note 2} (approx.)	% of total (approx.)	No. of Tenancies ^{Note 3}	% of total (approx.)
	Rentable Area ^{Note 1} (sq.m.) (approx.)	% of total (approx.)				
2013	2,942	3.9	3,967,437	5.0	14	5.3
2014	15,588	20.5	24,283,986	30.7	79	29.7
2015	19,230	25.4	19,747,445	24.9	81	30.4
2016	18,415	24.3	18,060,555	22.8	68	25.5
2017	14,490	19.1	9,947,860	12.6	12	4.5
2018	2,607	3.4	1,927,490	2.4	9	3.4
2019	710	0.9	769,250	1.0	1	0.4
2020	455	0.6	258,100	0.3	1	0.4
2021	1,445	1.9	207,750	0.3	1	0.4
Total	75,882	100.0	79,169,873	100.0	266	100.0

Tenancy Duration Profile

Year	Leased		Monthly Rental (RMB) ^{Note 2} (approx.)	% of total (approx.)	No. of Tenancies ^{Note 3}	% of total (approx.)
	Rentable Area ^{Note 1} (sq.m.) (approx.)	% of total (approx.)				
Up to 1 year	373	0.5	531,537	0.7	7	2.6
More than 1 year and up to 2 years	6,090	8.0	9,948,680	12.5	51	19.2
More than 2 years and up to 3 years	25,237	33.3	37,490,169	47.3	145	54.5
More than 3 years and up to 4 years	5,097	6.7	7,105,199	9.0	13	4.9
More than 4 years and up to 5 years	20,508	27.0	15,666,630	19.8	31	11.7
More than 5 years and up to 6 years	6,212	8.2	4,329,850	5.5	9	3.4
More than 6 years and up to 7 years	4,460	5.9	2,685,800	3.4	3	1.1
More than 7 years and up to 8 years	4,106	5.4	1,025,050	1.3	4	1.5
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	998	1.3	137,500	0.2	1	0.4
More than 10 years	2,801	3.7	249,458	0.3	2	0.7
Total	75,882	100.0	79,169,873	100.0	266	100.0

Note 1: As at the date of valuation, the total leased rentable area of about 75,882 square metres included an area of about 360 square metres for tenancies with lease term not yet commenced and an area of about 75,552 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 RMB88,300 per month.

Note 3: As at the date of valuation, there are 266 tenancies, in which 265 tenancies are with lease terms already commenced and 1 tenancy is with lease term not yet commenced.

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 Offer	Price (RMB/sq.m. on gross) (About)
Yinhe Soho (Retail portion)	Chaoyang District	2012	Asking	Q4 2013	Level 1: 130,000 (average)
Gate Xinzhongguan City Mall	Haidian District	2006	Asking	Q4 2013	Level 1: 100,000 (average)
Xidan Shopping Centre	Xicheng District	1991	Asking	Q4 2013	Level 1: 165,000 (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 (<i>approx.</i>)	Capital Value in Existing State as at December 31, 2013 (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 298,330 square metres. The office portion was completed between 2000 and 2001.</p> <p>The office portion is held by Beijing Oriental Plaza Company Limited for a term to be expired on April 21, 2049.</p>	<p>According to the tenancy schedule dated December 31, 2013 provided to us, the office portion of the Property is let under various tenancies for various terms with the latest expiring on March 31, 2023, yielding a total monthly rental income of about RMB70,547,051 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. Various naming rights are let under various agreements for terms of 5.75 to 9.0 years with the latest expiry date in May 2014, yielding an average monthly rental of approximately RMB208,000 in year 2013.</p> <p>The occupancy rate of the office portion of the Property as at December 31, 2013 was about 97.7%.</p>	5.1%	14,550,000,000

VALUATION REPORT

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 Company Limited (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, 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 Company Limited (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. 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 2013 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	291,454	97.7
Self-Used	2,419	0.8
Vacant	4,457	1.5
Total	298,330	100.0

Tenancy Commencement Profile

Year	Leased		Monthly Rental (RMB) ^{Note 2} (approx.)	% of total (approx.)	No. of Tenancies ^{Note 3}	% of total (approx.)
	Rentable Area ^{Note 1} (sq.m.) (approx.)	% of total (approx.)				
2007	2,995	1.0	503,160	0.7	1	0.2
2008	0	0.0	0	0.0	0	0.0
2009	2,180	0.8	417,535	0.6	7	1.2
2010	5,613	1.9	719,888	1.0	6	1.0
2011	26,565	9.1	5,801,271	8.2	57	10.0
2012	89,180	30.6	24,449,949	34.7	173	30.2
2013	158,513	54.4	38,655,248	54.8	306	53.5
2014	6,408	2.2	0	0.0	22	3.9
Total	291,454	100.0	70,547,051	100.0	572	100.0

Tenancy Expiry Profile

Year	Leased		Monthly Rental (RMB) ^{Note 2} (approx.)	% of total (approx.)	No. of Tenancies ^{Note 3}	% of total (approx.)
	Rentable Area ^{Note 1} (sq.m.) (approx.)	% of total (approx.)				
2013	21,888	7.5	4,260,657	6.0	21	3.7
2014	100,691	34.6	23,188,890	32.9	181	31.6
2015	89,517	30.7	22,989,160	32.6	192	33.5
2016	58,044	19.9	15,417,719	21.8	137	24.0
2017	16,311	5.6	3,366,697	4.8	34	5.9
2018	3,579	1.2	960,512	1.4	5	0.9
2019	571	0.2	148,460	0.2	1	0.2
2020	0	0.0	0	0.0	0	0.0
2021	0	0.0	0	0.0	0	0.0
2022	0	0.0	0	0.0	0	0.0
2023	853	0.3	214,956	0.3	1	0.2
Total	291,454	100.0	70,547,051	100.0	572	100.0

Tenancy Duration Profile

Year	Leased	% of total	Monthly Rental	% of total	No. of	% of total
	Rentable		(RMB) ^{Note 2}			
	Area ^{Note 1}	(approx.)	(approx.)	(approx.)	Tenancies ^{Note 3}	(approx.)
	(sq.m.) (approx.)					
Up to 1 year	9,625	3.3	1,805,163	2.6	9	1.6
More than 1 year and up to 2 years	122,347	42.0	28,375,777	40.2	221	38.6
More than 2 years and up to 3 years	114,247	39.2	29,775,449	42.2	260	45.4
More than 3 years and up to 4 years	19,112	6.6	4,533,049	6.4	49	8.6
More than 4 years and up to 5 years	19,662	6.7	4,635,037	6.6	27	4.7
More than 5 years and up to 6 years	2,613	0.9	704,460	1.0	4	0.7
More than 6 years and up to 7 years	2,995	1.0	503,160	0.7	1	0.2
More than 7 years and up to 8 years	0	0.0	0	0.0	0	0.0
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	853	0.3	214,956	0.3	1	0.2
More than 10 years	0	0.0	0	0.0	0	0.0
Total	291,454	100.0	70,547,051	100.0	572	100.0

Note 1: As at the date of valuation, the total leased rentable area of about 291,454 square metres included an area of about 6,408 square metres for tenancies with lease term not yet commenced and an area of about 285,046 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 RMB1,766,525 per month.

Note 3: As at the date of valuation, there are 572 tenancies, in which 550 tenancies are with lease terms already commenced and 22 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	Type of Transaction	Date of Offer	Price
		(approx.)			(RMB/sq.m. on gross)
					(About)
Jianwai Soho	Chaoyang District	2006	Asking	Q4 2013	45,000 (average)
Blue Castle International Centre	Chaoyang District	2003	Asking	Q4 2013	45,000 (average)
Oriental Media Centre	Chaoyang District	2007	Asking	Q4 2013	48,000 (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**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, 2013 (RMB)
The serviced apartment portion of the Property	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.	The serviced apartment portion of the Property is let under various tenancies for various terms with the latest expiring on May 31, 2016, yielding a total monthly rental income of about RMB8,140,224 exclusive of management fee and utility charges.	3.3%	2,280,000,000
No. 1 East Chang An Avenue, Dong Cheng District, Beijing, the People's Republic of China	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.	Most of the tenancies do not contain rent review clauses and/or options to renew for further terms at the then market rents. The occupancy rate of the serviced apartment portion of the Property as at December 31, 2013 was about 87.6%.		
	The serviced apartment portion is held by Beijing Oriental Plaza Company Limited for a term to be expired on April 21, 2049.			

VALUATION REPORT

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 Company Limited (北京東方廣場有限公司) 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 Company Limited (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. 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 2013 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 2} (sq.m.) (approx.)	% of total (approx.)
Leased	71,034	87.6
Self-Used ^{Note 1}	1,141	1.4
Vacant	8,923	11.0
Total	81,098	100.0

Tenancy Commencement Profile

Year	Leased		Monthly Rental		No. of Tenancies ^{Note 4}	% of total (approx.)
	Rentable Area ^{Note 2} (sq.m.) (approx.)	% of total (approx.)	(RMB) ^{Note 3} (approx.)	% of total (approx.)		
2012	2,339	3.3	322,037	4.0	16	2.9
2013	63,565	89.5	7,818,187	96.0	488	89.4
2014	5,130	7.2	0	0.0	42	7.7
Total	71,034	100.0	8,140,224	100.0	546	100.0

Tenancy Expiry Profile

Year	Leased		Monthly Rental		No. of Tenancies ^{Note 4}	% of total (approx.)
	Rentable Area ^{Note 2} (sq.m.) (approx.)	% of total (approx.)	(RMB) ^{Note 3} (approx.)	% of total (approx.)		
2013	2,164	3.1	294,098	3.6	19	3.5
2014	60,690	85.4	7,072,169	86.9	471	86.3
2015	7,725	10.9	748,339	9.2	52	9.5
2016	455	0.6	25,618	0.3	4	0.7
Total	71,034	100.0	8,140,224	100.0	546	100.0

Tenancy Duration Profile

Year	Leased Rentable Area ^{Note 2} (sq.m.) (approx.)		Monthly Rental (RMB) ^{Note 3} (approx.)		No. of Tenancies ^{Note 4}	% of total (approx.)
	% of total (approx.)	% of total (approx.)				
Up to 1 year	60,543	85.2	6,843,670	84.1	476	87.2
More than 1 year and up to 2 years	9,573	13.5	1,140,039	14.0	64	11.7
More than 2 years and up to 3 years	918	1.3	156,515	1.9	6	1.1
Total	71,034	100.0	8,140,224	100.0	546	100.0

Note 1: As at the date of valuation, the self-use rentable area of about 1,141 square metres are occupied by staffs.

Note 2: As at the date of valuation, the total leased rentable area of about 71,034 square metres includes an area of about 5,130 square metres for tenancies with lease term not yet commenced and an area of about 65,904 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 RMB566,089 per month.

Note 4: As at the date of valuation, there are 546 tenancies, of which 504 tenancies are with lease terms already commenced and 42 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 (about)	Type of Transaction	Date of Offer	Average Price (RMB/sq.m. on gross) (About)
Zhaoyang Xincheng	Chaoyang District	2006	Asking	Q4 2013	29,000
Shuangqiao Beinei Xiaoqu	Chaoyang District	2005	Asking	Q4 2013	26,000

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, 2013 (RMB)
The hotel 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 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 Company Limited 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, 2013 is about 54.3%.</p>	3,710,000,000

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 Company Limited (北京東方廣場有限公司) ("BOP") for a term expiring on April 21, 2049 for composite use.
- 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 Company Limited (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 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. As at the date of inspection on December 17, 2013, part of the hotel was under renovation.
10. We have noted from the market the transaction of hotel properties with details as follows:

Property	Location	Completion Date (about)	Type of Transaction	Date of Transaction	Price (RMB/room) (About)
Shama Century Park	Pudong New Area, Shanghai	2007	Transaction noted from the market	Q3 2013	5,900,000
Ascott Beijing	Chaoyang District	2002	Transaction noted from the market	Q3 2011	3,500,000

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, 2013 (RMB)
<p>The basement portion (portion of level P1 and the whole of levels P2 to P4) 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 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 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.</p> <p>The basement portion is held by Beijing Oriental Plaza Company Limited for a term to be expired on April 21, 2049.</p>	<p>According to the information dated December 31, 2013 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 Company Limited or various other occupiers as car parking spaces. The total average monthly income is approximately RMB2,000,000 in year 2013.</p> <p>Various spaces for postage services, machinery rooms, storage are let under various agreements for terms of 2 to 5 years, with the last expiry date in November 2015, yielding an average monthly rental of approximately RMB5,000 in year 2013.</p> <p>The occupancy rate of the carpark portion of the Property as at December 31, 2013 is about 75%.</p>	280,000,000

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 Company Limited (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 Company Limited (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 Deference Bureau of Dong Cheng District, Beijing City (北京市東城區民防局), Beijing Oriental Plaza Company Limited (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 expired on May 20, 2013. Permission has been obtained to use the said area as car parking purpose up to December 31, 2013. In the course of our valuation, we have assumed that such permission will be further extended and the relevant regulations are complied with as at the date of valuation.
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)
Shoucheng International	Chaoyang District	2010	Asking	Q4 2013	250,000
Changyuan Tiandi	Haidian District	2001	Asking	Q4 2013	200,000
Shoucheng International (District C)	Chaoyang District	2010	Asking	Q1 2014	220,000

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

We have been provided with updated title documents of the Property and are disclosed in the notes of all the valuation certificates above. However the PRC legal opinion has not yet been updated. Pursuant to the PRC legal opinion dated April 6, 2011, it states, inter alias, that:

- a. Beijing Oriental Plaza Company Limited (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

This growth of the prime retail market is steady in 2013. Some new shopping malls entered the market in Q4 2013, and the demand for quality shopping mall area remained resilient. In Q4 2013, Xanadu Plaza, Wynn Mall, Guangyao Dongfang Plaza, Baoyuan International Mall and Jinyu Vanke Plaza have added about 350,000 square metres retail space in the market.

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. In Q3 2013, more reputable retailers, such as Louis Vuitton and Givenchy, continue entering the Beijing retail market. The vacancy rate of Beijing retail market in Q4 2013 slightly increased due to the completion of several projects.

Market Trend

No significant change for prime retail rents has been recorded in 2013. 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. However, in the overall Beijing market, luxury brands are conservative in renting new spaces. Some reduced the number of stores by closing those in non performing malls. Market players including retailers and landlords are optimistic for long run but face different level of challenges in the coming quarters. The average rental level in Wangfujing/East Chang'an Avenue was stable in overall year 2013. This area ranks as one of the top retail areas in Beijing. The rental level at Wangfujing in 2013 has become the highest comparing with other cities in PRC. The other major retail areas include the Xidan, CBD and the Lufthansa areas.

Beijing Office Market

Supply and Demand

Supply of Grade A office space in core districts is limited in Q4 2013.

Benefiting from limited supply, the net absorption of office space in Beijing significantly increased as compared to Q3 2013. Thanks to the newly launched project in the core area, the overall average rent in Beijing increased slightly as compared to Q3 2013. However, the market rent in general was softening in the second half of 2013.

Market Trend

Driven by limited supply, the overall Grade A office average rental level in the region is about RMB300 per sq.m. per month in Q4 2013. In 2014, about 53,000 sq.m. office space will be provided in the market and it is expected that the average rental level and vacancy rate in the prime location like Wangfujing/East Chang'an Avenue area, will keep stable in the coming quarters.

Beijing Serviced Apartment Market

Supply and Demand

Wangfujing/East Chang'an Avenue is one of the key areas for serviced apartments in Beijing. 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. However, due to the cancellation and delayed completion of certain serviced apartments, there is no new supply in Q4 2013.

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 stabilized market conditions, business activity has picked up in Beijing since 2009, bringing new expatriates and increased demand for serviced apartments since 2010. The overall demand remained stable in Beijing as a whole whilst the demand in some major business areas remained strong in 2013.

Market Trend

Beijing, as the capital city of China, is considered as the preferred place for headquarters of international corporations, which 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 localized middle and senior management.

Some new projects are expected to complete in 2014. Most of the operators are likely to offer price discounts to attract clients, resulting in an increase of transaction volume in serviced apartments, while putting pressure to the effective rental.

Beijing Hotel Market

Supply and Demand

According to a market research, both average daily rate (ADR) of standard star-hotels and occupancy rate have dropped in 2013 comparing with 2012. In Q4 2013, Rosewood Hotel on East 3rd Ring and New World Hotel on Qinnian Street entered into the hotel market. However, there will be no major additions to hotel supply in 2014 and 2015. As the central government has introduced the anti-corruption measurement to limit the spending of government officials, the demand in the domestic visitation was dampened in the second half of 2013. Grand Hyatt Beijing, as a component of the mixed development of Oriental Plaza, is well positioned to capture the 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

As there are no international hotels entering the market in 2014 and 2015, the hotel supply will be relatively stable. However, as the operators experience pressure from rising cost of labour, energy and commodities and the anti-corruption measurement reduce the demand, it is expected that the ADR as well as the occupancy rate will face a great challenge in next few years.

ASSUMPTIONS AND LIMITING CONDITIONS

This service was performed with the following general assumptions and limiting conditions:

1. To the best of our knowledge, all data, including historical financial data, if any, relied upon in reaching opinions and conclusions or set forth in this report are true and accurate. Although gathered from sources that we believe are reliable, no guarantee is made nor liability assumed for the truth or accuracy of any data, opinions, or estimates furnished by others that have been used in this analysis.
2. No responsibility is assumed for matters legal in nature. No investigation has been made of the title to or any liabilities against the property appraised. We have assumed that the owner's claim is valid, the property rights are good and marketable, and there are no encumbrances that cannot be cleared through normal processes, unless otherwise stated in the report.
3. The value or values presented in this report are based upon the premises outlined herein.
4. The date of value to which the conclusions and opinions expressed apply is set forth in the report. The value opinion herein rendered is based on the status of the economy and on the purchasing power of the currency stated in the report as of the date of value.
5. This report has been made only for the use or uses stated, and it is neither intended nor valid for any other use.

6. Possession of this report or any copy thereof does not carry with it the right of publication. No portion of this report (especially any conclusion, the identity of any individuals signing or associated with this report or the firms with which they are connected, or any reference to the professional associations or organizations with which they are affiliated or the designations awarded by those organizations) shall be disseminated to third parties through prospectus, advertising, public relations, news, or any other means of communication without the written consent and approval of American Appraisal China Limited.
7. Areas, dimensions, and descriptions of property, if any, used in this analysis have not been verified, unless stated to the contrary in the report. Any areas, dimensions, and descriptions of property included in the report are provided for identification purposes only, and no one should use this information in a conveyance or other legal document. Plats, if any, presented in the report are intended only as aids in visualizing the property and its environment. Although the material was prepared using the best available data, it should not be considered as a survey or scaled for size.
8. Unless stated to the contrary in the report, no environmental impact study has been ordered or made. Full compliance with all applicable laws and governmental regulations is assumed unless otherwise stated, defined, and considered in the report. We have also assumed responsible ownership and that all required licenses, consents, or other legislative or administrative authority from any applicable government or private entity organization either have been or can be obtained or renewed for any use that is relevant to this analysis.
9. The value estimate contained within the report specifically excludes the impact of substances such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, or other potentially hazardous materials or of structural damage or environmental contamination resulting from earthquakes or other causes, unless stated to the contrary in the report. It is recommended that the reader of the report consult a qualified structural engineer and/or industrial hygienist for the evaluation of possible structural/environmental defects, the existence of which could have a material impact on value.



February 21, 2014

Our Ref: 13/0944

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") and DB Trustees (Hong Kong) Limited to value the property interests of a five-star hotel known as "Sofitel Shenyang Lido" located at No. 386 Qingnian Street, Heping District, Shenyang City, Liaoning Province, the People's Republic of China (the "PRC") (中華人民共和國遼寧省瀋陽市和平區青年大街386號「瀋陽麗都索菲特酒店」) (the "Hotel Portion") and the staff quarters of the hotel located at No. 14-3 Wen An Road, Heping District, Shenyang City, Liaoning Province, the PRC (中華人民共和國遼寧省瀋陽市和平區文安路14-3號) (the "Staff Quarters Portion") (collectively known as the "Property"). We confirm we have inspected the Property, 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, 2013 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 of the Hong Kong Institute of Surveyors to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market Value is understood as the value of an asset and liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

VALUATION REPORT

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.

VALUATION METHODOLOGY

We have valued the Hotel Portion of the Property mainly with reference to the hotel operating statement provided to us and, where appropriate, by reference to sales evidence as available on the market.

In the course of our valuation, we have considered various valuation methodologies and have principally adopted the Discounted Cash Flow Method and cross-checked with Income Capitalization Approach and Direct Comparison Approach. For the purpose of this valuation, we consider that the Discounted Cash Flow Method is a reasonable, and the appropriate, valuation methodology to be adopted for assessing the market value of the Property.

The Discounted Cash Flow Approach as a financial modeling technique is based on explicit assumptions regarding the prospective cash flow to property. This analysis involves the projection of a series of periodic cash flows to an operating property, in which we have taken into account the latest hotel operating results, budget and forecasts provided by Shenyang Lido Business Co. Ltd (as owner of the Property) and the changes in market conditions. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with the Property.

The Income Capitalization Approach is a valuation method commonly applied for investment properties. In valuing the Property, we have capitalised the income generated from operating the Property by taking into the operating revenue and expenses. The income and expenses are estimated with regard to the latest hotel operating results and the budget provided by Shenyang Lido Business Co. Ltd (as owner of the Property) and the changes in market conditions.

We have also adopted the Direct Comparison Approach by making reference to comparable sales evidence of properties with similar characteristics if available in the relevant market.

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 Shenyang Lido Business Co. Ltd (as owner of the Property) and the PRC legal opinion given by the Company's PRC legal advisor on the PRC law regarding title to the Property.

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 transferrable 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 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 Shenyang Lido Business Co. Ltd (as owner of the Property) and the PRC legal opinion given by the Company's PRC legal advisor and have accepted advice given to us 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 Shenyang Lido Business Co. Ltd (as owner of the Property) and the PRC legal opinion given by the Company's PRC legal advisor. 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. However, 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 of Real Estate Investment Trust (the “REIT Code”) issued by the Securities and Futures Commission and the “HKIS Valuation Standards (2012 Edition)” 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 limitation 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.

We enclose herewith our valuation certificates and market overview.

Respectfully submitted,

For and on behalf of

AMERICAN APPRAISAL CHINA LIMITED

Calvin K. C. Chan

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

Real Estate Valuation Group

Vice President

Note: Mr. Calvin K. C. Chan, who is a Chartered Surveyor and Registered Professional Surveyor, has over 18 years' experience in valuation of properties in Hong Kong and the PRC. Mr. Chan has been admitted to the Hong Kong Institute of Surveyors' approved List of Property Valuers to undertake valuation for incorporation or reference in Listing Particulars and Circulars and valuation in connection with takeovers and merger.

VALUATION ABSTRACT

Property	“Sofitel Shenyang Lido” located at No. 386 Qingnian Street, Heping District, Shenyang City, Liaoning Province, the People’s Republic of China (the “Hotel Portion”) (中華人民共和國遼寧省瀋陽市和平區青年大街386號「瀋陽麗都索菲特酒店」)
Description	Staff quarters located at No. 14-3 Wen An Road, Heping District, Shenyang City, Liaoning Province, the PRC (the “Staff Quarters Portion”) (中華人民共和國遼寧省瀋陽市和平區文安路14-3號員工宿舍) The Property is a 5-star hotel development comprising retail shops, office units, hotel rooms, car parking spaces and other ancillary facilities including 35 staff quarter units.
Site Area	9,370 sq.m. for Hotel Portion
Registered Owner	Shenyang Lido Business Co. Ltd
Gross Floor Area	Pursuant to the relevant Building Ownership Certificates below, the total gross floor areas (GFA) of the Hotel Portion and the Staff Quarters Portion of the Property, are 78,746.41 square metres and 2,306.92 square metres respectively.
Usage	The Hotel Portion:

Floor Levels	Uses
Basement Level 2	Carpark, temporary storage
Basement Level 1	Back of House
Level 1	Hotel lobby, lounge, retail shops and open carpark
Level 2	Coffee shop, restaurants, ballrooms and function rooms
Level 3	Restaurant and function rooms
Levels 4	Office and business centre
Level 5	Health club, swimming pool, SPA and retail shops
Levels 6–7	Offices
Level 8 and above	Hotel rooms

The Staff Quarters Portion is designated for residential uses and is used as staff quarters as at the valuation date.

VALUATION REPORT

State-owned Land Use Certificates	<p>The Hotel Portion: Shenyang Guo Yong (2007) Di No. 0135 (瀋陽國用 (2007) 第0135號)</p> <p>Shenyang Guo Yong (2011) Di Nos. HP05041, HP05316 and HP05407 (瀋陽國用 (2011) 第HP05041號、HP05316號及HP05407號)</p> <p>The Staff Quarters Portion: Shenyang Guo Yong (2011) Di No. HP05042 (瀋陽國用 (2011) 第HP05042號)</p> <p>Shenyang Guo Yong (2011) Di No. HP05043 (瀋陽國用 (2011) 第HP05043號)</p>
Building Ownership Certificates	<p>The Hotel Portion: Shen Fang Quan Zheng Shi He Ping Zi Di Nos. 11154, 12749 and 12750 (沈房權證市和平字第11154, 12749及12750號)</p> <p>The Staff Quarters Portion: Shen Fang Quan Zheng Shi He Ping Zi Di Nos. 12747 and 12748 (沈房權證市和平字第12747及12748號)</p>
Date of Valuation	December 31, 2013
Valuation Methodology	The Hotel Portion: Income Capitalisation Approach, Discounted Cash Flow Approach and Direct Comparison Approach
Capital Value in Existing State	<p>The Hotel Portion: RMB970,000,000</p> <p>The Staff Quarters Portion: No Commercial Value</p>

VALUATION CERTIFICATE

The Hotel Portion

Property	Description and Tenure	Particulars of Occupancy	Capital Value in existing state as at December 31, 2013 (RMB)
<p>The Hotel Portion of the Property known as “Sofitel Shenyang Lido” located at No. 386 Qingnian Street, Heping District, Shenyang City, Liaoning Province, the People’s Republic of China</p> <p>中華人民共和國遼寧省瀋陽市和平區青年大街386號「瀋陽麗都索菲特酒店」</p>	<p>The Hotel Portion of the Property known as “Sofitel Shenyang Lido”, is a 5-star hotel comprising one 30-storey tower (including 2 basement levels) with a total gross floor area of approximately 78,746.41 square metres erected on parcels of adjacent land with total site area of approximately 9,370 square metres and completed in about 2002.</p> <p>Level 1 is mainly designated for retail use with a total gross floor area and total rentable area of approximately 2,073 square meters and 1,949 square metres respectively. Upper levels have a total of 590 guest rooms and rooms for in house use, food and beverage outlets, a business centre, ballrooms, meeting rooms, function rooms, office and a clubhouse known as “Lido Spa & Club”, providing facilities such as spa and sauna, fitness centre, indoor swimming pool, indoor golf driving range, table tennis room, squash courts and indoor basketball court, with a total gross floor area of approximately 76,674 square metres. Self-use car parking spaces are provided at basement level 2 and guest car parking spaces are provided in the open area of the Property. Basement level 1 is designated for back of house purposes.</p> <p>The Hotel Portion of the Property is held by Shenyang Lido Business Co. Ltd for terms to be expired on July 1, 2042 and April 9, 2047.</p>	<p>The Hotel Portion of the Property is currently operated under the brand name of Sofitel Shenyang Lido.</p> <p>The average occupancy rate of the Hotel Portion of the Property for the year 2013 was about 41.5%.</p>	<p>970,000,000</p> <p><i>Capital value of 70% of the property interests: 679,000,000</i></p>

VALUATION REPORT

Notes:

1. Pursuant to the State-owned Land Use Certificate (國有土地使用證), Shenyang Guo Yong (2007) Di No. 0135 (瀋陽國用(2007)第0135號) issued by the People's Government of Shenyang Municipality (瀋陽市人民政府) dated April 20, 2007, the land use rights of the Hotel Portion of the Property with a site area of 2,966 square metres are held by Shenyang Lido Business Co. Ltd (瀋陽麗都商務有限公司) ("Shenyang Lido Business") for a term expiring on April 9, 2047 for commercial use.
2. Pursuant to the State-owned Land Use Certificate (國有土地使用證), Shenyang Guo Yong (2011) Di No. HP05407 (瀋陽國用(2011)第HP05407號) issued by the People's Government of Shenyang Municipality (瀋陽市人民政府) dated November 22, 2011, the land use rights of the Hotel Portion of the Property with a site area of 178.79 square metres are held by Shenyang Lido Business for a term expiring on July 1, 2042 for composite use.
3. Pursuant to the State-owned Land Use Certificate (國有土地使用證), Shenyang Guo Yong (2011) Di No. HP05316 (瀋陽國用(2011)第HP05316號) issued by the People's Government of Shenyang Municipality (瀋陽市人民政府) dated November 22, 2011, the land use rights of the Hotel Portion of the Property with a site area of 1,763.59 square metres are held by Shenyang Lido Business for a term expiring on July 1, 2042 for composite use.
4. Pursuant to the State-owned Land Use Certificate (國有土地使用證) Shenyang Guo Yong (2011) Zi Di Nos. HP05041 (瀋陽國用(2011)字第HP05041號) issued by the People's Government of Shenyang Municipality (瀋陽市人民政府) dated November 22, 2011, the land use rights of the Hotel Portion of the Property with a site area of 4,461.62 square metres are held by Shenyang Lido Business for a term expiring on July 1, 2042 for commercial use.
5. Pursuant to the Building Ownership Certificate (房屋所有權證), Shen Fang Quan Zheng Shi He Ping Zi Di No. 11154 (沈房權證市和平字第11154號) issued by the Real Estate Registration Bureau of Shenyang City (瀋陽市房產管理局), the buildings with gross floor area of 21,685.92 square metres are held by Shenyang Lido Business.
6. Pursuant to the Building Ownership Certificate (房屋所有權證), Shen Fang Quan Zheng Shi He Ping Zi Di No. 12749 (沈房權證市和平字第12749號) issued by the Real Estate Bureau of Shenyang City (瀋陽市房產局), the buildings with gross floor area of 2,198.42 square metres are held by Shenyang Lido Business.
7. Pursuant to the Building Ownership Certificate (房屋所有權證), Shen Fang Quan Zheng Shi He Ping Zi Di No. 12750 (沈房權證市和平字第12750號) issued by the Real Estate Bureau of Shenyang City (瀋陽市房產局), the buildings with gross floor area of 54,862.07 square metres are held by Shenyang Lido Business.
8. Pursuant to the Company Change Registration Application Form (變更登記申請書) issued by the Industrial and Commerce Administration Bureau of Shenyang City (瀋陽市工商行政管理局) dated July 24, 1996, the name of Huasheng Hotel International (Shenyang) Co., Ltd. (華盛國際酒店(瀋陽)有限公司) has been changed to Huayang International (Shenyang) Co. Ltd. (華陽國際酒店(瀋陽)有限公司).
9. Pursuant to the Notice of Change in Name (更名通知) issued by the Industrial and Commerce Administration Bureau of Shenyang City (瀋陽市工商行政管理局) dated August 10, 1999, the name of Huayang International (Shenyang) Co. Ltd. (華陽國際酒店(瀋陽)有限公司) has been changed to Changyang Hotel International (Shenyang) Co., Ltd. (長陽國際酒店(瀋陽)有限公司).
10. Pursuant to the Foreign Investment Enterprise Change Registration Advice Notice (外商投資企業變更登記通知書) Qi He Liao Shen Zong Zi Di No. 311000261 (企合遼沈總字第311000261號) issued by the Shenyang High Technology Industry Development District Bureau (瀋陽高科技產業開發區分局) dated August 30, 2001, the name of Changyang Hotel International (Shenyang) Co., Ltd. (長陽國際酒店(瀋陽)有限公司) has been changed to Shenyang Lido Hotel Co., Ltd. (瀋陽麗都飯店有限公司).
11. Pursuant to the Approval Regarding the Merger and Combination of four Foreign Investment Corporations of Shenyang Lido Business Co., Ltd (關於瀋陽麗都商務有限公司等四家外商投資企業吸收合併的批覆) dated March 21, 2006 issued by the Foreign Trading and Economy Incorporation of Liaoning Province (遼寧省對外貿易經濟合作廳), approval was granted to the Company Combination Agreement (公司合併協定) dated September 1, 2005 entered into between Shenyang Lido Hotel Co., Ltd. (瀋陽麗都飯店有限公司) ("Party A"), Shenyang Lido Business Co. Ltd (瀋陽麗都商務有限公司) ("Party B"), Shenyang Lido Car Park Co., Ltd. (瀋陽麗都車場有限公司) ("Party C") and Changhe (Shenyang) Property Co., Ltd. (長和(瀋陽)物業有限公司) ("Party D"). Party A, Party C and Party D have been absorbed and merged into Shenyang Lido Business Co. Ltd (瀋陽麗都商務有限公司) from the date of the issuance of the new operating license of Shenyang Lido Business Co. Ltd (瀋陽麗都商務有限公司).
12. Pursuant to a Hotel Management Agreement (酒店管理協議) dated November 6, 2012 entered into between Shenyang Lido Business (the "Owner") and AAPC Shanghai Co., Ltd. (雅華酒店管理(上海)有限公司) (the "New Operator"), the Owner engages the New Operator as its sole and exclusive agent with full authority to operate, direct, manage and supervise the Hotel during the term for and on behalf of Owner, in the name of Sofitel Shenyang Lido (the "Hotel") for a term of 10 years commencing on January 1, 2013, with a basic management fee of 2% of the gross revenue and a incentive fee of 4% of the gross operating profit of the Hotel during such fiscal year ("Gross Operating Profit"). In respect of any fiscal year where the amount of the adjusted gross operating profit exceeds RMB116,000,000, the Owner shall pay the New Operator an additional incentive fee equivalent to 8% of the portion of adjusted gross operating profit that is in excess of RMB116,000,000 on top of the 4% incentive fee charged on the whole of the gross operating profit of the Hotel for that fiscal year. The sales and marketing fee is 1.5% of rooms revenue, while the technical service fee is RMB800,000.
13. Pursuant to Approval Letter for the Construction of the Civil Defence Shelter (結合民用建築修建防空地下室審批表) dated May 18, 1993, Shen Ren Fang Gui Jie Jian Zi (Shi) No. 9318 (沈人防規結建字(市)9318號) issued by the Civil Defence Office of Shenyang City (瀋陽市人民防空辦公室), "瀋陽海通房產開發有限公司" is permitted to construct a gross floor area of 5,643 square metres of Huayang International Mansion (華陽國際大廈) as car parking and warehouse purposes and is permitted to use such area upon completion of construction works.

14. Pursuant to Application Regarding the Use and Area of the Civil Defence Shelter at Basement Level 2 of Huayang Mansion (有關華陽大廈地下二層人防使用面積申請) issued by Changhe (Shenyang) Property Co., Ltd. (長和(瀋陽)物業有限公司) and approved by Civil Defence Office of Shenyang City (瀋陽市人民防空辦公室) dated November 5, 2001, Changhe (Shenyang) Property Co., Ltd. (長和(瀋陽)物業有限公司) is permitted to use a gross floor area of 360 square metres of Huayang Mansion (華陽大廈) as sewage treatment plant purposes.
15. As advised by Shenyang Lido Business, the building name of Huayang International Mansion/Huayang Mansion has been changed to Sofitel Shenyang Lido.
16. Pursuant to the Car Park Permit (停車場審驗合格證) issued by the Police Bureau of Shenyang City (瀋陽市公安局), part of the subject land of Hotel Portion of the Property is permitted to be used for providing 80 car parking spaces for a term commencing on October 18, 2013 and expiring on October 17, 2014.
17. For reference purpose, the notional land value of the subject property is RMB410,000,000 and the notional building value of the subject property is RMB560,000,000 respectively.
18. We have noted from the market the hotel transactions with details as follows:

Property	Location	Completion Date (about)	Type of Transaction	Date of Offer	Average Price (RMB/room) (About)
Someres Heping Shenyang Hotel	Shenyang	2011	Transaction noted from the market	Q2 2013	1,600,000
Holiday Inn Downtown Beijing Hotel	Beijing	1990 Renovated in 2005	Transaction noted from the market	Q3 2013	1,600,000

Note: We are not the transaction parties nor are we the professional advisor in the above transaction. 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.

19. We have been provided with updated title documents of the hotel portion of the Property and are disclosed in the above notes. However, the PRC legal opinion has not yet been updated. Pursuant to the PRC legal opinion dated November 9, 2011, it states, inter alia, that:
 - (a) Shenyang Lido Business Co. Ltd (瀋陽麗都商務有限公司) ("Shenyang Lido Business") has obtained the land use rights and building ownership rights of the Hotel Portion of the Property with a site area of 9,370 square metres and the gross floor area of 78,746.41 square metres respectively.
 - (b) Shenyang Lido Car Park Co., Ltd. (瀋陽麗都停車場有限公司) ("Shenyang Lido Car Park") has obtained the land use rights of the Hotel Portion of the Property with a site area of 469.5 square metres.
 - (c) Shenyang Lido Car Park and Shenyang Lido Hotel are currently under relevant procedures to transfer its land use rights under the name of Shenyang Lido Business. The procedures, however, will not affect Shenyang Lido Business possesses the integrity of the said land use rights and building ownership rights. Furthermore, there is no substantial impediment for Shenyang Lido Business to complete the relevant procedures.
 - (d) The current use of this property satisfies the usage requirement as stipulated in the relevant State-owned Land Use Certificates and Building Ownership Certificates.
 - (e) As advised by Shenyang Lido Business, Shenyang Lido Business possesses the land use rights and building ownership rights of the said land use rights and building ownership rights. Upon the completion of the procedures of transferring ownership title, Shenyang Lido Business will become the sole legal owner of the said land use rights and building ownership rights. Apart from the said land use rights certificate issue regarding the said land use rights, Shenyang Lido Business has obtained all necessary permits and certificates from relevant departments of the PRC Government, possess good title, 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.
 - (f) As confirmed by Shenyang Lido Business, the approval, permission and certificates related to the completion of the development of the Hotel Portion of the Property have not been revoked, abolished or repealed.
 - (g) Shenyang Lido Business is the sole legal owner of the said building ownership rights and possesses the rights to lease the Hotel Portion of the Property and receive rental income from the leased property according to the relevant tenancy agreements.
 - (h) The existing tenancy agreements are legal and valid, and binding on both the signing parties within the respective tenancy period.
 - (i) As confirmed by Shenyang Lido Business, all the tenancy agreements have been registered with the relevant government departments and satisfied the requirements under relevant PRC law.
 - (j) 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.
 - (k) Shenyang Lido Business has the right to construct and use the civil defence shelter of the Property with gross floor area of 5,643 square metres for car parking and storage purposes, and 360 square metres of the said area is permitted to be used for sewage treatment plant purposes.

VALUATION CERTIFICATE

The Staff Quarters Portion

Property	Description and Tenure	Particulars of Occupancy	Capital Value in existing state as at December 31, 2013 (RMB)
The Staff Quarters of the Property located at No. 14-3 Wen An Road, Heping District, Shenyang City, Liaoning Province, the PRC 中華人民共和國遼寧省瀋陽市和平區文安路14-3號	The Staff Quarters Portion of the Property comprises 35 residential units situated in two 7-storey residential buildings with a total gross floor area of approximately 2,306.92 square metres completed in about 1999. The land use rights of the Staff Quarters Portion of the Property have been allocated for residential use. The Staff Quarters Portion of the Property is held by Shenyang Lido Business Co. Ltd	The Property is currently occupied by staffs of Sofitel Shenyang Lido as staff quarters.	No commercial value

Notes:

1. Pursuant to 2 State-owned Land Use Certificates (國有土地使用證) issued by the People's Government of Shenyang Municipality (瀋陽市人民政府) dated October 31, 2011, the land use rights of the Staff Quarters Portion of the Property with land area of 375.18 square metres are allocated to Shenyang Lido Business Co. Ltd (瀋陽麗都商務有限公司) ("Shenyang Lido Business") for residential use. Details are set as follow:

State-owned Land Use Certificate No.	Unit No.	Site Area (sq.m.)
Shenyang Guo Yong (2011) Di No. HP05042 瀋陽國用(2011)第HP05042號	111-117, 112-172, 113-173, 211-271*	292.79
Shenyang Guo Yong (2011) Di No. HP05043 瀋陽國用(2011)第HP05043號	212, 222, 232, 242, 252, 262, 272	82.39
TOTAL:		375.18

* Remarks: As advised, the unit nos. 111-117, 112-172, 113-173, 211-271 refers to the 28 units with unit nos. 111, 112, 113, 121, 122, 123, 131, 132, 133, 141, 142, 143, 151, 152, 153, 161, 162, 163, 171, 172, 173, 211, 221, 231, 241, 251, 261 and 271.

2. Pursuant to 2 Building Ownership Certificates (房屋所有權證) issued by the Real Estate Bureau of Shenyang City (瀋陽市房產局), the buildings with a total gross floor area of 2,306.92 square metres are held by Shenyang Lido Business. Details are set as follow:

Building Ownership Rights Certificate No.	Unit No.	Gross Floor Area (sq.m.)
Shen Fang Quan Zheng Shi He Ping Zi Di No. 12747 (沈房權證市和平字第12747號)	111-117, 112-172, 113-173, 211-271*	1,800.33
Shen Fang Quan Zheng Shi He Ping Zi Di No. 12748 (沈房權證市和平字第12748號)	212, 222, 232, 242, 252, 262	506.59
TOTAL:		2,306.92

* *Remarks: As advised, the unit nos. 111-117, 112-172, 113-173, 211-271 refers to the 28 units with unit nos. 111, 112, 113, 121, 122, 123, 131, 132, 133, 141, 142, 143, 151, 152, 153, 161, 162, 163, 171, 172, 173, 211, 221, 231, 241, 251, 261 and 271.*

3. Pursuant to the Company Change Registration Application Form (變更登記申請書) issued by the Industrial and Commerce Administration Bureau of Shenyang City (瀋陽市工商行政管理局) dated July 24, 1996, the name of Huasheng Hotel International (Shenyang) Co., Ltd. (華盛國際酒店(瀋陽)有限公司) has been changed to Huayang International (Shenyang) Co. Ltd. (華陽國際酒店(瀋陽)有限公司).
4. Pursuant to the Notice of Change in Name (更名通知) issued by the Industrial and Commerce Administration Bureau of Shenyang City (瀋陽市工商行政管理局) dated August 10, 1999, the name of Huayang International (Shenyang) Co. Ltd. (華陽國際酒店(瀋陽)有限公司) has been changed to Changyang Hotel International (Shenyang) Co., Ltd. (長陽國際酒店(瀋陽)有限公司).
5. Pursuant to the Foreign Investment Enterprise Change Registration Advice Notice (外商投資企業變更登記通知書) Qi He Liao Shen Zong Zi Di No. 311000261 (企合遼沈總字第311000261號) issued by the Shenyang High Technology Industry Development District Bureau (瀋陽高科技產業開發區分局) dated August 30, 2001, the name of Changyang Hotel International (Shenyang) Co., Ltd. (長陽國際酒店(瀋陽)有限公司) has been changed to Shenyang Lido Hotel Co., Ltd. (瀋陽麗都飯店有限公司).
6. Pursuant to the Approval Regarding the Merger and Combination of four Foreign Investment Corporations of Shenyang Lido Business Co., Ltd (關於瀋陽麗都商務有限公司等四家外商投資企業吸收合併的批覆) dated March 21, 2006 issued by the Foreign Trading and Economy Incorporation of Liaoning Province (遼寧省對外貿易經濟合作廳), approval was granted to the Company Combination Agreement (公司合併協定) dated September 1, 2005 entered into between Shenyang Lido Hotel Co., Ltd. (瀋陽麗都飯店有限公司) ("Party A"), Shenyang Lido Business Co. Ltd (瀋陽麗都商務有限公司) ("Party B"), Shenyang Lido Car Park Co., Ltd. (瀋陽麗都車場有限公司) ("Party C") and Changhe (Shenyang) Property Co., Ltd. (長和(瀋陽)物業有限公司) ("Party D"). Party A, Party C and Party D have been absorbed and merged into Shenyang Lido Business Co. Ltd (瀋陽麗都商務有限公司) from the date of the issuance of the new operating license of Shenyang Lido Business Co. Ltd (瀋陽麗都商務有限公司).
7. In our course of valuation, we have assigned no commercial value to the Staff Quarters of the Property as it cannot be freely transferred in the market.
8. The PRC legal opinion, dated November 9, 2011, inter alias, states that:
 - (a) Shenyang Lido Business has obtained the allocated land use rights of the property with a site area of 375.13 square metres and obtained the building ownership rights of the Staff Quarters Portion of the Property with the gross floor area of 2,306.92 square metres.
 - (b) As advised by Shenyang Lido Business, Shenyang Lido Business possesses the allocated land use rights and building ownership rights of the said land use rights and building ownership rights.
 - (c) The current use of this property satisfies the usage requirement as stipulated in the relevant State-owned Land Use Certificates and Building Ownership Certificates.
 - (d) According to PRC law, Shenyang Lido Business has the rights to use the allocated land use rights but the said land use rights cannot be freely transferred in the market without prior approval by relevant government authority.
 - (e) As confirmed by Shenyang Lido Business, the approval, permission and certificates related to the completion of the development of the Staff Quarters Portion of the Property have not been revoked, abolished or repealed.

MARKET OVERVIEW

Shenyang is the capital of Liaoning Province, located in the northern region of China. It is a major industrial and cultural city with historical importance. As a result of “Revitalize Northeastern China” campaign, the economy of Shenyang City has been revived and the heavy industry had declined gradually in recent years. The tourist industry of Shenyang has been improving in the past few years. However, Shenyang experienced an extremely cold winter which affected the business activities and tourism last year. The increase of hotels rooms together with the Central Government’s anti-corruption campaign damped the room rate and occupancy rate of hotel in Shenyang.

Shenyang Hotel Market

Supply and Demand

“Sofitel Shenyang Lido” is one of the well positioned five-star hotels along Qingnian Street which can successfully capture both tourists and business travelers. The supply of similar type hotel in Shenyang has been increased in the previous year. There were three new five-star hotels commenced to operate during 2013 namely Grand Hyatt Shenyang, Shenyang Shangri-la Hotel and Wanda Vista Shenyang Hotel. Adding to the existing hotels including Kempinski and Marvelot, the supply of five-star hotel rooms jumped suddenly in 2013.

According to the Statistics Report published by National Tourism Administration of the PRC, the average room rate and occupancy rate of international branded five-star hotels in Shenyang have decreased significantly in the past one year. Average room rate for Q2 2013 has declined from RMB642 a year ago to RMB587 and occupancy rate has dropped from 68.51% a year ago to 56.99% respectively. The market revealed that both average room rate and occupancy rate declined further in the second half of 2013. The occupancy rate was even lower than 50%.

Market Trend

In the short run, the central government has introduced the anti-corruption measurement to limit the spending of government officials, the demand in both hotel room and food & beverage was dampened in the second half of 2013. In addition to the sudden increase in supply of five-star hotels in mid of 2013, both room rate and occupancy rate decreased in average across the city compared to 2012. In the long run, however, the transportation network is expected to be more mature in the near future with the development of the mass transit railway network, Shenyang Metro. Line No. 1 of Shenyang Metro started its service in mid 2010 and Line No. 2 started operation in late 2011. Together with the opening of some prime shopping malls and the construction of composite developments, the city will gradually change from an industrial city to a business city in the near future. The increasing tourist arrivals and business arrivals in 2012 have steadily increased the demand of five-star hotels in Shenyang. It was expected that the market demand will continuously grow at a high rate and the room rate and occupancy rate will rebound to its normal level in the coming future.

ASSUMPTIONS AND LIMITING CONDITIONS

This service was performed with the following general assumptions and limiting conditions:

1. To the best of our knowledge, all data, including historical financial data, if any, relied upon in reaching opinions and conclusions or set forth in this report are true and accurate. Although gathered from sources that we believe are reliable, no guarantee is made nor liability assumed for the truth or accuracy of any data, opinions, or estimates furnished by others that have been used in this analysis.

2. No responsibility is assumed for matters legal in nature. No investigation has been made of the title to or any liabilities against the property appraised. We have assumed that the owner's claim is valid, the property rights are good and marketable, and there are no encumbrances that cannot be cleared through normal processes, unless otherwise stated in the report.
3. The value or values presented in this report are based upon the premises outlined herein.
4. The date of value to which the conclusions and opinions expressed apply is set forth in the report. The value opinion herein rendered is based on the status of the economy and on the purchasing power of the currency stated in the report as of the date of value.
5. This report has been made only for the use or uses stated, and it is neither intended nor valid for any other use.
6. Possession of this report or any copy thereof does not carry with it the right of publication. No portion of this report (especially any conclusion, the identity of any individuals signing or associated with this report or the firms with which they are connected, or any reference to the professional associations or organizations with which they are affiliated or the designations awarded by those organizations) shall be disseminated to third parties through prospectus, advertising, public relations, news, or any other means of communication without the written consent and approval of American Appraisal China Limited.
7. Areas, dimensions, and descriptions of property, if any, used in this analysis have not been verified, unless stated to the contrary in the report. Any areas, dimensions, and descriptions of property included in the report are provided for identification purposes only, and no one should use this information in a conveyance or other legal document. Plats, if any, presented in the report are intended only as aids in visualizing the property and its environment. Although the material was prepared using the best available data, it should not be considered as a survey or scaled for size.
8. Unless stated to the contrary in the report, no environmental impact study has been ordered or made. Full compliance with all applicable laws and governmental regulations is assumed unless otherwise stated, defined, and considered in the report. We have also assumed responsible ownership and that all required licenses, consents, or other legislative or administrative authority from any applicable government or private entity organization either have been or can be obtained or renewed for any use that is relevant to this analysis.
9. The value estimate contained within the report specifically excludes the impact of substances such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, or other potentially hazardous materials or of structural damage or environmental contamination resulting from earthquakes or other causes, unless stated to the contrary in the report. It is recommended that the reader of the report consult a qualified structural engineer and/or industrial hygienist for the evaluation of possible structural/environmental defects, the existence of which could have a material impact on value.

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 (as amended by the Supplemental Deed dated 24 May 2013) for the period from 1 January 2013 to 31 December 2013.

DB Trustees (Hong Kong) Limited

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

Hong Kong, 12 February 2014



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 99 to 156, which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in net assets attributable to unitholders and non-controlling interest, consolidated statement of cash flows and distribution statement for the year then ended, 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 constituting Hui Xian REIT dated 1 April 2011 as amended by a Supplemental Deed dated 24 May 2013 (the “Trust Deed”) and the relevant disclosure requirements set out in the Appendix C of the Code on Real Estate Investment Trusts (the “REIT 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 REIT 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.

INDEPENDENT AUDITOR'S REPORT

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 2013, and of the Group's results and cash flows for the year then ended 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 REIT Code.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

24 February 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	NOTES	2013 RMB million	2012 RMB million
Revenue	5	2,710	2,648
Rental related income	6	55	54
Other income	7	126	28
Increase in fair value of investment properties	14	412	2,800
Hotel inventories consumed		(54)	(75)
Staff costs		(84)	(82)
Depreciation and amortisation		(302)	(304)
Impairment loss on a hotel property	15,16	(520)	—
Other operating expenses	8	(831)	(833)
Finance costs	9	(88)	(61)
Manager's fees	10	(147)	(156)
Real estate investment trust expenses	11	(10)	(10)
Profit before taxation and transactions with unitholders		1,267	4,009
Income tax expense	12	(427)	(1,110)
Profit for the year, before transactions with unitholders		840	2,899
Distributions to unitholders		(1,262)	(1,208)
(Loss) profit and total comprehensive (expense) income for the year, after transactions with unitholders		(422)	1,691
Attributable to:			
Non-controlling interest		(132)	(2)
Unitholders		(290)	1,693
		(422)	1,691
Basic earnings per unit (RMB)	13	0.1898	0.5762

DISTRIBUTION STATEMENT

For the year ended 31 December 2013

	2013 RMB million	2012 RMB million
Profit for the year, before transactions with unitholders	840	2,899
Non-controlling interest	132	2
Profit for the year attributable to unitholders, before transactions with unitholders	972	2,901
Adjustments (<i>Note (i)</i>):		
Manager's fees	119	110
Deferred tax	112	711
Distributable depreciation and amortisation	151	208
Increase in fair value of investment properties	(412)	(2,800)
	(30)	(1,771)
Distributable income	942	1,130
Discretionary distributions (<i>Note (ii)</i>):		
Impairment loss on a hotel property	273	—
Depreciation and amortisation arising from fair value adjustment	37	37
Other cash distributions	10	41
	320	78
Amount available for distribution	1,262	1,208
Distributions to unitholders (<i>Note (iii)</i>)		
— Interim distribution paid	616	592
— Final distribution payable	646	616
	1,262	1,208
Distribution per unit (<i>RMB</i>) (<i>Note (iii)</i>)		
Interim distribution per unit	0.1203	0.1178
Final distribution per unit	0.1252	0.1214
	0.2455	0.2392

Notes:

- (i) Adjustments for the year include:
- (a) For the year ended 31 December 2013, Manager's fees paid and payable in units of RMB119 million (14,819,668 units issued and 15,656,637 units estimated to be issued) out of the total Manager's fees of RMB147 million. The difference of RMB28 million are paid or payable in cash.
- For the year ended 31 December 2012, Manager's fees paid and payable in units of RMB110 million out of the total Manager's fees of RMB156 million. The difference of RMB46 million are paid or payable in cash.
- (b) Deferred tax charge of RMB9 million (2012: RMB11 million) in relation to accelerated tax depreciation and deferred tax charge of RMB103 million (2012: RMB700 million) in relation to increase in fair value of investment properties.
- (c) Distributable depreciation and amortisation of Beijing Oriental Plaza attributable to unitholders of RMB151 million (2012: RMB208 million) represented by depreciation and amortisation of RMB207 million (2012: RMB208 million) less capital expenditure of RMB56 million (2012: nil).
- (d) Increase in fair value of investment properties of RMB412 million (2012: RMB2,800 million).

In accordance with the Trust Deed, Hui Xian REIT (as defined Note 1) is required to distribute to unitholders not less than 90% of its distributable income for each financial year and it is the 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 ended 31 December 2012 and thereafter at least 90% of Hui Xian REIT's annual distributable income for each financial year. For the year ended 31 December 2013, the Manager had determined to distribute 100% of Hui Xian REIT's distributable income. Pursuant to the Trust Deed, interim/annual distributable income is defined as the amount calculated by the Manager as representing the consolidated profit attributable to unitholders for the relevant financial year, 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.

- (ii) Discretionary distribution refers to any additional amount (include capital) which the Manager has determined to be distributed pursuant to clause 11.4.2 of the Trust Deed. Discretionary distributions for the year include:
- (1) The net amount of impairment loss on Sofitel Shenyang Lido (after deducting respective deferred tax) attributable to unitholders of RMB273 million (2012: nil).
- (2) Depreciation and amortisation attributable to unitholders arising from fair value adjustment upon acquisition of Shenyang Lido Business Co. Ltd by the Group of RMB37 million (2012: RMB37 million).
- (3) Other cash distributions of RMB10 million (2012: RMB41 million).
- (iii) The interim distribution per unit of RMB0.1203 for the six months ended 30 June 2013 is calculated based on Hui Xian REIT's amount available for distribution of RMB616,186,083 over 5,120,210,562 units, representing issued units as at 30 June 2013. The final distribution per unit of RMB0.1252 for the six months ended 31 December 2013 is calculated based on Hui Xian REIT's amount available for distribution of RMB646,643,943 over 5,164,525,496 units, representing issued units as at 31 December 2013.
- The interim distribution per unit of RMB0.1178 for the six months ended 30 June 2012 is calculated based on Hui Xian REIT's amount available for distribution of RMB591,636,874 over 5,024,495,409 units, representing issued units as at 30 June 2012. The final distribution per unit of RMB0.1214 for the six months ended 31 December 2012 is calculated based on Hui Xian REIT's amount available for distribution of RMB616,347,645 over 5,076,415,649 units, representing issued units as at 31 December 2012.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	NOTES	2013 RMB million	2012 RMB million
Non-current assets			
Investment properties	14	30,080	29,660
Property, plant and equipment	15	2,417	2,640
Land and related costs	16	4,278	4,798
Total non-current assets		36,775	37,098
Current assets			
Hotel inventories	17	24	22
Land and related costs	16	128	141
Trade and other receivables	18	60	64
Bank balances and cash	19	3,740	2,063
Total current assets		3,952	2,290
Total assets		40,727	39,388
Current liabilities			
Trade and other payables	20	463	441
Tenants' deposits		220	197
Tax payable		64	37
Manager's fee payable		73	44
Distribution payable		646	634
Loans from a unitholder	21	—	1,005
Bank loans	22	157	—
Total current liabilities		1,623	2,358
Total assets less current liabilities	28	39,104	37,030

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	NOTES	2013 RMB million	2012 RMB million
Non-current liabilities, excluding net assets attributable to unitholders			
Bank loans	22	3,060	959
Tenants' deposits		424	377
Deferred tax liabilities	23	7,372	7,363
Total non-current liabilities, excluding net assets attributable to unitholders		10,856	8,699
Total liabilities, excluding net assets attributable to unitholders			
		12,479	11,057
Non-controlling interest		285	417
Net assets attributable to unitholders			
		27,963	27,914
Units in issue ('000)	25	5,164,525	5,076,416
Net asset value per unit (RMB) attributable to unitholders		5.4144	5.4988

The consolidated financial statements on pages 99 to 156 were approved and authorised for issue by the Board of Directors of the Manager on 24 February 2014 and were signed on its behalf by:

CHEUNG Ling Fung, Tom
DIRECTOR

LEE Chi Kin, Casey
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND NON-CONTROLLING INTEREST

For the year ended 31 December 2013

	Issued units RMB million	Retained profits RMB million	Total RMB million	Non-controlling interest RMB million
Net assets as at 1 January 2012	25,888	84	25,972	—
Acquisition of a business (Note 24)	—	—	—	419
Units issued for settlement of Manager's fees (Note 25)	103	—	103	—
Units issued pursuant to the distribution reinvestment arrangement in respect of 2011 final and 2012 interim distributions (Note 25)	146	—	146	—
	26,137	84	26,221	419
Profit for the year, before transactions with unitholders	—	2,901	2,901	(2)
Distributions to unitholders				
— Interim distribution paid	—	(592)	(592)	—
— Final distribution payable	—	(616)	(616)	—
Total comprehensive income (expense) for the year	—	1,693	1,693	(2)
Net assets as at 31 December 2012	26,137	1,777	27,914	417
Units issued for settlement of Manager's fees (Note 25)	86	—	86	—
Units issued pursuant to the distribution reinvestment arrangement in respect of 2012 final and 2013 interim distributions (Note 25)	253	—	253	—
	26,476	1,777	28,253	417
Profit for the year, before transactions with unitholders	—	972	972	(132)
Distributions to unitholders				
— Interim distribution paid	—	(616)	(616)	—
— Final distribution payable	—	(646)	(646)	—
Total comprehensive expense for the year	—	(290)	(290)	(132)
Net assets as at 31 December 2013	26,476	1,487	27,963	285

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

	NOTES	2013 RMB million	2012 RMB million
Operating activities			
Profit before taxation and transactions with unitholders		1,267	4,009
Adjustments for:			
Impairment loss on a hotel property		520	—
Loss on disposal of property plant and equipment		2	1
Depreciation of property, plant and equipment		161	163
Amortisation of land and related costs		141	141
Increase in fair value of investment properties		(412)	(2,800)
Interest income		(78)	(26)
Exchange gain		(34)	—
Finance costs		88	61
Manager's fees settled by issuing units	25	86	103
Operating cash flows before movements in working capital		1,741	1,652
Increase in hotel inventories		(2)	—
Decrease in trade and other receivables		2	2
Increase in trade and other payables		19	52
Increase in tenants' deposits		70	78
Increase in Manager's fee payable		29	10
Cash generated from operations		1,859	1,794
Income and withholding tax paid		(391)	(435)
Net cash from operating activities		1,468	1,359
Investing activities			
Placement of deposits in banks		(473)	(200)
Purchase of property, plant and equipment		(68)	(17)
Additions to investment properties		(8)	—
Withdrawal of deposits in a bank		200	—
Interest received		80	17
Acquisition of a business	24	—	(866)
Net cash used in investing activities		(269)	(1,066)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

	<i>NOTES</i>	2013 RMB million	2012 RMB million
Financing activities			
Net proceeds from new bank loans raised		2,282	952
Loans from a unitholder		1,035	1,008
Repayment of loans from a unitholder		(2,040)	(205)
Distributions payment to unitholders		(997)	(961)
Interest paid		(75)	(46)
Repayment of amount due to a former controlling shareholder of a subsidiary		—	(61)
Net cash from financing activities		205	687
Net increase in cash and cash equivalents		1,404	980
Cash and cash equivalents at the beginning of the year		1,863	883
Cash and cash equivalents at the end of the year represented by bank balances and cash	<i>19</i>	3,267	1,863

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

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 (the “SFO”) (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) and its units were listed on The Stock Exchange of Hong Kong Limited (the “HKSE”) since that date. Hui Xian REIT is governed by the Deed of Trust constituting Hui Xian REIT dated 1 April 2011 as amended by a Supplemental Deed dated 24 May 2013 (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 (the “REIT Code”) issued by the Securities and Futures Commission (the “SFC”).

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 Company Limited 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 fee

The Trustee is entitled to receive a one-off inception fee of not more than RMB100,000 and, in each financial year, an annual fee of such amount as is agreed between the Manager and the Trustee from time to time of not more than 0.02% of the 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 RMB56,000 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 as at the end of such financial year. 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.

On 11 January 2013, the Manager has elected to receive 80% (2012: 80%) base fee in units and 20% (2012: 20%) in cash in respect of the financial year ended 31 December 2013.

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.

On 11 January 2013, the Manager has elected to receive 80% (2012: 80%) variable fee in units and 20% (2012: 20%) in cash in respect of the financial year ended 31 December 2013.

Acquisition Fee

Under the Trust Deed, the Manager will receive an acquisition fee ("Acquisition Fee") from Hui Xian REIT at not exceeding 1% of the acquisition price of any real estate in the form of land acquired directly or indirectly by Hui Xian REIT (pro-rated if applicable to the proportion of Hui Xian REIT's interest in the real estate acquired). The Acquisition Fee will be paid to the Manager in the form of cash or, at the election of the Manager, entirely in the form of units or partly in cash and partly in the form of units.

The Manager has elected to receive the acquisition fee in cash in respect of the financial year ended 31 December 2012.

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 (“HKFRS(s)”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include the applicable disclosures requirements set out in Appendix C of the REIT Code issued by the SFC 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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, if appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of consolidation (continued)

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.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the unitholder of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(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.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another standard.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Revenue recognition (continued)

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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 (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 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

Financial assets (continued)

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.

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 instruments

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 ended 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 instruments (continued)

Financial liabilities which include trade and other payables, manager's fee payable, distribution payable, loans from a unitholder and bank loans 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 the reporting period, the Manager reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) 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 (or a cash-generating unit) 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 (or a cash-generating unit) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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 year. Taxable profit differs from the 'profit before taxation' 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 are 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.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

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.

(p) Potential impact arising from recently issued accounting standards

The accounting policies and methods of computation used in the consolidated financial statements for the year ended 31 December 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012, except as described below.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

In the current year, the Group has applied, for the first time, the following new and revised standards issued by the HKICPA.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HKAS 19 (Revised 2011)	Employee Benefits
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine

Amendments to HKAS 1 “Presentation of Items of Other Comprehensive Income”

The Group has applied the amendments to HKAS 1 “Presentation of Items of Other Comprehensive Income” for the first time in the current year. The amendments introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, the “statement of comprehensive income” is renamed as the “statement of profit or loss and other comprehensive income” and an income statement is renamed as a “statement of profit or loss”.

The Manager has decided to retain the use of old term in the Group’s consolidated financial statements.

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively.

Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

HKFRS 12 “Disclosure of Interests in Other Entities”

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements, details of which have been set out in Note 35.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

HKFRS 13 “Fair Value Measurements”

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 established a single source of guidance for fair value measurements and disclosures about fair value measurements, and replaces those requirements previously included in various HKFRSs. The scope of HKFRS 13 is broad and applies to both financial instruments items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 “Share-based Payment”, leasing transactions that are within the scope of HKAS 17 “Leases”, and measurements that have some similarities to fair value but not fair value (e.g. net realisable value for the purposes of measuring inventories or value in uses for impairment assessment purposes).

HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application from 1 January 2013. Other than the additional disclosures as set out in Note 14 and Note 30, the application of the HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Except as described above, the application of the other new and revised HKFRSs in the current year has had no material effect on the amounts and disclosures set out in these consolidated financial statements.

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

Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities ²
HKFRS 9	Financial Instruments ³
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ¹
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ²
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets ²
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle ²
HK(IFRIC)-Int 21	Levies ²

¹ Effective for annual periods beginning on or after 1 July 2014

² Effective for annual periods beginning on or after 1 January 2014

³ Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised

⁴ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

The Manager anticipates that the application of the above 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.

Investment Properties

As described in Notes 2(e) and 14, as at 31 December 2013, investment properties of RMB30,080 million (2012: RMB29,660 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.

For the purpose of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value, the Manager has reviewed the Group's investment property portfolios which are all located in PRC and rented out under operating leases and concluded that the investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties through use rather than through sale. Any change to the business model will lead to a change in the measurement basis of the deferred tax liabilities of the investment properties.

Estimated impairment of a hotel property

At the end of the reporting period, the Manager determined that the hotel property located in Shenyang is impaired as its recoverable amount is estimated to be less than its carrying value. The determination of the recoverable amount of the hotel property requires estimating the future cash flows expected to arise and a discount rate of 8.5% in order to calculate its present value. Where the actual future cash flow is less than expected, further impairment losses may arise. At 31 December 2013, the recoverable amount of the hotel property located in Shenyang is estimated to be RMB970 million and the carrying amount of the hotel property before impairment losses is RMB1,490 million, resulting in impairment loss of RMB520 million recognised in the consolidated statement of comprehensive income.

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.

The following are identified operating and reportable segments:

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 Hotels:	Operation of Grand Hyatt Beijing in Oriental Plaza, Beijing, the PRC, and Sofitel Shenyang Lido, Shenyang, the PRC.

(a) Segment revenue and results

For the year ended 31 December 2013

	The Malls RMB million	The Tower Offices RMB million	The Tower Apartments RMB million	The Hotels RMB million	Consolidated RMB million
Segment revenue	1,075	922	129	584	2,710
Segment profit	858	681	63	162	1,764
Increase in fair value of investment properties					412
Finance costs					(88)
Impairment loss on a hotel property					(520)
Depreciation and amortisation					(292)
Unallocated income					113
Unallocated expense					(122)
Profit before taxation and transactions with unitholders					1,267

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For the year ended 31 December 2013

4. SEGMENT REPORTING (continued)

(a) Segment revenue and results (continued)

For the year ended 31 December 2012

	The Malls RMB million	The Tower Offices RMB million	The Tower Apartments RMB million	The Hotels RMB million	Consolidated RMB million
Segment revenue	959	785	129	775	2,648
Segment profit	746	568	60	297	1,671
Increase in fair value of investment properties					2,800
Finance costs					(61)
Depreciation and amortisation					(294)
Unallocated income					28
Unallocated expense					(135)
Profit before taxation and transactions with unitholders					4,009

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 Manager's fees and real estate investment trust expenses, certain depreciation and amortisation expenses, certain other operating expenses, and other income that are not directly related to each segmental activities and finance costs. This is the measure reported to the Manager for the purposes of resource allocation and performance assessment.

4. SEGMENT REPORTING (continued)**(b) Segment assets**

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

	2013	2012
	RMB million	RMB million
The Malls	15,550	14,867
The Tower Offices	14,566	14,829
The Tower Apartments	2,138	2,206
The Hotels	4,871	5,581
Total segment assets	37,125	37,483
Bank balances and cash	3,558	1,861
Other assets	44	44
Consolidated total assets	40,727	39,388

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), trade and certain other receivables are allocated to operating segments. Other corporate assets (including remaining bank balances and cash, certain equipment and certain other receivables) are unallocated.

(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 and Shenyang, 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 year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

4. SEGMENT REPORTING (continued)

(d) Other segment information

For the year ended 31 December 2013

	The Malls RMB million	The Tower Offices RMB million	The Tower Apartments RMB million	The Hotels RMB million	Segment Total RMB million
Depreciation of property, plant and equipment	1	1	1	7	10

For the year ended 31 December 2012

	The Malls RMB million	The Tower Offices RMB million	The Tower Apartments RMB million	The Hotels RMB million	Segment Total RMB million
Depreciation of property, plant and equipment	1	1	1	7	10

5. REVENUE

	2013 RMB million	2012 RMB million
Gross rental from investment properties	1,997	1,744
Income from hotel operation	584	775
Income from serviced apartments operation	129	129
Total	2,710	2,648

The gross rental from investment properties includes contingent rents of RMB14 million (2012: RMB26 million).

The direct operating expenses from investment properties (includes mainly certain other operating expenses, certain Manager's fees and staff costs) amounting to RMB513 million (2012: RMB484 million).

6. RENTAL RELATED INCOME

	2013	2012
	RMB million	RMB million
Service income	38	39
Forfeited tenant deposits	7	7
Others	10	8
Total	55	54

7. OTHER INCOME

	2013	2012
	RMB million	RMB million
Interest income from banks	78	26
Exchange gain	34	—
Government subsidies	12	1
Others	2	1
Total	126	28

8. OTHER OPERATING EXPENSES

	2013	2012
	RMB million	RMB million
Advertising and promotion	20	19
Audit fee	1	1
Business tax	155	151
Insurance	6	6
Lease agency fee	30	32
Property manager's fee (Note 1(a))	30	33
Property management fees	34	42
Repairs and maintenance	119	90
Other miscellaneous expenses (Note)	193	215
Stamp duty	2	3
Urban land use tax	3	3
Urban real estate tax	112	112
Utilities	126	126
Total	831	833

Note: Other miscellaneous expenses comprise mainly cleaning and security expenses, guest supplies and labour service fees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

9. FINANCE COSTS

	2013 RMB million	2012 RMB million
Interest expense on unsecured bank loans wholly repayable within five years	52	30
Interest expense on loans from a unitholder	36	31
	88	61

10. MANAGER'S FEES

	2013 RMB million	2012 RMB million
Base fee (Note 1(c))	110	112
Variable fee (Note 1(c))	37	34
Acquisition fee (Note 1(c))	—	10
	147	156

11. REAL ESTATE INVESTMENT TRUST EXPENSES

	2013 RMB million	2012 RMB million
Trustee's fee (Note 1(b))	4	4
Legal and professional fees	4	3
Public relations — related expenses	1	1
Trust administrative expenses	1	2
	10	10

12. INCOME TAX EXPENSE

	2013	2012
	RMB million	RMB million
The income tax expense comprises:		
Current tax		
— PRC Enterprise Income Tax	393	353
— withholding tax	25	62
Deferred taxation (<i>Note 23</i>)	9	695
	427	1,110

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 the Group's PRC subsidiaries.

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. At the end of the reporting period, deferred taxation was provided for in full in respect of the temporary differences attributable to such profits.

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

	2013	2012
	RMB million	RMB million
Profit before taxation	1,267	4,009
Tax at the applicable income tax rate of 25% (2012: 25%)	317	1,002
Tax effect of income not taxable for tax purpose	(13)	—
Tax effect of expenses not deductible for tax purpose	66	58
Deferred tax on undistributed earnings of the Group's PRC subsidiaries	32	(12)
Withholding tax levied on dividend declared	25	62
Tax charge for the year	427	1,110

13. EARNINGS PER UNIT

The earnings per unit for the year ended 31 December 2013 is calculated by dividing the profit for the year attributable to unitholders before transactions with unitholders of RMB972 million by 5,122,313,782 units, being the weighted average number of units in issue during the year of 5,118,346,004 units, plus the weighted average number of units issuable for settlement of Manager's fees for the period from 1 July 2013 to 31 December 2013 of 3,967,778 units.

The earnings per unit for the year ended 31 December 2012 is calculated by dividing the profit for the year attributable to unitholders before transactions with unitholders of RMB2,901 million by 5,034,862,794 units, being the weighted average number of units in issue during the year of 5,034,017,734 units, plus the weighted average number of units issuable for settlement of Manager's fees for the period from 1 October 2012 to 31 December 2012 of 845,060 units.

14. INVESTMENT PROPERTIES

	2013 RMB million	2012 RMB million
FAIR VALUE		
At the beginning of the year	29,660	26,860
Additions	8	—
Increase in fair value recognised in profit or loss	412	2,800
At the end of the year	30,080	29,660

- (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 2013 and 31 December 2012 by American Appraisal China Limited, an independent valuer with appropriate professional qualifications and experiences in the valuation of similar properties in the relevant locations. The valuation of properties have been principally arrived at 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 properties. 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 terms of the land use rights of the properties. Capitalisation rates are estimated with reference to the yield generally accepted by the market for comparable properties.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

14. INVESTMENT PROPERTIES (continued)

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value (Note)
Property 1 – The Office Towers	Level 3	Income capitalisation method		
		The key inputs are:		
		(1) Term yield	Term yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the conditions of the tower offices, of 5.8%.	The higher the term yield, the lower the fair value.
		(2) Reversionary yield	Reversionary yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the risk associated with the future rental, of 6.3%.	The higher the reversionary yield, the lower the fair value.
		(3) Monthly term rental	Monthly term rental for each unit is derived from the average of the rental as stated in the existing rental agreements of RMB254/sq.m./month.	The higher the monthly term rental, the higher the fair value.
		(4) Reversionary rental	Reversionary rental is derived from the average of the rental as stated in the new rental agreements of RMB290/sq.m./month.	The higher the reversionary rental, the higher the fair value.

14. INVESTMENT PROPERTIES (continued)

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable. (continued)

Investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value (Note)
Property 2 – The Mall	Level 3	Income capitalisation method		
		The key inputs are:		
		(1) Term yield	Term yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the conditions of the mall, of 6.0%.	The higher the term yield, the lower the fair value.
		(2) Reversionary yield	Reversionary yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the risk associated with the future rental, of 6.5%.	The higher the reversionary yield, the lower the fair value.
		(3) Monthly term rental	Monthly term rental for each unit is derived from the average of the rental as stated in the existing rental agreements of RMB1,066/sq.m./month.	The higher the monthly term rental, the higher the fair value.
		(4) Reversionary rental	Reversionary rental is derived from the average of the rental as stated in the new rental agreements of RMB1,284/sq.m./month.	The higher the reversionary rental, the higher the fair value.

14. INVESTMENT PROPERTIES (continued)

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable. (continued)

Investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value (Note)
Property 3 – The Basement Car park	Level 3	Income capitalisation method		
		The key inputs are:		
		(1) Gross yield	Gross yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties, of 7.0%.	The higher the gross yield, the lower the fair value.
		(2) Monthly average rental	Monthly average rental is derived from the average of the rental as stated in the existing rental agreements of RMB1,490/space/month.	The higher the monthly average rental, the higher the fair value.

Note: There is no indication that any slight change in the unobservable input would result in significant higher or lower fair value measurement.

The fair values of all investment properties at 31 December 2012 and 31 December 2013 were measured using valuation techniques with significant unobservable inputs and hence were classified as Level 3 of the fair value hierarchy.

There were no transfers into or out of level 3 during the year.

Fair value measurements and valuation processes

In estimating the fair value of the Group's investment properties, the Group used market observable data to the extent it is available. Where level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation of the Group's investment properties. At the end of each reporting period, the Manager works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The Group will first consider and adopt Level 2 inputs where inputs can be derived from observable quoted prices in the active market. When level 2 inputs are not available, the Group will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the board of directors of the Manager.

Information about the valuation techniques and inputs used in determining the fair value of the Group's investment properties are disclosed above.

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For the year ended 31 December 2013

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings				Total RMB million
	Hotels	Serviced apartments	Plant and machinery	Others	
	RMB million	RMB million	RMB million	RMB million	
COST					
At 1 January 2012	1,207	578	145	94	2,024
Addition arising from acquisition of a business (Note 24)	808	—	6	12	826
Additions for the year	3	—	—	14	17
Disposals for the year	—	—	—	(9)	(9)
At 31 December 2012	2,018	578	151	111	2,858
Additions for the year	58	—	2	8	68
Disposals for the year	—	—	—	(21)	(21)
At 31 December 2013	2,076	578	153	98	2,905
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 January 2012	27	13	9	14	63
Provided for the year	108	18	14	23	163
Eliminated on disposals	—	—	—	(8)	(8)
At 31 December 2012	135	31	23	29	218
Provided for the year	110	17	14	20	161
Impairment loss recognised in consolidated statement of comprehensive income	128	—	—	—	128
Eliminated on disposals	—	—	—	(19)	(19)
At 31 December 2013	373	48	37	30	488
CARRYING AMOUNTS					
At 31 December 2013	1,703	530	116	68	2,417
At 31 December 2012	1,883	547	128	82	2,640

15. PROPERTY, PLANT AND EQUIPMENT (continued)

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:

Hotels and serviced apartments	3.1%–18% per annum
Plant and machinery	5%–18% per annum
Others (comprising furniture and fixtures and computer equipment)	18%–33.3% per annum

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

At the end of the reporting period, the hotels were revalued by American Appraisal China Limited, an independent valuer with appropriate professional qualifications and experiences in the valuation of similar properties in the relevant locations. The Manager determined that a hotel property located in Shenyang was impaired as its recoverable amount was valued at less than its carrying amount. The valuation, which also represented the recoverable amount of the hotel property located in Shenyang (comprising land, hotel building and plant and machinery), had been arrived by using discounted cash flow approach by the projection of a series of periodic cash flows to the hotel and a discount rate of 8.5%. At 31 December 2013, the recoverable amount of that hotel property was estimated to be RMB970 million and the carrying amount of the hotel property before impairment losses was RMB1,490 million, resulting in an impairment loss of RMB520 million (2012: nil) recognised in the consolidated statement of comprehensive income, of which RMB128 million (2012: nil) was attributable to the building portion and RMB392 million (2012: nil) (Note 16) was attributable to the land portion of the hotel property.

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:

	2013	2012
	RMB million	RMB million
Non-current asset	4,278	4,798
Current asset	128	141
	4,406	4,939

During the year, an impairment loss of RMB392 million (2012: nil) in respect of land portion of the hotel property in Shenyang was recognised in the consolidated statement of comprehensive income, details of which have been set out in Note 15.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

17. HOTEL INVENTORIES

	2013 RMB million	2012 RMB million
Food and beverage	5	6
Other consumables	19	16
	24	22

18. TRADE AND OTHER RECEIVABLES

	2013 RMB million	2012 RMB million
Trade receivables	29	27
Deposits and prepayments	19	16
Advance to suppliers	2	8
Interest receivables	8	10
Other receivables	2	3
	60	64

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

	2013 RMB million	2012 RMB million
Less than or equal to 1 month	28	25
1–3 months	1	1
Over 3 months	—	1
	29	27

There is no credit period given on billing for rental properties, including the malls, tower offices, tower apartments and hotels, except that a maximum credit period of 30 days (2012: 30 days) is granted to the travel agencies and corporate customers of the hotels. Interest is charged immediately on overdue balance at the rates of 0.05% to 0.1% (2012: 0.05% to 0.1%) per day.

Hotel revenue is normally settled by cash or credit card.

18. TRADE AND OTHER RECEIVABLES (continued)

Included in the Group's trade receivable balances are debtors with a carrying amount of RMB3 million as at 31 December 2013 (2012: RMB4 million) which were past due 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 is 36 days at 31 December 2013 (2012: 49 days).

Trade and other receivables are denominated in RMB.

19. BANK BALANCES AND CASH

	2013	2012
	RMB million	RMB million
Cash at bank and in hand	603	509
Time deposits (with original maturity of three months or less)	2,664	1,354
Cash and cash equivalents	3,267	1,863
Time deposits (with original maturity of more than three months)	473	200
Total	3,740	2,063
Average interest rate per annum is as follows:		
Bank deposits — Time deposits	1.49%–3.30%	1.49%–3.08%

Bank balances and cash are denominated in the following currencies:

	2013	2012
	RMB million	RMB million
RMB	3,737	2,059
Hong Kong Dollars ("HK\$")	—	3
United States Dollars ("US\$")	3	1
	3,740	2,063

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

20. TRADE AND OTHER PAYABLES

	2013 RMB million	2012 RMB million
Trade payables	84	81
Rental received in advance	197	188
Others (Note)	182	172
	463	441

Note: Others comprise mainly accrued salaries, accrued staff welfare and certain operating expense payables.

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

	2013 RMB million	2012 RMB million
Less than or equal to 3 months	76	59
Over 3 months	8	22
	84	81

Trade and other payables are denominated in the following currencies:

	2013 RMB million	2012 RMB million
HK\$	16	2
RMB	447	433
US\$	—	6
	463	441

21. LOANS FROM A UNITHOLDER

As at 31 December 2012, the amounts represented loans of RMB545 million and RMB460 million drawn under a revolving credit facility (Note 34(h)) granted from a unitholder, Hui Xian Holdings Limited ("Hui Xian Holdings"). The loans were unsecured, bore interest at a range of 5.5% to 5.9% per annum and were fully repaid on 3 January 2013 and 24 March 2013 respectively. During the year ended 31 December 2013, the additional drawdown of RMB1,035 million under this revolving credit facility, which were unsecured, bore interest rate at a range of 4.75% to 5.7% per annum, were also fully repaid.

22. BANK LOANS

	2013	2012
	RMB million	RMB million
Unsecured term loans	3,243	973
Loan front-end fee	(26)	(14)
	3,217	959
The maturities of the above bank loans are as follows:		
Within one year	157	—
More than one year but not exceeding two years	937	—
More than two years but not exceeding five years	2,123	959
	3,217	959
Less: Amounts shown under current liabilities	(157)	—
Amount due after one year	3,060	959

In relation to the credit facility of HK\$200 million (equivalent to RMB157 million) granted to the Group on 19 December 2013 to finance the general working capital requirement of the Group, the total amount of the credit facility utilised by the Group as at 31 December 2013 was HK\$200 million (equivalent to RMB157 million) (2012: nil). It bears interest at floating interest rate of Hong Kong Interbank Offered Rate ("HIBOR") plus 2% and is repayable in full in December 2014.

In relation to the credit facility of HK\$1,525 million (equivalent to RMB1,200 million) granted to Group on 6 November 2013 to finance the repayment of any outstanding amounts under the revolving credit facility granted from Hui Xian Holdings and to finance the general corporate funding needs of the Group, the total amount of the credit facility utilised by the Group as at 31 December 2013 was HK\$1,525 million (equivalent to RMB1,200 million) (2012: nil). It bears interest at floating interest rate of HIBOR plus 1.85% and is repayable in full in November 2016.

In relation to the credit facility of HK\$1,200 million (equivalent to RMB943 million) granted to the Group on 22 April 2013 to finance the repayment of any outstanding amounts under the revolving credit facility granted from Hui Xian Holdings and to finance the general corporate funding needs of the Group, the total amount of the credit facility utilised by the Group as at 31 December 2013 was HK\$1,200 million (equivalent to RMB943 million) (2012: nil). It bears interest at floating interest rate of HIBOR plus 1.95% and is repayable in full in April 2016.

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22. BANK LOANS (continued)

In relation to the credit facility of HK\$1,200 million (equivalent to RMB943 million) granted to the Group on 29 December 2011 to finance the general corporate funding needs of the Group, the total amount of the credit facility utilised by the Group as at 31 December 2013 was HK\$1,200 million (equivalent to RMB943 million) (2012: HK\$1,200 million (equivalent to RMB973 million)). It bears interest at floating interest rate of HIBOR plus 2% and is repayable in full in January 2015.

Bank loans are guaranteed by the Trustee (in its capacity as Trustee of Hui Xian REIT) and certain subsidiaries of the Group. The weighted average effective interest rate on the bank loan is 2.3% (2012: 2.4%) per annum.

23. DEFERRED TAX LIABILITIES

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

	Others RMB million (Note)	Fair value of investment properties RMB million	Withholding tax on retained profits to be distributed RMB million	Total RMB million
At 1 January 2012	1,995	4,249	133	6,377
Addition arising from acquisition of a business (Note 24)	290	—	1	291
Charge (credit) to profit or loss (Note 12)	7	700	(12)	695
At 31 December 2012	2,292	4,949	122	7,363
(Credit) charge to profit or loss (Note 12)	(126)	103	32	9
At 31 December 2013	2,166	5,052	154	7,372

Note: Others represented the fair value adjustment on recognised assets and liabilities upon business combination and accelerated tax depreciation.

24. ACQUISITION OF A BUSINESS

On 1 January 2012, the Group completed the acquisition of entire issued share capital of, and shareholder's loan of RMB61 million owing at completion by, Shenyang Investment (BVI) Limited ("Shenyang Investment BVI"), which was a wholly owned subsidiary of Yick Ho Limited ("Yick Ho"), a connected party of the Group, for a cash consideration of RMB980 million. Yick Ho is the foreign joint venture party of Shenyang Lido Business Co. Ltd ("Shenyang Lido"), a sino-foreign cooperate joint venture enterprise established in the PRC which operates Sofitel Shenyang Lido (formerly known as Sheraton Shenyang Lido Hotel before 1 January 2013) in Shenyang, the PRC. Immediately 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 on 1 January 2012. 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. Upon completion of the acquisition, Shenyang Lido became a non-wholly owned subsidiary controlled by the Group.

Consideration transferred

	RMB million
Cash	980

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

	RMB million
Property, plant and equipment	826
Land and related costs	856
Hotel inventories	2
Trade and other receivables	10
Bank balances and cash	114
Trade and other payables	(50)
Tenants' deposits	(6)
Tax payable	(1)
Amount due to a former controlling shareholder	(61)
Deferred tax liabilities	(291)
	1,399
Non-controlling interest (<i>Note</i>)	(419)
	980

24. ACQUISITION OF A BUSINESS (continued)**Assets acquired and liabilities recognised at the date of acquisition are as follows:** (continued)

	RMB million
Net cash outflow arising on acquisition:	
Consideration paid in cash	980
Less: Bank balances and cash acquired	(114)
	866

Note: The non-controlling interest is measured at the proportionate share of the recognised assets and liabilities at the acquisition date.

The fair value and the gross contractual amounts of trade and other receivables at the date of acquisition amounted to RMB10 million. There was no estimated uncollectable amount of the contractual cash flows at the date of acquisition.

Fair values of property, plant and equipment and land and related costs at 1 January 2012 have been arrived at on the basis of valuations carried out on that date by American Appraisal China Limited, an independent valuer with appropriate professional qualifications and experiences in the valuation of similar properties in the relevant locations. The valuations of properties have been arrived at by using discounted cash flow approach by the projection of a series of periodic cash flows to the property.

Included in the profit for the year ended 31 December 2012 was a loss of RMB6 million attributable to the additional business generated by Shenyang Investment BVI and its subsidiaries. Revenue for the year ended 31 December 2012 included RMB191 million generated from Shenyang Lido.

25. UNITS IN ISSUE

As at 31 December 2013, Hui Xian REIT had 5,164,525,496 (2012: 5,076,415,649) issued units.

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

	Number of units	RMB million
Balance at 1 January 2012	5,009,521,491	25,888
Payment of Manager's fees through issuance of new units during the year (Note (i))	26,271,988	103
Units issued pursuant to the distribution reinvestment arrangement in respect of 2011 final and 2012 interim distributions (Note (ii))	40,622,170	146
Balance at 31 December 2012	5,076,415,649	26,137
Payment of Manager's fees through issuance of new units during the year (Note (i))	21,534,029	86
Units issued pursuant to the distribution reinvestment arrangement in respect of 2012 final and 2013 interim distributions (Note (ii))	66,575,818	253
Balance at 31 December 2013	5,164,525,496	26,476

25. UNITS IN ISSUE (continued)

Note:

- (i) Details of units issued during the year as payment of Manager's fees are as follows:

For the year ended 31 December 2013

Issue date	Payment of the Manager's fees for the period	Average price per unit determined based on Trust Deed RMB	Number of units issued
28 March 2013	1 October 2012 to 31 December 2012	4.09	6,714,361
30 April 2013	1 January 2013 to 31 March 2013	4.01	7,274,791
20 August 2013	1 April 2013 to 30 June 2013	3.93	7,544,877
			21,534,029

For the year ended 31 December 2012

Issue date	Payment of the Manager's fees for the period	Average price per unit determined based on Trust Deed RMB	Number of units issued
29 March 2012	1 October 2011 to 31 December 2011	3.90	5,076,771
30 April 2012	1 January 2012 to 31 March 2012	3.87	6,945,741
20 August 2012	1 April 2012 to 30 June 2012	3.76	7,384,602
31 October 2012	1 July 2012 to 30 September 2012	4.07	6,864,874
			26,271,988

- (ii) On 4 May 2012, 2,951,406 scrip units at an issue price RMB3.97 per unit were issued to unitholders pursuant to the distribution reinvestment arrangement in respect of 2011 final distribution.

On 25 September 2012, 37,670,764 scrip units at an issue price RMB3.57 per unit were issued to unitholders pursuant to the distribution reinvestment arrangement in respect of 2012 interim distribution.

On 9 May 2013, 29,805,761 scrip units at an issue price RMB3.89 per unit were issued to unitholders pursuant to the distribution reinvestment arrangement in respect of 2012 final distribution.

On 26 September 2013, 36,770,057 scrip units at an issue price RMB3.73 per unit were issued to unitholders pursuant to the distribution reinvestment arrangement in respect of 2013 interim distribution.

26. NET ASSET VALUE PER UNIT ATTRIBUTABLE TO UNITHOLDERS

The net asset value per unit is calculated based on the net assets attributable to unitholders as at 31 December 2013 of RMB27,963 million (2012: RMB27,914 million) and the total number of 5,164,525,496 units in issue as at 31 December 2013 (2012: 5,076,415,649 units).

27. NET CURRENT ASSETS/LIABILITIES

At the end of the reporting period, the Group's net current assets, defined as total current assets less total current liabilities, amounted to RMB2,329 million (2012: net current liabilities of RMB68 million).

28. TOTAL ASSETS LESS CURRENT LIABILITIES

At the end of the reporting period, the Group's total assets less current liabilities amounted to RMB39,104 million (2012: RMB37,030 million).

29. 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 reviews 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 2013, the Group's gearing ratio is 7.9% (2012: 5.0%), being the aggregate amount of loans from a unitholder and bank loans divided by total assets of the Group.

30. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2013 RMB million	2012 RMB million
Financial assets		
<i>Loans and receivables</i>		
Trade and other receivables	39	40
Bank balances and cash	3,740	2,063
	3,779	2,103
Financial liabilities		
<i>Amortised cost</i>		
Trade and other payables	266	253
Manager's fee payable (<i>Note</i>)	13	16
Distribution payable	646	634
Loans from a unitholder	—	1,005
Bank loans	3,217	959
	4,142	2,867
Unitholders' funds	27,963	27,914

Note: The balance excludes Manager's fee payable of RMB60 million (2012: RMB28 million) to be settled in units.

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 Manager manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

30. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Interest rate risk

The Group is exposed to fair value interest rate risk relates to the loans from a unitholder (Note 21). Interest rate risk is managed by the Manager 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 (Note 19) and variable-rate bank loans (Note 22). 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 and therefore excluded from the sensitivity analysis below. Except for the loans from a unitholder, it is the Group's policy to keep its other borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

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

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from the Group's Hong Kong dollar denominated borrowings.

Sensitivity Analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2012: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2012: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2013 would decrease/increase by RMB16 million (2012: RMB5 million). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank loans.

Foreign currency risk

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

The Group undertook certain transactions (including financing arrangements) 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 arise.

30. FINANCIAL INSTRUMENTS (continued)**b. Financial risk management objectives and policies** (continued)**Foreign currency risk** (continued)

At the end of each 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:

	2013	2012
	RMB million	RMB million
Assets		
HK\$	—	3
US\$	3	1
Liabilities		
HK\$	3,233	961
US\$	—	6

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

The Group mainly exposes to foreign exchange fluctuation of HK\$ against RMB.

The following table details of the Group's sensitivity to a 5% increase and decrease in RMB against the HK\$. The sensitivity analysis includes only outstanding HK\$ denominated monetary items and adjusts their translation at the year end for a 5% change in HK\$. 5% is the sensitivity rate used when reporting foreign risk internally to key management personnel and represents the Manager's assessment of the reasonably possible change in HK\$. An increase in profit for the year where the RMB strengthens against the HK\$. For a 5% weakening of RMB against the HK\$, there would be an equal and opposite impact on the profit for the year.

	2013	2012
	RMB million	RMB million
HK\$		
Profit for the year	162	48

The Manager considers the sensitivity analysis is unrepresentative of foreign currency risk as the year end exposure does not reflect the exposure during the year.

30. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

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 rates ranging from 0.05% to 0.1% (2012: 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 (2012: 30 days) granted to corporate customers and travel agents of the hotels. The Group has no significant concentration of credit risk over these debtors, with exposure spread over a number of counterparties and customers. The Manager 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 debtors as at 31 December 2013 and 31 December 2012.

The credit risk on liquid funds is limited because cash and bank deposits 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.

Liquidity risk

The Manager monitors and maintains a level of cash and cash equivalents deemed adequate by the Manager to finance the Group's operations. As at 31 December 2013, the Group had net current assets of RMB2,329 million (2012: net current liabilities of RMB68 million). Taking into account of the internally generated funds, bank loan and the available revolving credit facilities granted by Hui Xian Holdings set out in Note 34(h), the Group will be able to meet its financial obligation when they fall due.

As at 31 December 2013, the Group had unutilised revolving credit facilities granted by Hui Xian Holdings of RMB1,300 million (2012: RMB295 million).

30. FINANCIAL INSTRUMENTS (continued)**b. Financial risk management objectives and policies** (continued)**Liquidity risk** (continued)*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 2013 RMB million
Non-derivative financial liabilities							
Trade and other payables	—	266	—	—	—	266	266
Tenants' deposits	—	68	152	183	241	644	644
Manager's fee payable	—	13	—	—	—	13	13
Distribution payable	—	—	646	—	—	646	646
Bank loans	2.3	19	213	998	2,180	3,410	3,217
		366	1,011	1,181	2,421	4,979	4,786

	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 2012 RMB million
Non-derivative financial liabilities							
Trade and other payables	—	253	—	—	—	253	253
Tenants' deposits	—	53	144	177	200	574	574
Manager's fee payable	—	16	—	—	—	16	16
Distribution payable	—	—	634	—	—	634	634
Loans from a unitholder	5.7	1,011	—	—	—	1,011	1,005
Bank loans	2.4	6	18	24	997	1,045	959
		1,339	796	201	1,197	3,533	3,441

30. FINANCIAL INSTRUMENTS (continued)

c. Fair value

Other than the financial assets at fair value through profit or loss, the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The fair value of financial assets designated as at fair value through profit or loss is determined in accordance with generally accepted pricing model based on quoted exchange rate of the relevant foreign currencies and interest rate matching maturity of the instrument as input. There are no financial assets at fair value through profit or loss at the end of the reporting period.

The Manager considers that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the consolidated statement of financial position approximate to their fair values at the end of each reporting period.

31. RETIREMENT BENEFIT PLANS

According to the relevant laws and regulations in the PRC, the PRC subsidiaries are required to participate in a defined contribution retirement scheme administered by the local municipal government. The PRC subsidiaries contribute 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 RMB7 million for the year ended 31 December 2013 (2012: RMB6 million).

32. 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:

	2013	2012
	RMB million	RMB million
Within one year	1,754	1,569
In the second to fifth years inclusive	2,156	1,988
Over five years	39	17
Total	3,949	3,574

The Group rents out its properties in the PRC under operating leases. Operating lease income represents rentals receivable by the Group for its properties. Leases are negotiated for term ranging from 1 month to 15 years (2012: 1 month to 15 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% (2012: 1.5% to 25%).

33. CAPITAL COMMITMENTS

	2013	2012
	RMB million	RMB million
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	24	29

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34. CONNECTED AND RELATED PARTY TRANSACTIONS

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

Name of Connected/Related Party	Notes	2013 RMB'000	2012 RMB'000
Rent and rental related income			
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)*	(a)	3,440	4,313
和記環球電訊(廣東)有限公司 (Hutchison Global Communications (Guangdong) Limited)*	(a)	695	497
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.)*	(a) & (k)	2,661	2,307
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.)*	(a) & (k)	2,689	3,202
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.)*	(a) & (k)	1,171	1,076
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.)*	(a) & (k)	1,421	1,321
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.)*	(a) & (k)	19,328	19,330
Cheung Kong (Holdings) Limited Beijing Office	(a) & (k)	74	67
北京尚乘財策諮詢有限公司 (AMTD Beijing Investment Advisory Co., Ltd.)*	(a) & (k)	1,276	1,293
TOM Group International Limited Beijing Representative Office	(b)	—	378
李嘉誠基金會(香港)北京辦事處 (Li Ka Shing Foundation (Hong Kong) Beijing Office)*	(c)	N/A	395
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited)*	(d)	323	240
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.)*	(e)	6	21
Bank of China Limited	(a)	22,516	19,820
東方海外貨櫃航運(中國)有限公司北京分公司 (Orient Overseas Container Line (China) Co., Ltd. Beijing Branch)*	(f)	559	462
東方海外物流(中國)有限公司北京分公司 (OOCL Logistics (China) Ltd. Beijing Branch)*	(f)	432	525

34. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Name of Connected/Related Party	Notes	2013 RMB'000	2012 RMB'000
Interest income from banks			
Bank of China Limited	(a)	42,618	19,382
Bank of China (Hong Kong) Limited	(a)	13,253	247
Property management fee			
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.)*	(a) & (k)	5,755	4,993
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.)*	(a) & (k)	8,091	7,596
Club facilities usage fee			
麗都飯店有限公司 (Lido Hotel Co., Ltd.)*	(g)	N/A	24
Internet services fee			
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.)*	(a) & (k)	341	3,594
Promotional expense			
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)*	(a)	9	25
Beverage			
屈臣氏酒窖(廣州)有限公司 (Watson's Wine Cellar (Guangzhou) Company Limited)*	(a)	55	11
北京屈臣氏蒸溜水有限公司 (Beijing Watson's Distilled Water. Co., Ltd)*	(a)	40	180
廣州屈臣氏食品飲料有限公司北京飲料分公司 (Guangzhou Watson's Food & Beverages Company Limited Beijing Beverages Branch)	(a)	356	—
Cleaning supplies			
上海和黃白貓有限公司 (Shanghai Hutchison Whitecat Company Limited)	(a)	267	698
Banquet services			
Hutchison Hotel Hong Kong Limited	(a)	45	52

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34. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Name of Connected/Related Party	Notes	2013 RMB'000	2012 RMB'000
Investment seminar sponsorship			
Metro Broadcast Corporation Limited	(a)	78	—
Insurance expense			
中銀保險有限公司北京分公司 (Bank of China Insurance Co., Ltd. Beijing Branch)*	(a)	456	500
中國人壽財產保險股份有限公司北京市分公司 (China Life Property and Casualty Insurance Company Limited Beijing Branch)*	(a)	1,596	1,749
Interest expense			
Bank of China (Hong Kong) Limited	(a) & (j)	14,289	10,022
Hui Xian Holdings Limited	(h)	36,392	30,447
Trustee's fee			
DB Trustees (Hong Kong) Limited		3,675	3,736
Manager's fees			
Hui Xian Asset Management Limited		146,640	156,416
Property Manager's fee			
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited)*	(d)	30,297	32,708
Valuation fee			
American Appraisal China Limited	(i)	396	536

34. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Balances with connected and related parties as at 31 December 2013 and 31 December 2012 are as follows:

	Notes	2013 RMB'000	2012 RMB'000
Loans from a unitholder			
Hui Xian Holdings Limited	(h)	—	1,005,000
Bank loans			
Bank of China (Hong Kong) Limited	(a) & (j)	546,219	319,767
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)*	(a)	1,092	1,963
和記環球電訊(廣東)有限公司 (Hutchison Global Communications (Guangdong) Limited)*	(a)	176	176
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.)*	(a) & (k)	865	475
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.)*	(a) & (k)	632	679
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.)*	(a) & (k)	409	262
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.)*	(a) & (k)	479	325
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.)*	(a) & (k)	1,064	1,096
北京尚乘財策諮詢有限公司 (AMTD Beijing Investment Advisory Co., Ltd.)*	(a) & (k)	298	298
Cheung Kong (Holdings) Limited Beijing Office	(a) & (k)	21	—
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited)*	(d)	85	59
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.)*	(e)	10	N/A

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For the year ended 31 December 2013

34. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Notes:

- (a) These companies are associated companies¹ of Hui Xian Holdings, a significant unitholder² of Hui Xian REIT.
- (b) This company is an associate³ of Mr. Ip Tak Chuen, Edmond, being a director of each of Hui Xian Holdings and Hui Xian (Cayman Islands) Limited ("Hui Xian Cayman").
- (c) This company is an associate³ of Mr. Li Tzar Kuoi, Victor, who was a director of each of Hui Xian Holdings and Hui Xian Cayman, but resigned from such office with effect from 3 September 2012.
- (d) The company is a subsidiary of the Manager.
- (e) The company became an associated company¹ of Hui Xian Holdings, a significant unitholder² of Hui Xian REIT with effect from 12 November 2013. The company was an associate³ of Mr. Wong K, James, who was the Deputy Chief Operating Officer of the Manager but resigned from such office with effect from 9 July 2012.
- (f) These companies are subsidiaries of a controlling entity⁴ of Hui Xian Cayman and Hui Xian Holdings, significant unitholders² of Hui Xian REIT.
- (g) The company was an associated company¹ of Hui Xian Holdings, a significant unitholder² of Hui Xian REIT, but ceased to be so with effect from 9 October 2012.
- (h) 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 RMB1,400 million (comprising a RMB1,300 million revolving credit facility and a RMB100 million revolving credit facility). The RMB100 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 RMB1,300 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 2013, there were no outstanding loans (2012: RMB1,005 million) under the RMB1,300 million revolving credit facility whereas the RMB100 million revolving credit facility was lapsed in 2012.
- (i) The company is the principal valuer of Hui Xian REIT.
- (j) The bank loans represent part of the outstanding bank loans (*Note 22*) at the end of the reporting period. The interest expense represents the respective interest expense under part of the outstanding bank loans for the year.
- (k) These companies are either the Beijing representative office or subsidiaries of Cheung Kong (Holdings) Limited which have 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.

3 As defined in the SFO, a company is an associate of a person if the person is a director of that company.

4 As defined in the SFO, a company is a controlling entity of another company if it has the right to nominate any of the directors of that company.

* The English name is shown for identification purpose only.

35. LIST OF SUBSIDIARIES

- (i) At the end of the reporting period, the following entities are controlled by Hui Xian REIT.

Name of company	Date of incorporation	Ordinary share capital/ registered capital	Proportion ownership interest held by Hui Xian REIT				Principal activities	Name of property held
			Directly		Indirectly			
			2013	2012	2013	2012		
Incorporated in the British Virgin Islands:								
Hui Xian (B.V.I.) Limited	7 June 1994	1 share of US\$1	100%	100%	—	—	Investment holding	—
Shenyang Investment (BVI) Limited	21 July 2011	50,000 shares of no par value	100%	100%	—	—	Investment holding	—
Incorporated in Hong Kong:								
Hui Xian Investment Limited	18 August 1992	10,000 shares of US\$1 each	—	—	100%	100%	Investment holding	—
Shenyang Investment (Hong Kong) Limited	16 August 2011	10,000 shares of HK\$1 each	—	—	100%	100%	Investment holding	—
Incorporated in the PRC:								
Beijing Oriental Plaza Company Limited	25 January 1999	Registered — US\$600,000,000	—	—	100%	100%	Property investment and hotel and serviced suites operations in Beijing, the PRC	Oriental Plaza
Shenyang Lido Business Co. Ltd	14 September 1996	Registered — US\$59,873,990	—	—	70%	70%	Hotel — operation in Shenyang, the PRC	Sofitel Shenyang Lido

- (ii) Details of non-wholly owned subsidiary that has material non-controlling interest

The table below shows details of non-wholly owned subsidiary of the Group that has material controlling interest:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interest		Accumulated non-controlling interest	
		2013	2012	2013	2012	2013	2012
				RMB million	RMB million	RMB million	RMB million
Shenyang Lido Business Co. Ltd	Shenyang, the PRC	30%	30%	(132)	(2)	285	417

35. LIST OF SUBSIDIARIES (continued)

- (ii) Details of non-wholly owned subsidiary that has material non-controlling interest (continued)

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interest is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Shenyang Lido Business Co. Ltd

	2013	2012
	RMB million	RMB million
Revenue	111	191
Expenses and taxation	(551)	(198)
Loss for the year	(440)	(7)
Loss and total comprehensive expense for the year, attributable to:		
Non-controlling interest	(132)	(2)
Unitholders	(308)	(5)
	(440)	(7)

The Manager considered that the non-controlling interest in the assets, liabilities and cash flows of Shenyang Lido Business Co. Ltd are not material to the Group and so no summarised financial information on the assets, liabilities and cash flows are disclosed. No dividend was paid to non-controlling interest during the year.

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

	1.1.2013 to 31.12.2013 RMB million	1.1.2012 to 31.12.2012 RMB million	29.4.2011 to 31.12.2011 RMB million
Revenue			
Gross rental from investment properties	1,997	1,744	1,087
Income from hotel operation	584	775	419
Income from serviced apartments operation	129	129	82
	2,710	2,648	1,588
Profit before taxation and transactions with unitholders	1,267	4,009	1,178
Income tax expense	(427)	(1,110)	(359)
Profit for the year/period, before transactions with unitholders	840	2,899	819
Profit for the year/period attributable to unitholders, before transactions with unitholders	972	2,901	819
	RMB	RMB	RMB
Basic earnings per unit	0.1898	0.5762	0.1637

SUMMARY OF DISTRIBUTIONS

	1.1.2013 to 31.12.2013 RMB million	1.1.2012 to 31.12.2012 RMB million	29.4.2011 to 31.12.2011 RMB million
Distributions to unitholders	1,262	1,208	735
	RMB	RMB	RMB
Distribution per unit	0.2455	0.2392	0.1467

SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31.12.2013 RMB million	31.12.2012 RMB million	31.12.2011 RMB million
Non-current assets	36,775	37,098	32,931
Current assets	3,952	2,290	1,064
Total assets	40,727	39,388	33,995
Current liabilities	1,623	2,358	1,377
Non-current liabilities, excluding net assets attributable to unitholders	10,856	8,699	6,646
Total liabilities, excluding net assets attributable to unitholders	12,479	11,057	8,023
Non-controlling interest	285	417	—
Net assets attributable to unitholders	27,963	27,914	25,972
	RMB	RMB	RMB
Net asset value per unit attributable to unitholders	5.4144	5.4988	5.1845

PERFORMANCE TABLE

	Notes	31.12.2013	31.12.2012	31.12.2011
Net assets attributable to unitholders (RMB million)		27,963	27,914	25,972
Net asset value per unit attributable to unitholders (RMB)		5.4144	5.4988	5.1845
Market capitalisation (RMB million)		19,935	21,067	17,834
Units issued (units)		5,164,525,496	5,076,415,649	5,009,521,491
Debts to net asset value ratio	1	11.5%	7.0%	0.8%
Debts to total asset value ratio	2	7.9%	5.0%	0.6%

	Notes	1.1.2013 to 31.12.2013	1.1.2012 to 31.12.2012	29.4.2011 to 31.12.2011
Highest traded unit price (RMB)		4.32	4.26	5.10
Highest premium of the traded unit price to net asset value per unit	3	N/A	N/A	N/A
Lowest traded unit price (RMB)		3.70	3.48	2.65
Highest discount of the traded unit price to net asset value per unit		31.7%	36.7%	48.9%
Distribution per unit (RMB)		0.2455	0.2392	0.1467
Distribution yield per unit	4	6.36%	5.76%	N/A

Notes:

1. Debts to net asset value ratio is calculated based on total debts over net assets attributable to unitholders as at the end of the reporting period.
2. Debts to total asset value ratio is calculated based on total debts over total assets as at the end of the reporting period.
3. The highest traded unit price is lower than the net asset value per unit attributable to unitholders at the end of the reporting period. Accordingly, premium of the traded unit price to net asset value per unit has not been recorded.
4. Distribution yield per unit is calculated by dividing the distribution per unit by the closing unit price as at the end of the reporting period.

INVESTOR CALENDAR

On or around

Annual results announcement for the year ended 31 December 2013 announcing, among other information, the final distribution for the period from 1 July 2013 to 31 December 2013 (“2013 Final Distribution”) and the distribution reinvestment arrangement (“DRA”)	24 February 2014 (Monday)
Units quoted ex-2013 Final Distribution	6 March 2014 (Thursday)
First of the ten consecutive trading days to determine unit price for new units to be issued from scrip distribution under the DRA (“Scrip Units”)	6 March 2014 (Thursday)
Closure of register of Unitholders (for ascertaining entitlement to the 2013 Final Distribution)	10 March 2014 (Monday) to 12 March 2014 (Wednesday) (both dates inclusive)
Record date for 2013 Final Distribution	12 March 2014 (Wednesday)
Announcement in relation to the DRA	20 March 2014 (Thursday)
Despatch of circular and election form for the DRA	26 March 2014 (Wednesday)
Latest time for return of election form for the DRA ¹	by 4:30 p.m., 14 April 2014 (Monday)
Payment of the 2013 Final Distribution for cash distribution election	30 April 2014 (Wednesday)
Despatch of new unit certificates for scrip distribution election	30 April 2014 (Wednesday)
Expected first day of dealings in Scrip Units (subject to the granting of listing approval by the Stock Exchange)	2 May 2014 (Friday)
2014 annual general meeting ²	5 May 2014 (Monday)

1. A distribution reinvestment arrangement is available to eligible Unitholders who may elect to receive the 2013 Final Distribution for the period from 1 July 2013 to 31 December 2013 wholly in cash or in the form of new units in Hui Xian REIT or a combination of both. An announcement containing details of the distribution reinvestment arrangement was published on 20 March 2014 (Thursday) and a circular together with the relevant election form was delivered by post to the Unitholders on 26 March 2014 (Wednesday). The election form for scrip distribution must be lodged with and received by the Unit Registrar (at its address at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong) not later than 4:30 pm on 14 April 2014 (Monday). 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 deadline set out above will be treated and taken as invalid.
2. The register of Unitholders will be closed from 29 April 2014 (Tuesday) to 5 May 2014 (Monday) for the purpose of ascertaining Unitholders’ right to attend and vote at the 2014 annual general meeting of Hui Xian REIT. 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 p.m. on 28 April 2014 (Monday).

CORPORATE INFORMATION

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

Chairman and Non-executive Director

KAM Hing Lam

Executive Directors

CHEUNG Ling Fung, Tom (*Chief Executive Officer*)
LEE Chi Kin, Casey

Non-executive Directors

IP Tak Chuen, Edmond
LIM Hwee Chiang
YIN Ke (*with PANG Shuen Wai, Nichols as his alternate*)

Independent Non-executive Directors

CHENG Hoi Chuen, Vincent
LEE Chack Fan
CHOI Koon Shum, Jonathan

BOARD COMMITTEES

Audit Committee

CHENG Hoi Chuen, Vincent (*Chairman*)
LEE Chack Fan
CHOI Koon Shum, Jonathan
IP Tak Chuen, Edmond
YIN Ke (*with PANG Shuen Wai, Nichols as his alternate*)

Disclosures Committee

CHEUNG Ling Fung, Tom (*Chairman*)
IP Tak Chuen, Edmond
LEE Chack Fan

Designated (Finance) Committee

YIN Ke (*Chairman*)
(*with PANG Shuen Wai, Nichols as his alternate*)
CHEUNG Ling Fung, Tom
CHOI Koon Shum, Jonathan

COMPANY SECRETARY OF THE MANAGER

Fair Wind Secretarial Services Limited¹
MAK Sum Wun, Simmy²

TRUSTEE

DB Trustees (Hong Kong) Limited

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL VALUER

American Appraisal China Limited

¹ Resigned with effect from 1 January 2014

² Appointed with effect from 1 January 2014

CORPORATE INFORMATION

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 purpose only.*

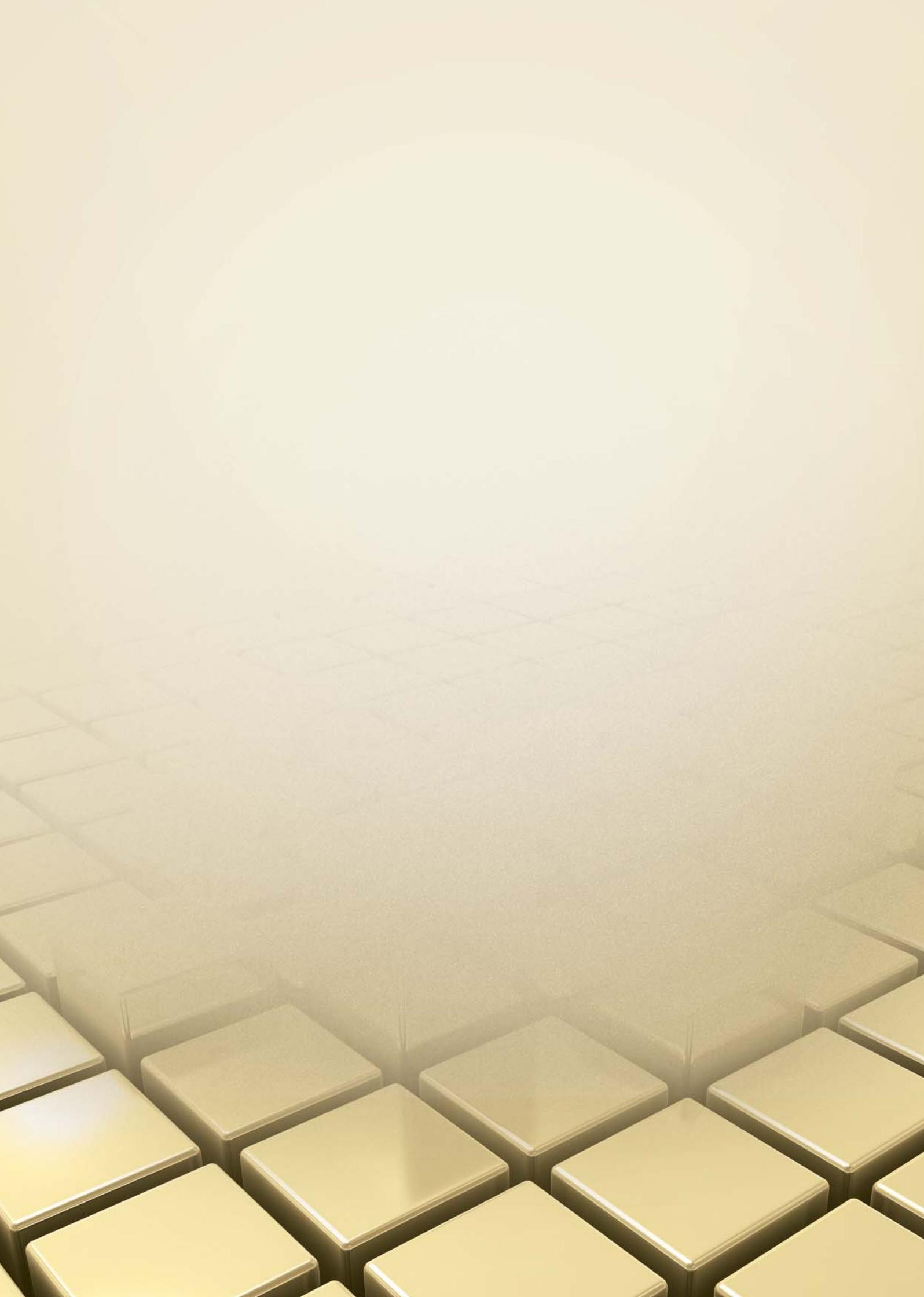
GLOSSARY

Board	the board of directors of the Manager
BOP	北京東方廣場有限公司 (Beijing Oriental Plaza Company Limited*), a Sino-foreign co-operative joint venture established in the PRC
Director(s)	director(s) of the Manager
DPU	distribution per unit
GDP	gross domestic product
Hui Xian BVI	Hui Xian (B.V.I.) Limited
Hui Xian Cayman	Hui Xian (Cayman Islands) Limited
Hui Xian Holdings	Hui Xian Holdings Limited
Hui Xian Investment	Hui Xian Investment Limited
Hui Xian REIT	Hui Xian Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorised under section 104 of the SFO
Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Manager	Hui Xian Asset Management Limited, a company incorporated in Hong Kong and a corporation licensed to carry on the regulated activity of asset management under the SFO
PRC	People's Republic of China
REIT Code	Code on Real Estate Investment Trusts
RevPAR	revenue per available room
RMB	Renminbi
SFC	Securities and Futures Commission of Hong Kong
SFO	Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong)
Shenyang Investment BVI	Shenyang Investment (BVI) Limited
Shenyang Investment HK	Shenyang Investment (Hong Kong) Limited

GLOSSARY

Shenyang Lido	瀋陽麗都商務有限公司 (Shenyang Lido Business Co. Ltd*), a Sino-foreign co-operative joint venture established in the PRC
Stock Exchange	The Stock Exchange of Hong Kong Limited
Trust Deed	Deed of Trust constituting Hui Xian REIT dated 1 April 2011 as amended by a Supplemental Deed dated 24 May 2013, as may be modified or supplemented from time to time
Trustee	DB Trustees (Hong Kong) Limited, the trustee of Hui Xian REIT
Unit(s)	unit(s) of Hui Xian REIT
Unitholder(s)	any person(s) registered as holding a Unit or Units

*The English name is shown for identification purpose only.



Hui Xian Asset Management Limited

(as the manager of Hui Xian REIT)

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