



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



2012
INTERIM REPORT



HUI XIAN REIT

Hui Xian Real Estate Investment Trust (“Hui Xian REIT”) (Stock Code: 87001) is a real estate investment trust constituted by a trust deed (“Trust Deed”) which was entered into on 1 April 2011 between Hui Xian (Cayman Islands) Limited, as settlor of Hui Xian REIT, Hui Xian Asset Management Limited, and DB Trustees (Hong Kong) Limited (the “Trustee”). Hui Xian REIT was 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 (“CKH”) and 30% by ARA Asset Management Limited.





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Financial Highlights

For the period from 1 January 2012 to 30 June 2012

	1 January– 30 June 2012 ⁽¹⁾
Total Revenue (<i>RMB million</i>)	1,309
Net Property Income (<i>RMB million</i>)	851
Distributable Income (<i>RMB million</i>)	592
Distribution per Unit (<i>RMB</i>)	0.1178
Annualised Distribution Yield	6.45% ⁽²⁾
Payout Ratio	100%

	As at 30 June 2012 ⁽¹⁾
Gross Asset Value (<i>RMB million</i>)	36,467
Net Asset Value Attributable to Unitholders (<i>RMB million</i>)	26,169
Net Asset Value per Unit (<i>RMB</i>)	5.2083
Debts to Gross Asset Value	4.1%

Notes:

- (1) As Hui Xian REIT was listed on the Stock Exchange in April 2011, the previous interim results covered 63 days only, therefore, no year-on-year comparison between 2011 and 2012 is made.
- (2) Based on the closing price of the units of Hui Xian REIT ("Units") on 30 June 2012 and the annualised actual distribution amount for the period from 1 January 2012 to 30 June 2012.

Hui Xian REIT's Portfolio (January – June 2012)

Revenue (RMB million)



The Malls: 35%

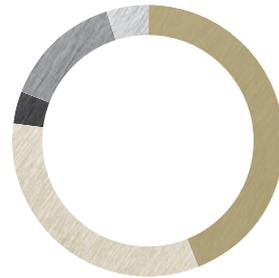
The Tower Offices: 29%

The Tower Apartments: 5%

Grand Hyatt Beijing: 24%

Sheraton Shenyang Lido Hotel: 7%

Net Property Income (RMB million)



The Malls: 44%

The Tower Offices: 33%

The Tower Apartments: 4%

Grand Hyatt Beijing: 14%

Sheraton Shenyang Lido Hotel: 5%

Chairman's Statement

2012 marked the first anniversary of Hui Xian REIT's listing. I am pleased to report that the distributable income for the six months ended 30 June 2012 ("Reporting Period") was RMB 592 million and the interim distribution per unit ("DPU") was RMB 0.1178, representing an annualised distribution yield of 6.45%.

RESULTS AND DISTRIBUTION

Total revenue for the six months ended 30 June 2012 was RMB 1,309 million and net property income was RMB 851 million. Gross asset value and net asset value attributable to unitholders were RMB 36,467 million and RMB 26,169 million respectively. As Hui Xian REIT was listed on the Stock Exchange in April 2011, the previous interim results covered 63 days only, therefore, no year-on-year comparison between 2011 and 2012 is made.

Total distributable income during the Reporting Period was RMB 592 million. Pursuant to the Distribution Policy as set out in the Offering Circular of Hui Xian REIT dated 11 April 2011, 100% of this amount will be distributed to the unitholders of Hui Xian REIT ("Unitholders").

The DPU for the six months ended 30 June 2012 was RMB 0.1178, which represented an annualised distribution yield of 6.45% based on the closing price of the Units of RMB 3.67 on 30 June 2012.

The Manager recommends that a distribution reinvestment arrangement will be made available to Unitholders, subject to obtaining authorisation from the Securities and Futures Commission of Hong Kong ("SFC") of relevant documents. Under the distribution reinvestment arrangement, eligible Unitholders will be entitled to have a scrip distribution in lieu of a cash distribution. Unitholders can elect to receive their distribution in the form of cash, or in the form of new Units of Hui Xian REIT, or a combination of both. Subject to the SFC's authorisation, an announcement providing further information on the distribution reinvestment arrangement will be published and a circular containing the relevant details together with the relevant election form will be sent to all qualified Unitholders.

FIRST ACQUISITION COMPLETED

Following the completion of the first acquisition of Shenyang Investment (BVI) Limited on 1 January 2012, the five-star Sheraton Shenyang Lido Hotel* has been successfully integrated into Hui Xian REIT's portfolio. The hotel has also started making full six-month financial contributions to Hui Xian REIT from 2012.

OPERATIONS REVIEW

While the European and US economies are facing uncertainties, the underlying drivers of China's economy remain fundamentally sound. Its gross domestic product ("GDP") in the first half of 2012 grew 7.8% year-on-year.

Business activities and tourism in China, particularly the capital city, continued to grow. Beijing Capital International Airport, now one of the world's busiest airports, has almost reached its maximum handling capacity. To enable Beijing to keep up with the rapid growth in air traffic, another international airport which can handle over 130 million passengers per year is planned to be built by 2017.

Driven by an increase of commercial activities and investments, there was a strong demand for Grade A offices and five-star hotel rooms in Beijing. Many international retailers are also keen to tap China's enormous market of increasingly affluent consumers. Beijing's retail sales in the first five months of 2012 increased 13.1% year-on-year to RMB 302 billion.

ORIENTAL PLAZA, BEIJING

Since its opening in 2002, Oriental Plaza has been one of the leading commercial properties in Beijing, reflecting the strong economic growth of the city in the past ten years.

The 800,000 sq m Oriental Plaza, the major source of income of Hui Xian REIT, comprises four businesses: The Malls, The Tower Offices, The Tower Apartments and Grand Hyatt Beijing.

All four business sectors sustained upward momentum with growth in both revenue and net property income during the Reporting Period.

Total revenue during the first six months of 2012 was RMB 1,213 million, an increase of 8.5% as compared to the same period in 2011. Net property income rose 9.2% year-on-year to RMB 808 million.

	Jan-Jun 2012	Jan-Jun 2011	Year-on-year Variance
Net Property Income	(RMB million)	(RMB million)	(%)
The Malls	370	355	4.3%
The Tower Offices	284	259	9.4%
The Tower Apartments	31	26	22.6%
Grand Hyatt Beijing	123	100	22.6%
TOTAL	808	740	9.2%

The Malls

The retail market in Beijing was active during the first half of 2012. Leasing momentum at The Malls remained strong. Net property income increased 4.3% year-on-year to RMB 370 million. As the domestic consumption is likely to rise, it is expected that The Malls' growth momentum will continue.

The Tower Offices

Beijing remained the standout city attracting new businesses from overseas. As a result, strong demand for quality Grade A offices from multinational and domestic corporations supported the rental growth in the first half of 2012. Net property income of The Tower Offices grew by 9.4% year-on-year to RMB 284 million. As one of the largest Grade A office complexes in Beijing, The Tower Offices is well positioned to take advantage of the buoyant office market.

The Tower Apartments

The Tower Apartments' business performance was good in the first half of 2012 due to the strong leasing demand from the increasing pool of senior executives. Net property income increased 22.6% year-on-year to RMB 31 million.

Grand Hyatt Beijing

Grand Hyatt Beijing maintained growth momentum during the first half of 2012. Net property income reached RMB 123 million, an increase of 22.6% over the previous year. The average room rate per night during the Reporting Period increased 8.6% year-on-year to RMB 1,917. The MICE (meeting, incentive, convention and exhibition) business, in particular, performed well.

SHERATON SHENYANG LIDO HOTEL, SHENYANG

Sheraton Shenyang Lido Hotel has become part of Hui Xian REIT's portfolio since January 2012. Net property income during the first half of 2012 was RMB 43 million, a 2.1% year-on-year decrease. The average room rate per night during the Reporting Period was RMB 826, an increase of 7.7% year-on-year while the average occupancy rate dropped from 73.8% to 64.9%.

STRONG FINANCIAL POSITION

Hui Xian REIT continues to maintain a healthy balance sheet. As at 30 June 2012, bank balances and cash on hand amounted to RMB 1,355 million, and gross debts amounted to RMB 1,486 million. Debts to gross asset value ratio was 4.1%. The financial position provides us a strong financing capacity to pursue investment opportunities when they occur.

OUTLOOK

Looking ahead, the major focus is to continue to drive organic growth from our quality assets, Oriental Plaza and Sheraton Shenyang Lido Hotel, through active asset management. The objective is to achieve steady rental growth from the retail and office sectors, and rate increases from the serviced apartments and the two hotels.

Chairman's Statement

For asset enhancement initiatives, a three-year renovation programme for both Grand Hyatt Beijing and Sheraton Shenyang Lido Hotel has been initiated, and is expected to commence by the end of this year.

For further yield enhancement, we will continue to look for acquisition opportunities through actively evaluating and pursuing yield-accretive assets in China.

We believe the fundamentals of China's economies remain strong and Hui Xian REIT is well positioned to capitalise on China's growth prospects.

On behalf of the Manager, I would like to express my gratitude to the Trustee and Unitholders for their continued support and confidence in Hui Xian REIT.

H L KAM

Chairman

Hui Xian Asset Management Limited

(as manager of Hui Xian Real Estate Investment Trust)

Hong Kong, 20 July 2012

* Hui Xian REIT holds 100% of the issued shares of Shenyang Investment (BVI) Limited ("Shenyang Investment BVI"), which in turn holds Shenyang Investment (Hong Kong) Limited ("Shenyang Investment HK"), the foreign joint venture partner of 瀋陽麗都商務有限公司 (Shenyang Lido Business Co., Ltd. (for identification purposes only)) ("Shenyang Lido"). Shenyang Investment HK is entitled to 70% 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 Sheraton Shenyang Lido Hotel.

Management Discussion and Analysis

PORTFOLIO HIGHLIGHTS

During the Reporting Period, Hui Xian REIT's portfolio includes:

- (1) its investment in Hui Xian (B.V.I.) Limited, which in turn holds Hui Xian Investment Limited, the foreign joint venture partner of Beijing Oriental Plaza Co., Ltd. ("BOP"), which is a sino-foreign cooperative joint venture established in the PRC. BOP holds the land use rights and building ownership rights of **Oriental Plaza**, and
- (2) its investment in Shenyang Investment BVI, which in turns holds Shenyang Investment HK, the foreign joint venture partner of 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 **Sheraton Shenyang Lido Hotel**.

Hui Xian REIT's portfolio:

Property	Sector	Gross Floor Area (sq m)
(1) Oriental Plaza, Beijing	Mixed-use	787,059
• The Malls	• Shopping mall	• 130,195
• The Tower Offices	• 8 Grade-A office towers	• 309,552
• The Tower Apartments	• 2 serviced apartment towers (613 units)	• 81,603
• Grand Hyatt Beijing	• 5-star hotel (825 rooms)	• 125,420
• Car parking spaces & other ancillary facilities	• 1,901 car parking spaces	• 140,289
(2) Sheraton Shenyang Lido Hotel, Shenyang	5-star hotel (590 rooms)	78,746
Total		865,805

OPERATIONS REVIEW

(1) Oriental Plaza, Beijing

Oriental Plaza, one of the largest and most iconic commercial complexes in Beijing, comprises four businesses: The Malls, The Tower Offices, The Tower Apartments and Grand Hyatt Beijing.

The Malls

Beijing's retail market was active during the Reporting Period as many international brands continued to invest and accelerate their expansions to tap into China's growing and increasingly affluent middle and upper classes. In the first five months of 2012, Beijing's retail sales has increased 13.1% year-on-year to RMB 302 billion. The Wangfujing submarket continued to top the capital city's retail market in terms of prime retail rent.

The Malls continuously enhances the shopping experience through active tenant mix management. A number of international retailers and food and beverage outlets, such as Chopard, Franck Muller, Chlo  , Tudor, Diane von Furstenberg, Yum! Brands' Pizza Hut and East Dawning opened their new branches in The Malls during the first half of 2012. Fashion retailer i.t has also recently expanded its presence at The Malls to become its largest store in Beijing.

Net property income during the Reporting Period was RMB 370 million. The average occupancy rate for the first half of 2012 was 95.7% and rental reversion was 31.0%. The average monthly passing rent grew 9.3% year-on-year to RMB 933 per sq m.

Gross Revenue	RMB 460 million, +5.2% YoY
Net Property Income	RMB 370 million, +4.3% YoY
Average Occupancy Rate	95.7%
Average Monthly Passing Rent	RMB 933/sq m
Average Monthly Spot Rent	RMB 990/sq m

The Tower Offices

Demand for Grade A office space in Beijing from multinational and domestic corporations remained strong. Limited supply of prime office space in the city also supported the rental growth.

The Tower Offices' performance during the Reporting Period was encouraging, with the net property income up by 9.4% year-on-year to RMB 284 million. The average monthly passing rent and spot rent jumped 11.4% and 36.2 % respectively compared to a year ago. Rental reversion was 62%.

Gross Revenue	RMB 381 million, +10.1% YoY
Net Property Income	RMB 284 million, +9.4% YoY
Average Occupancy Rate	95.1 %
Average Monthly Passing Rent	RMB 184/sq m
Average Monthly Spot Rent	RMB 301/sq m

The Tower Apartments

There was a high demand for luxury serviced apartments in Beijing due to the expansion plans and new personnel recruitment in multinational companies. Leasing demand for the well-located The Tower Apartments in the first half of 2012 remained strong.

Despite the slight drop in average occupancy rate during the Reporting Period to 87.2% from 89% a year ago, the effect was offset by the higher rent. As a result, the net property income increased 22.6% year-on-year to RMB 31 million.

Gross Revenue	RMB 63 million, +12.7% YoY
Net Property Income	RMB 31 million, +22.6% YoY
Average Occupancy Rate	87.2%

Grand Hyatt Beijing

Beijing has experienced positive growth in the tourism and hotel sector in the first half of 2012. Grand Hyatt Beijing's net property income increased 22.6% year-on-year to RMB 123 million. The average room rate per night during the Reporting Period grew 8.6% year-on-year to RMB 1,917. Revenue per available room ("RevPAR") was RMB 1,233, representing an increase of 10.6% over the same period in 2011. The average occupancy rate was 64.3%.

Grand Hyatt Beijing is renowned for its first class catering services. In May 2012, the catering revenue was over RMB 13.3 million, surpassing its record attained in August 2008 during the Beijing Olympics period. During the Reporting Period, over 430 conferences and events were held in Grand Hyatt Beijing.

The three-year renovation programme to upgrade guest rooms, restaurants and other facilities is expected to begin by the end of 2012.

Gross Revenue	RMB 309 million, +11.0% YoY
Net Property Income	RMB 123 million, +22.6% YoY
Average Occupancy Rate	64.3%
Average Room Rate per Night	RMB 1,917
RevPAR	RMB 1,233

(2) Sheraton Shenyang Lido Hotel, Shenyang

Since 1 January 2012, the 590-room five-star Sheraton Shenyang Lido Hotel has been successfully integrated into Hui Xian REIT's portfolio. During the first six months of 2012, revenue and net property income were RMB 96 million and RMB 43 million respectively. A three-year renovation programme is initiated and scheduled to commence by the end of 2012 to enhance its competitiveness.

Shenyang is a city of full of potential attracting many foreign and domestic investments. In the first quarter of 2012, the city's GDP registered an 11% year-on-year growth. Well-served by the new Metro Line 2, the hotel is also getting ready to welcome tourists for the 12th National Games held in Shenyang in August 2013.

Gross Revenue	RMB 96 million
Net Property Income	RMB 43 million
Average Occupancy Rate	64.9%
Average Room Rate per Night	RMB 826
RevPAR	RMB 537

FINANCIAL REVIEW

Net Property Income

The net property income was RMB 851 million for the Reporting Period.

Distributions

Distribution Amount

Hui Xian REIT will distribute a total of RMB 592 million ("Interim Distribution") to Unitholders for the Reporting Period. The Interim Distribution represents 100% of Hui Xian REIT's total distributable income during the Reporting Period and will be paid in RMB.

Distribution per Unit

The distribution per Unit for the Reporting Period is RMB 0.1178 based on the number of outstanding Units on 30 June 2012. The distribution per Unit represents an annualised distribution yield of 6.45% based on the closing price of the Units of RMB 3.67 on 30 June 2012.

Closure of Register of Unitholders

The record date for the Interim Distribution will be 10 August 2012, Friday ("Record Date"). The Register of Unitholders will be closed from 8 August 2012, Wednesday to 10 August

2012, Friday, both days inclusive, during which period no transfer of Units will be effected. The distribution is expected to be payable on 25 September 2012, Tuesday 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 Interim 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 August 2012, Tuesday.

Debt Positions

In January 2012, Hui Xian Investment Limited ("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., Hong Kong Branch (the "New Facility"). The purpose of the New Facility was to finance the general corporate needs of the Hui Xian REIT group.

First tranche of the facility drawn down by Hui Xian Investment in September 2011 under a revolving credit facility arrangement with Hui Xian Holdings Limited was renewed in March 2012 and was subsequently repaid in full in June 2012. In May 2012, to fill up the timing gap between dividend distributions, Hui Xian Investment drew down another tranche amounting to RMB 525 million under the revolving credit facility arrangement with Hui Xian Holdings Limited.

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 RMB 26,169 million as at 30 June 2012 (31 December 2011: RMB 25,972 million), Hui Xian REIT's debts to net asset value ratio stood at 5.7% (31 December 2011: 0.8%). Meanwhile, the debts to gross asset value ratio was 4.1% as at 30 June 2012 (31 December 2011: 0.6%).

Cash and Asset Positions

As at 30 June 2012, Hui Xian REIT's cash amounted to RMB 1,355 million (31 December 2011: RMB 883 million). The cash is mainly denominated in RMB. No currency hedge was employed. Hui Xian REIT is indirectly interested in a 130,000 sq m shopping mall, eight blocks of Grade A office, two blocks of serviced apartments towers and an 825-room 5-star hotel in a 787,059 sq m building complex at 1 Chang'an Avenue, Beijing, PRC which 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 RMB 27,310 million as at 30 June 2012 (31 December 2011: RMB 26,860 million), translating into an increase of 1.7% over the valuation as of 31 December 2011. Together with the hotel and serviced apartment premises, gross property value of BOP was RMB 33,321 million as at 30 June 2012, as compared to RMB 32,965 million as at 31 December 2011.

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 Sheraton Shenyang Lido Hotel. Standing majestically on the famous Qingnian Street, the 30-storey 79,000 sq m Sheraton Shenyang Lido Hotel 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 RMB 1,670 million as at 1 January 2012. Gross property value of hotel premises as at 30 June 2012 was RMB 1,626 million.

Net Assets Attributable to Unitholders

As at 30 June 2012, net assets attributable to Unitholders amounted to RMB 26,169 million (31 December 2011: RMB 25,972 million) or RMB 5.2083 per Unit, representing a 41.9% premium to the closing Unit price of RMB 3.67 as at 30 June 2012 (31 December 2011: RMB 5.1845 per Unit, representing a 45.6% premium to the closing Unit price of RMB 3.56 as at 31 December 2011).

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 New Facility of HK\$ 1,200 million.

Commitments

As at 30 June 2012, Hui Xian REIT did not have any significant commitments.

Employees

As at 30 June 2012, BOP, by itself and through its branch, employed a total of approximately 220 employees in the PRC, of which approximately 110 employees performed hotel operation functions and services, and approximately 110 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 30 June 2012, Shenyang Lido by itself and through its branch, employed a total of approximately 470 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 30 June 2012.

Real Estate Sale and Purchase

On 1 January 2012, the Trustee (as trustee of Hui Xian REIT) completed the acquisition of Shenyang Investment BVI at a consideration of RMB 980 million.

Corporate Governance

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

Throughout the Reporting Period, both the Manager and Hui Xian REIT have in material terms complied with the provisions of the Compliance Manual and adhered to all the applicable corporate governance practices.

Authorisation Structure

Hui Xian REIT is a collective investment scheme authorised by the SFC under Section 104 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “SFO”) and regulated by the provisions of the Code on Real Estate Investment Trusts (the “REIT Code”).

The Manager has been licensed by the SFC under Section 116 of the SFO to conduct the regulated activity of asset management. As at the date of this report, Mr. CHEUNG Ling Fung, Tom (the chief executive officer and executive director of the Manager), Mr. PANG Shuen Wai, Nichols (the chief financial officer and executive director of the Manager), Mr. LEE Chi Kin (the chief investment officer of the Manager) and Mr. HUI Tung Keung, Tommy (the chief operating officer of the Manager) were the responsible officers of the Manager pursuant to the requirements under sections 125 and 126 of the SFO and paragraph 5.4 of the REIT Code.

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

During the Reporting Period, the Manager and Hui Xian REIT had in material terms complied with the provisions of the REIT Code, the Trust Deed, the relevant provisions and requirements of the SFO and the Rules Governing the Listing of Securities on the Stock Exchange which are applicable to Hui Xian REIT.

Roles of the Trustee and Manager

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

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

Board of directors of the Manager

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

During the Reporting Period, the Board comprised nine directors (the “Directors”), namely Mr. CHU Stephen Henry and Mr. PANG Shuen Wai, Nichols as executive directors, Mr. KAM Hing Lam, Mr. IP Tak Chuen, Edmond, Mr. LIM Hwee Chiang and Mr. YIN Ke as non-executive directors and Mr. CHENG Hoi Chuen, Vincent, Professor LEE Chack Fan and Dr. CHOI Koon Shum, Jonathan as independent non-executive directors. The positions of chairman and chief executive officer were held by two separate persons in order to maintain an effective segregation of duties.

With effect from 1 July 2012, Mr. CHU Stephen Henry resigned as an executive director and the chief executive officer of the Manager and also ceased to be a member of disclosures committee, a member of designated (finance) committee and a responsible officer of the Manager. On the same date, Mr. CHEUNG Ling Fung, Tom was appointed as an executive director and the chief executive officer of the Manager and a member of the disclosures committee and a member of designated (finance) committee of the Manager. Mr. CHEUNG Ling Fung, Tom is also a responsible officer of the Manager.

The Manager has established an audit committee, a disclosures committee and a designated (finance) committee with clear terms of reference to assist the Board in discharging its duties:

- (a) the role of the audit committee is to, among other things, establish and maintain an adequate internal control structure of the Manager and to ensure the quality and integrity of financial statements of Hui Xian REIT and the existence and working of an effective system of internal control and risk management, in respect of both the Manager and Hui Xian REIT, and to nominate independent external auditors;
- (b) the role of the disclosures committee is to review matters relating to the disclosure of information to Unitholders and public announcements; and

- (c) the role of the designated (finance) committee is to review matters relating to hedging strategies, financing and re-financing arrangements and transactions involving derivative instruments for hedging purposes.

Conflicts of Interest

All conflicts of interest shall be managed by the Board in accordance with the articles of association of the Manager and applicable laws, rules and regulations. The Manager shall ensure that all conflicts of interest relating to Hui Xian REIT shall be managed and avoided. The following measures are taken in that regard:

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

Review of Interim Report

The interim report of Hui Xian REIT for the Reporting Period has been reviewed by the audit committee and the disclosures committee of the Manager in accordance with their terms of reference. Hui Xian REIT's condensed consolidated financial statements for the Reporting Period have not been audited but have been reviewed by Messrs. Deloitte Touche Tohmatsu, Certified Public Accountants, Hui Xian REIT's independent auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

Code Governing Dealings in Units by the Directors or the Manager

The Manager has adopted a code governing dealings in the securities of Hui Xian REIT by the Directors or the Manager (the "Units Dealing Code"). The Units Dealing Code is also applicable to the other senior executives, officers and other employees of the Manager.

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

Change of Directors' Information

As at the date of this report, the Manager received notification regarding the following changes of Directors' information:

1. Mr. LIM Hwee Chiang ceased to act as the Vice President of the Hong Kong-Singapore Business Association and the Senior Vice President of the Asia Pacific Real Estate Association. He resigned as an executive director of GRA (Singapore) Pte. Ltd, a wholly-owned subsidiary of Prudential (US) Real Estate Investors. He also ceased to act as the managing director of The Land Managers (S) Pte. Ltd, a Singapore-based property and consulting firm specialising in feasibility studies, marketing and leasing management in Singapore, Hong Kong and the PRC and the general manager of the Singapore Labour Foundation Management Services Pte. Ltd. and DBS Land Limited (now part of CapitaLand Limited).

Mr. LIM Hwee Chiang is a recipient of multiple prestigious awards. His recent accolades include the Outstanding CEO of the Year 2011 — Singapore Business Awards and top three ranking in the Best CEO for the Property & REITs Category in Asia in 2010, awarded by the Singapore Business Times and DHL, and Thomson Reuters Extel Asia IR Survey respectively.

2. Mr. CHENG Hoi Chuen, Vincent resigned as an independent non-executive director of Swire Properties Limited (Stock Code: 1972) with effect from 14 April 2012. He has been appointed as an independent non-executive director of China Minsheng Banking Corp. Ltd. (Stock Code: 01988) with effect from 15 June 2012. He was the Advisor to the Group Chief Executive of HSBC Holdings plc from June 2011 to May 2012.
3. Mr. CHOI Koon Shum, Jonathan was appointed as Co-Chairman of VinaCapital Vietnam Opportunity Fund Limited on 30 March 2012.

Unit Capital

The total number of issued Units as at 30 June 2012 was 5,024,495,409 units.

New Units Issued

Other than the issue of the following new Units, no new Units were issued during the Reporting Period:—

1. issue of 5,076,771 Units to the Manager as payment of part of the Manager's base fee for the period from 1 October 2011 to 31 December 2011;
2. issue of 6,945,741 Units to the Manager as payment of part of the Manager's base fee and variable fee for the period from 1 January 2012 to 31 March 2012; and
3. issue of 2,951,406 Units pursuant to the distribution reinvestment arrangement in respect of the final distribution for the six months ended 31 December 2011.

Purchase, Sale or Redemption of Units

During the Reporting Period, 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

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 30 June 2012.

Connected Party Transactions

Connected Party Transactions Waiver

Before the first listing of the Units on the Stock Exchange, at the time of authorisation of Hui Xian REIT under section 104 of the SFO in April 2011, a number of waivers were granted by the SFC in respect of certain connected party transactions entered into by Hui Xian REIT with its connected persons as defined paragraph in 8.1 of the REIT Code (the “Initial Waivers”). Details of the Initial Waivers, including the waiver conditions, were disclosed in the interim report of Hui Xian REIT for the period from 29 April 2011 to 30 June 2011.

The Manager has sought for, and the SFC has granted, a modified waiver for certain facility transaction between Hui Xian REIT and Hui Xian Holdings Limited. Details of such modified waiver, including the waiver conditions, were disclosed in the announcement issued by the Manager for Hui Xian REIT on 10 November 2011.

Further, in May 2012, the Manager has sought for modification and extension of the waiver for certain connected party transactions between Hui Xian REIT Group and the Cheung Kong Connected Persons Group or the Manager Group and the modification and revision of the annual caps for the years ending 31 December 2012 and 2013 and the setting of the new annual caps for the year ending 31 December 2014 (the “2012 Modified and Extended Waiver”). The 2012 Modified and Extended Waiver was approved by an ordinary resolution passed at an Extraordinary General Meeting of the Unitholders on 22 May 2012 and was granted by the SFC on the same date. Details of the 2012 Modified and Extended Waiver, including the waiver conditions, were disclosed in the announcement issued by the Manager for Hui Xian REIT on 22 May 2012.

Connected Party Transactions

Set out below is a summary of information in respect of connected party transactions during the Reporting Period involving Hui Xian REIT and its connected persons, which are governed by Chapter 8 of the REIT Code, based on the best knowledge of the Manager (other than those connected party transactions which are exempt from disclosure in this interim report pursuant to the waiver(s) granted by the SFC):

Connected Party Transactions – Income

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

Name of Connected Person	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the Reporting Period RMB
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	1,832,576.82
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	213,164.18
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	1,237,226.80

Name of Connected Person	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the Reporting Period <i>RMB</i>
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	1,535,217.38
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	537,292.00
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	660,107.00
北京網聯無限技術發展有限公司 Beijing Net-Infinity Technology Development Co., Ltd.*	Associated company of a significant holder ¹	Leasing and licensing transaction	13,815,611.79
Cheung Kong (Holdings) Limited (Beijing Office)	Associated company of a significant holder ¹	Leasing and licensing transaction	33,400.00

Connected Party Transactions

Name of Connected Person	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the Reporting Period RMB
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	645,968.93
TOM Group International Limited Beijing Representative Office	Associate of a director of a significant holder ²	Leasing and licensing transaction	200,150.22
李嘉誠基金會(香港)北京辦事處 Li Ka Shing Foundation (Hong Kong) Beijing Office*	Associate of a director of a significant holder ³	Leasing and licensing transaction	293,483.31
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	119,686.00
北京穩得高投資顧問有限公司 Beijing Wondergrow Investment and Consulting Co., Ltd.*	Associate of an officer of the Manager ⁴	Leasing and licensing transaction	20,280.00

Name of Connected Person	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the Reporting Period RMB
Bank of China Limited	Associated company of a significant holder ¹	Leasing and licensing transaction	9,704,133.85
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*	Associate of a director of a significant holder ⁵	Leasing and licensing transaction	277,060.08
東方海外物流(中國)有限公司北京分公司 OOCL Logistics (China) Ltd. Beijing Branch*	Associate of a director of a significant holder ⁵	Leasing and licensing transaction	215,036.00
Total			31,340,394.36

Notes:

- 1 Significant holders being Hui Xian (Cayman Islands) Limited ("HX Cayman") and Hui Xian Holdings Limited ("HX Holdings").
- 2 The connected person concerned is an associate of Mr. IP Tak Chuen, Edmond, being a director of each of HX Cayman and HX Holdings.
- 3 The connected person concerned is an associate of Mr. LI Tzar Kuoi, Victor, being a director of each of HX Cayman and HX Holdings.
- 4 Mr. WONG K, James, the deputy chief operating officer of the Manager during the Reporting Period who resigned with effect from 9 July 2012, is a director of the connected person concerned.
- 5 The connected person concerned is a subsidiary of a controlling entity of HX Cayman and HX Holdings.

The terms "associate", "associated company", "controlling entity" and "significant holder" shall 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

Connected Party Transactions – Expenses

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

Name of Connected Person	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Expenses for the Reporting Period <i>RMB</i>
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	2,397,465.24
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	3,814,097.23
麗都飯店有限公司 Lido Hotel Co., Ltd.*	Associated company of a significant holder ¹	Club Facilities Usage Fee	12,320.00
北京網聯無限技術發展有限公司 Beijing Net-Infinity Technology Development Co., Ltd.*	Associated company of a significant holder ¹	Internet Services Fee	2,102,167.70

Name of Connected Person	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Expenses for the Reporting Period RMB
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	25,125.60
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	228,404.56
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	799,415.96
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	15,316,559.06
Total			24,695,555.35

Note:

1 Significant holders being HX Cayman and HX Holdings.

* The English name is shown for identification purpose only.

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

Pursuant to note 2 to 8.10 of the REIT Code, services provided by the Manager, the Trustee and the principal valuer to Hui Xian REIT as contemplated under the constitutive documents shall not be deemed connected party transactions. Therefore, such services are not disclosed in the above sections. During the Reporting Period, the aggregate amount of fees payable by Hui Xian REIT to the Trustee and to the Manager under the Trust Deed were RMB 1,703,829.87 and RMB 78,149,083.98 respectively. Particulars of services provided by the Trustee and the Manager are set out in notes 1(b) and 1(c) respectively of the Condensed Consolidated Financial Statements of Hui Xian REIT for the Reporting Period.

Disclosure of Interests

Holdings of Significant Holders and Other Unitholders

As at 30 June 2012, each of the following persons was considered as a “significant holder” of Units, and hence a “connected person” of Hui Xian REIT, within the meaning and for the purpose of the REIT Code:

Name	As at 30 June 2012		As at 31 December 2011	
	Direct Interest	Deemed Interest	Direct Interest	Deemed Interest
Hui Xian (Cayman Islands) Limited ⁽¹⁾	2,190,000,000	60,000,000	2,700,000,000	300,000,000
Hui Xian Holdings Limited ⁽²⁾	60,000,000	2,190,000,000	300,000,000	2,700,000,000

Notes:

- (1) Based on information as recorded in the register required to be kept by the Manager under the Trust Deed (“the Register”) as at 30 June 2012, Hui Xian (Cayman Islands) Limited (“HX Cayman”) was the holder of 2,190,000,000 Units and was a connected person of Hui Xian REIT as it was a significant holder (within the meaning of the REIT Code) of Hui Xian REIT as at that date. Based on information available to the Manager, HX Cayman is a direct wholly-owned subsidiary of Hui Xian Holdings Limited (“HX Holdings”) and is deemed, for the purpose of determining whether it is a significant holder of Hui Xian REIT under the REIT Code, to hold also the 60,000,000 Units held by HX Holdings as at 30 June 2012.
- (2) Based on information as recorded in the Register as at 30 June 2012, HX Holdings was a connected person of Hui Xian REIT as it was a significant holder (within the meaning of the REIT Code) of Hui Xian REIT as at that date, by virtue of the aggregation of the deemed holding of its wholly-owned subsidiary, HX Cayman, of 2,190,000,000 Units and its direct interest in 60,000,000 Units as at that date.

Based on information available to the Manager, as at 30 June 2012, Noblecrown Investment Limited (“Noblecrown”), an indirect wholly-owned subsidiary of CKH, was entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of HX Holdings, and was thus taken to be interested in the total of 2,250,000,000 Units held by HX Cayman and/or HX Holdings by virtue of the deemed application of Part XV of the SFO. Based on information as recorded in the Register as at 30 June 2012, Noblecrown was also directly interested in 250,331,250 Units as at that date. By virtue of the deemed application of Part XV of the SFO, Noblecrown was taken to have an interest in a total of 2,500,331,250 Units as at that date.

By virtue of the deemed application of Part XV of the SFO, each of 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 same 2,500,331,250 Units as at 30 June 2012.

Disclosure of Interests

Further, based on information available to the Manager, as at 30 June 2012, Wisdom Ally Limited, an indirect wholly-owned subsidiary of CKH, was directly interested in 26,901,275 Units and an indirect wholly-owned subsidiary of Hutchison Whampoa Limited was interested in 134,793,750 Units (please also see information below relating to unitholding interests of Hutchison Whampoa Limited and its subsidiaries). As at 30 June 2012, Cheung Kong Investment Company Limited, of which Wisdom Ally Limited was an indirect wholly-owned subsidiary, was also taken to have an interest in the 26,901,275 Units held by Wisdom Ally Limited, and was thus taken to be interested in a total of 2,527,232,525 Units as at that date by virtue of the deemed application of Part XV of the SFO.

Based on information available to the Manager, as at 30 June 2012, CKH, in view of its interest in the above intermediate holding companies through which Noblecrown was held, in Wisdom Ally Limited and in Hutchison Whampoa Limited, was taken to have an interest in a total of 2,662,026,275 Units by virtue of the deemed application of Part XV of the SFO. On a similar basis, also by virtue of the deemed application of Part XV of the SFO, 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 2,662,026,275 Units in which CKH was interested as at 30 June 2012.

Based on the information available to the Manager as at 30 June 2012, details of the unitholding interests of the following connected persons (as defined under the REIT Code) were as follows:

Name	As at 30 June 2012 Number of Units Held
Hutchison Whampoa Limited or its subsidiaries	134,793,750
Bank of China Limited or its subsidiaries	592,500,000
Orient Overseas (International) Limited or its subsidiaries	59,250,000
China Life Insurance (Group) Company or its subsidiaries	267,917,000

Based on the record shown on the register of unitholders as kept by the Unit Registrar of Hui Xian REIT, HKSCC Nominees Limited was the registered holder of 2,281,508,000 Units as at 31 December 2011 and 2,292,192,179 Units as at 30 June 2012, respectively. Based on the information available to the Manager, HKSCC Nominees Limited held such Units as nominee and the Manager has not received any notice from HKSCC Nominees Limited in respect of such unitholdings as at those dates pursuant to the deemed application of Part XV of the SFO.

Interests of the Manager

As at 30 June 2012, the Manager held 21,799,188 Units.

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

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

Name	As at 30 June 2012 Number of Units held	As at 31 December 2011 Number of Units held
KAM Hing Lam	293,752 ⁽¹⁾	140,000 ⁽¹⁾
CHU Stephen Henry	138,000 ⁽²⁾	100,000 ⁽²⁾
IP Tak Chuen, Edmond	400,000 ⁽³⁾	400,000 ⁽³⁾
MAN Ka Keung, Simon	45,000 ⁽⁴⁾	9,000 ⁽⁴⁾
TONG BARNES Wai Che, Wendy	80,000 ⁽⁵⁾	80,000 ⁽⁵⁾
CHEUNG Ling Fung, Tom	50,000 ⁽⁶⁾	50,000 ⁽⁶⁾
WONG K, James	10,000 ⁽⁷⁾	10,000 ⁽⁷⁾
HUI Tung Keung, Tommy	27,000 ⁽⁸⁾	27,000 ⁽⁸⁾

Notes:

- These Units were held by Mr. KAM Hing Lam as a bare trustee and this is a voluntary disclosure made by Mr. KAM Hing Lam.
- These Units were owned by Mr. CHU Stephen Henry as beneficial owner. Mr. CHU Stephen Henry resigned as an executive director and the chief executive officer of the Manager with effect from 1 July 2012.
- These Units were owned by Mr. IP Tak Chuen, Edmond as beneficial owner.
- These Units were owned by Mr. MAN Ka Keung, Simon as beneficial owner.
- These Units were owned by Mrs. TONG BARNES Wai Che, Wendy as beneficial owner. Mrs. TONG BARNES Wai Che, Wendy was appointed as deputy chief executive officer of the Manager with effect from 1 July 2012.
- These Units were owned by Mr. CHEUNG Ling Fung, Tom as beneficial owner. Mr. CHEUNG Ling Fung, Tom was appointed as an executive director and the chief executive officer of the Manager with effect from 1 July 2012.
- These Units were owned by Mr. WONG K, James as beneficial owner. Mr. WONG K, James resigned as the deputy chief operating officer of the Manager with effect from 9 July 2012.
- These Units were owned by Mr. HUI Tung Keung, Tommy as beneficial owner. Mr. HUI Tung Keung, Tommy was appointed as chief operating officer of the Manager with effect from 1 July 2012.

Save as disclosed above, the Manager is not aware of any connected persons (within the meaning in the REIT Code) of Hui Xian REIT holding any beneficial interest in the Units as at 30 June 2012.

Report on Review of Condensed Consolidated Financial Statements



TO THE BOARD OF DIRECTORS OF HUI XIAN ASSET MANAGEMENT LIMITED

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Hui Xian Real Estate Investment Trust ("Hui Xian REIT") set out on pages 38 to 83, which comprises the condensed consolidated statement of financial position as of 30 June 2012 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in net assets attributable to unitholders and non-controlling interest, condensed consolidated statement of cash flows and distribution statement for the six months then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. Hui Xian Asset Management Limited as manager of Hui Xian REIT is responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent

Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

20 July 2012

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2012

	<i>Notes</i>	1.1.2012 to 30.6.2012 RMB million (unaudited)	29.4.2011 to 30.6.2011 RMB million (audited)
Revenue	5	1,309	404
Rental related income	6	28	9
Other income	7	7	2
Increase in fair value of investment properties		450	—
Hotel inventories consumed		(37)	(10)
Staff costs		(44)	(15)
Depreciation and amortisation		(152)	(35)
Other operating expenses	8	(409)	(109)
Finance costs	9	(23)	(2)
Exchange loss		(4)	—
Manager's fees	10	(78)	(23)
Real estate investment trust expenses	11	(6)	(2)
Profit before taxation and transactions with unitholders		1,041	219
Income tax expense	12	(312)	(70)
Profit for the period, before transactions with unitholders		729	149
Distribution to unitholders		(592)	(202)
Profit (loss) for the period after transactions with unitholders and total comprehensive income (expense) for the period		137	(53)

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2012

	<i>Notes</i>	1.1.2012 to 30.6.2012 RMB million (unaudited)	29.4.2011 to 30.6.2011 RMB million (audited)
Attributable to:			
Non-controlling interest		(1)	—
Unitholders		138	(53)
		137	(53)
Basic earnings per unit (<i>RMB</i>)	13	0.1455	0.0298

Distribution Statement

For the six months ended 30 June 2012

	1.1.2012 to 30.6.2012 RMB million (unaudited)	29.4.2011 to 30.6.2011 RMB million (audited)
Profit for the period attributable to unitholders, before transactions with unitholders	730	149
Adjustments:		
Manager's fees	55	14
Depreciation and amortisation	138	35
Increase in fair value of investment properties	(450)	—
Deferred tax	119	4
Income available for distribution (<i>Note (i)</i>)	592	202
Distribution payable to unitholders	592	202
Distribution per unit (<i>RMB</i>) (<i>Note (ii)</i>)	0.1178	0.0403

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

Distribution Statement

For the six months ended 30 June 2012

Notes:

- (i) Adjustments for the current period include:
 - (a) Manager's fees paid and payable in units of RMB55 million (6,945,741 units issued and 7,533,671 units estimated to be issued) (For the period from 29 April 2011 (date of listing) to 30 June 2011: RMB14 million (3,503,454 units)) out of the total Manager's fees of RMB78 million (For the period from 29 April 2011 (date of listing) to 30 June 2011: RMB23 million) (the difference of RMB23 million (For the period from 29 April 2011 (date of listing) to 30 June 2011: RMB9 million) are paid in cash).
 - (b) Deferred tax charge of RMB7 million (For the period from 29 April 2011 (date of listing) to 30 June 2011: RMB4 million) in relation to accelerated tax depreciation and RMB112 million (For the period from 29 April 2011 (date of listing) to 30 June 2011: nil) in relation to revaluation of investment properties.
 - (c) Depreciation and amortisation of the Group's properties attributable to unitholders of RMB138 million (For the period from 29 April 2011 (date of listing) to 30 June 2011: RMB35 million).

In accordance with the Trust Deed, Hui Xian REIT is required to distribute to unitholders not less than 90% of its distributable income for each financial period and it is the Manager's stated policy to distribute 100% of Hui Xian REIT's annual distributable income for the period from the listing date to 31 December 2011 and the financial year ending 31 December 2012 and thereafter at least 90% of Hui Xian REIT's annual distributable income for each financial year. Pursuant to the Trust Deed, interim/annual distributable income is defined as the amount calculated by the Manager as representing the consolidated profit for the period attributable to unitholders for the relevant financial period/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 period/year.

- (ii) The distribution per unit of RMB0.1178 for the six months ended 30 June 2012 is calculated based on Hui Xian REIT's income available for distribution of RMB591,636,874 over 5,024,495,409 units, representing issued units as at 30 June 2012. This distribution is expected to be payable to unitholders on 25 September 2012. The distribution per unit of RMB0.0403 for the period from 29 April 2011 (date of listing) to 30 June 2011 is calculated based on Hui Xian REIT's income available for distribution of RMB201,578,077 over 5,000,000,000 units, representing issued units as at 30 June 2011. The distribution of RMB201,500,000 for the period from the listing date to 30 June 2011 was paid on 15 September 2011.

Condensed Consolidated Statement of Financial Position

As at 30 June 2012

	<i>Notes</i>	30.6.2012 <i>RMB million</i> (unaudited)	31.12.2011 <i>RMB million</i> (audited)
Non-current assets			
Investment properties	14	27,310	26,860
Property, plant and equipment	15	2,706	1,961
Land and related costs	16	4,872	4,110
Total non-current assets		34,888	32,931
Current assets			
Hotel inventories	17	23	20
Land and related costs	16	138	114
Trade and other receivables	18	63	47
Bank balances and cash		1,355	883
Total current assets		1,579	1,064
Total assets		36,467	33,995
Current liabilities			
Trade and other payables	19	380	330
Tenants' deposits		158	221
Tax payable		32	57
Manager's fee payable		45	34
Distribution payable		592	533
Loan from a unitholder	20	525	202
Total current liabilities		1,732	1,377
Total assets less current liabilities		34,735	32,618

Condensed Consolidated Statement of Financial Position

As at 30 June 2012

	<i>Notes</i>	30.6.2012 <i>RMB million</i> (unaudited)	31.12.2011 <i>RMB million</i> (audited)
Non-current liabilities, excluding net assets attributable to unitholders			
Bank loan	21	961	—
Tenants' deposits		377	269
Deferred tax liabilities		6,810	6,377
<hr/>			
Total non-current liabilities, excluding net assets attributable to unitholders		8,148	6,646
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Total liabilities, excluding net assets attributable to unitholders		9,880	8,023
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Non-controlling interest		418	—
<hr/>			
Net assets attributable to unitholders		26,169	25,972
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Unit in issue ('000)	23	5,024,495	5,009,521
<hr/>			
Net asset value per unit (<i>RMB</i>) attributable to unitholders	24	5.2083	5.1845

The condensed consolidated financial statements on pages 38 to 83 were approved and authorised for issue by the Board of Directors of the Manager on 20 July 2012 and were signed on its behalf by:

CHEUNG Ling Fung, Tom
DIRECTOR

PANG Shuen Wai, Nichols
DIRECTOR

Condensed Consolidated Statement of Changes in Net Assets Attributable to Unitholders and Non-Controlling Interest

For the six months ended 30 June 2012

	Net assets attributable to unitholders			Non- controlling interest
	Issued	Retained	Total	
	units	profits		
<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	
Net assets as at 1 January 2012 (audited)	25,888	84	25,972	–
Acquisition of a business (Note 22(a))	–	–	–	419
Units issued for settlement of Manager's fees (Note 23)	47	–	47	–
Units issued pursuant to the distribution reinvestment arrangement in respect of 2011 final distribution (Note 23)	12	–	12	–
	25,947	84	26,031	419
Profit for the period, before transactions with unitholders	–	730	730	(1)
Distribution payable	–	(592)	(592)	–
Total comprehensive income (expense) for the period	–	138	138	(1)
Net assets as at 30 June 2012 (unaudited)	25,947	222	26,169	418

Condensed Consolidated Statement of Changes in Net Assets Attributable to Unitholders and Non-Controlling Interest
For the six months ended 30 June 2012

	Net assets attributable to unitholders		
	Issued units	Retained	Total
		profits	
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Units issued for business combination <i>(Notes 22(b) and 23)</i>	14,148	—	14,148
Units issued from initial offering <i>(Note 23)</i>	12,052	—	12,052
Units issue costs	(345)	—	(345)
	25,855	—	25,855
Profit for the period, before transactions with unitholders	—	149	149
Distribution payable	(53)	(149)	(202)
Total comprehensive expense for the period	(53)	—	(53)
Net assets as at 30 June 2011 (audited)	25,802	—	25,802

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2012

	<i>Note</i>	1.1.2012 to 30.6.2012 RMB million (unaudited)	29.4.2011 to 30.6.2011 RMB million (audited)
Net cash from operating activities		597	226
Net cash (used in) from investing activities			
Acquisition of a business	22	(866)	259
Other investing cash flows		3	2
		(863)	261
Net cash from financing activities			
Proceeds from issue of new units		—	12,052
Distribution payments to unitholders		(521)	—
Issue costs paid		—	(294)
New bank loan raised		973	—
Loan from a unitholder		528	—
Repayment of loan from/amount due to a unitholder		(205)	(11,707)
Other financing cash flows		(37)	(3)
		738	48
Net increase in cash and cash equivalents		472	535
Cash and cash equivalents at beginning of the period		883	—
Cash and cash equivalents at end of the period, represented by bank balances and cash		1,355	535

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

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 listing date. Hui Xian REIT commenced operation on 29 April 2011 (date of listing) and its units were listed on the HKSE since that date. Hui Xian REIT is governed by the deed of trust dated 1 April 2011 (the “Trust Deed”) made between Hui Xian Asset Management Limited (the “Manager”) and DB Trustees (Hong Kong) Limited (the “Trustee”), and the Code on Real Estate Investment Trusts (the “REIT Code”) issued by the Securities and Futures Commission.

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

The condensed consolidated financial statements are presented in Renminbi, which is also the functional currency of Hui Xian REIT.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

1. GENERAL (continued)

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

(a) Property Manager's fee

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

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

(b) Trustee's 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. 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 13 January 2012, the Manager has elected to receive 80% base fee in units and 20% in cash in respect of the financial year ending 31 December 2012.

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

1. GENERAL (continued)

(c) Manager's fees (continued)

Variable Fee (continued)

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 13 January 2012, the Manager has elected to receive 80% variable fee in units and 20% in cash in respect of the financial year ending 31 December 2012.

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 (prorated 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.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the HKSE and with Hong Kong Accounting Standard 34 (HKAS 34) "Interim Financial Reporting" and the relevant disclosure requirements set out in Appendix C of the code on Real Estate Investment Trust issued by the Securities and Futures Commission.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011, except as described below.

In the current period, the Group has applied, for the first time, the following amendments to the standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRS 7	Disclosures — Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax — Recovery of Underlying Assets

Except for the amendments to HKAS 12 as described below, the application of the amendments to HKFRS 7 in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Amendments to HKAS 12 "Income Taxes"

The Group has applied the amendments to HKAS 12 titled "Deferred Tax: Recovery of Underlying Assets" effective for annual periods beginning on or after 1 January 2012. Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property" are presumed to be recovered through sale for the purposes of measuring deferred tax, unless the presumption is rebutted in certain circumstances.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Amendments to HKAS 12 “Income Taxes” (continued)

As at 30 June 2012, the Group had investment properties amounting to RMB27,310 million (31 December 2011: RMB26,860 million). The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS12, the Manager reviewed the Group’s investment properties portfolio which are all located in the 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 over time rather through sale. As the investment properties are depreciable assets and the business model’s objective is to consume substantially all of the economic benefits embodied in the investment properties over time, the presumption set out in the amendments to HKAS 12 is rebutted. Deferred taxation in relation to the investment properties was and is continued to be measured based on the tax consequences of recovering through use. Hence, the application of the amendments to HKAS 12 has no effect on the Group’s financial performance and financial position in the current and prior periods.

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective. The following amendments to HKFRSs have been issued after the date the consolidated financial statements for the year ended 31 December 2011 were authorised for issuance and are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009—2011 Cycle ¹
Amendments to HKFRS 1	Government Loans ¹
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance ¹

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Manager anticipates that the application of the above amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

4. SEGMENT REPORTING

Hui Xian REIT determines its operating segments based on internal reports that are regularly reviewed by the chief operating decision maker (i.e. the Manager) for the purpose of allocating resources to segments and assessing their performance. During the current period, the Group acquired Shenyang Investment (BVI) Limited (as defined in note 22(a)) and the Manager has identified the operation of Sheraton Shenyang Lido Hotel as a new operating segment. Accordingly, five operating segments have been identified:

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

4. SEGMENT REPORTING (continued)

(a) Segment revenue and results

Six months ended 30 June 2012 (unaudited)

	The Malls	The Tower Offices	The Tower Apartments	The Beijing Hotel	The Shenyang Hotel	Consolidated
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Segment revenue	460	381	63	309	96	1,309
Segment profit	370	284	31	123	43	851
Increase in fair value of investment properties						450
Finance costs						(23)
Depreciation and amortisation						(140)
Unallocated income						7
Unallocated expense						(104)
Profit before taxation and transactions with unitholders						1,041

4. SEGMENT REPORTING (continued)**(a) Segment revenue and results** (continued)**From 29 April 2011 (date of listing) to 30 June 2011 (audited)**

	The Malls	The Tower Offices	The Tower Apartments	The Beijing Hotel	The Shenyang Hotel	Consolidated
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Segment revenue	150	121	20	113	–	404
Segment profit	126	94	11	48	–	279
Finance costs						(2)
Depreciation and amortisation						(31)
Unallocated income						2
Unallocated expense						(29)
Profit before taxation and transactions with unitholders						219

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

4. SEGMENT REPORTING (continued)

(b) Segment assets

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

	30.6.2012 <i>RMB million</i> (unaudited)	31.12.2011 <i>RMB million</i> (audited)
The Malls	14,708	14,642
The Tower Offices	12,645	12,263
The Tower Apartments	2,240	2,272
The Beijing Hotel	3,931	3,984
The Shenyang Hotel	1,650	—
Total segment assets	35,174	33,161
Bank balances and cash	1,266	798
Other assets	27	36
Consolidated assets	36,467	33,995

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

4. SEGMENT REPORTING (continued)**(c) Geographical information**

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

(d) Other segment information**Six months ended 30 June 2012 (unaudited)**

	The Malls	The Tower Offices	The Tower Apartments	The Beijing Hotel	The Shenyang Hotel	Segment Total
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Depreciation of property, plant and equipment	3	2	1	5	1	12

From 29 April 2011 (date of listing) to 30 June 2011 (audited)

	The Malls	The Tower Offices	The Tower Apartments	The Beijing Hotel	The Shenyang Hotel	Segment Total
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Depreciation of property, plant and equipment	1	1	—	2	—	4

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

5. REVENUE

	1.1.2012 to 30.6.2012 RMB million (unaudited)	29.4.2011 to 30.6.2011 RMB million (audited)
Gross rental from investment properties	841	271
Income from hotel operation	405	113
Income from serviced apartments operation	63	20
Total	1,309	404

The gross rental from investment properties includes contingent rents of RMB17 million for the six months ended 30 June 2012 (For the period from 29 April 2011 (date of listing) to 30 June 2011: RMB3 million).

The direct operating expense from investment properties (includes depreciation of property, plant and equipment, other operating expenses and staff costs) amounting to RMB187 million for the six months ended 30 June 2012 (For the period from 29 April 2011 (date of listing) to 30 June 2011: RMB51 million).

6. RENTAL RELATED INCOME

	1.1.2012 to 30.6.2012 RMB million (unaudited)	29.4.2011 to 30.6.2011 RMB million (audited)
Service income	21	7
Forfeited tenant deposits	3	1
Others	4	1
Total	28	9

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

7. OTHER INCOME

Amount mainly represents bank interest income.

8. OTHER OPERATING EXPENSES

	1.1.2012 to 30.6.2012 RMB million (unaudited)	29.4.2011 to 30.6.2011 RMB million (audited)
Advertising and promotion	8	1
Audit fee	—	—
Business tax	75	23
Insurance	3	1
Lease agency fee	16	4
Property manager's fee	15	3
Property management fees	22	7
Repairs and maintenance	42	9
Other miscellaneous expenses	110	25
Stamp duty	2	1
Urban land use tax	1	1
Urban real estate tax	56	19
Utilities	59	15
	409	109

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

9. FINANCE COSTS

	1.1.2012 to 30.6.2012 RMB million (unaudited)	29.4.2011 to 30.6.2011 RMB million (audited)
Interest expense on unsecured bank loan wholly repayable within five years	15	—
Interest expense on secured bank loans wholly repayable within five years	—	2
Interest expense on loan from a unitholder	8	—
	23	2

10. MANAGER'S FEES

	1.1.2012 to 30.6.2012 RMB million (unaudited)	29.4.2011 to 30.6.2011 RMB million (audited)
Base Fee (Note 1(c))	51	17
Variable Fee (Note 1(c))	17	6
Acquisition Fee (Note 1(c))	10	—
	78	23

11. REAL ESTATE INVESTMENT TRUST EXPENSES

	1.1.2012 to 30.6.2012 RMB million (unaudited)	29.4.2011 to 30.6.2011 RMB million (audited)
Trustee's fee	2	1
Legal and professional fees	2	—
Public relations — related expenses	1	—
Trust administrative expenses	1	1
	6	2

12. INCOME TAX EXPENSE

	1.1.2012 to 30.6.2012 RMB million (unaudited)	29.4.2011 to 30.6.2011 RMB million (audited)
The income tax expense comprises:		
Current tax — PRC enterprise income tax	170	58
Deferred taxation	142	12
	312	70

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

12. INCOME TAX EXPENSE (continued)

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. As at 30 June 2012 and 31 December 2011, deferred taxation was provided for in full in respect of the temporary differences attributable to such profits.

13. EARNINGS PER UNIT

The earnings per unit is calculated by dividing the profit for the period attributable to unitholders before transactions with unitholders of RMB730 million (for the period from 29 April 2011 (date of listing) to 30 June 2011: RMB149 million) by 5,017,354,364 units (for the period 29 April 2011 (date of listing) to 30 June 2011: 5,001,451,637 units) being the weighted average number of units in issue during the period of 5,015,450,249 units (for the period 29 April 2011 (date of listing) to 30 June 2011: 5,000,000,000 units) plus the weighted average number of units issuable for settlement of Manager's fees for the period from 1 April 2012 to 30 June 2012 of 1,904,115 units (for the period 29 April 2011 (date of listing) to 30 June 2011: 1,451,637 units).

14. INVESTMENT PROPERTIES

	1.1.2012 to 30.6.2012 RMB million (unaudited)	29.4.2011 to 31.12.2011 RMB million (audited)
FAIR VALUE		
At the beginning of the period	26,860	—
Addition arising from business combination (Note 22(b))	—	26,500
Change in fair value of investment properties	450	360
At the end of the period	27,310	26,860

- (a) The Group's investment properties held under operating leases are located in Beijing, the PRC under medium-term leases and are measured using the fair value model.
- (b) Investment properties were revalued on 30 June 2012 and 31 December 2011 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 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 property. The capitalised value of the term income is derived by capitalising the rental income derived from existing tenancies for their respective unexpired terms of contractual tenancies, while the capitalised value of reversionary income is derived by capitalising the current market rents for the remaining term of the land use rights of the property. Capitalisation rates are estimated with reference to the yield generally accepted by the market for comparable properties.

15. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2012, the Group acquired hotel of RMB808 million, plant and machinery of RMB6 million and other fixed assets of RMB12 million through acquisition of a business disclosed in Note 22(a).

During the period from 29 April 2011 (date of listing) to 30 June 2011, the Group acquired hotel of RMB1,207 million, service apartment of RMB578 million, plant and machinery of RMB145 million and other fixed assets of RMB89 million through business combination disclosed in Note 22(b).

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:

	30.6.2012 <i>RMB million</i> (unaudited)	31.12.2011 <i>RMB million</i> (audited)
Non-current asset	4,872	4,110
Current asset	138	114
	5,010	4,224

17. HOTEL INVENTORIES

	30.6.2012 <i>RMB million</i> (unaudited)	31.12.2011 <i>RMB million</i> (audited)
Food and beverage	6	4
Other consumables	17	16
	23	20

18. TRADE AND OTHER RECEIVABLES

	30.6.2012 <i>RMB million</i> (unaudited)	31.12.2011 <i>RMB million</i> (audited)
Trade receivables	47	26
Deposits and prepayments	4	15
Advance to suppliers	6	4
Other receivables	6	2
	63	47

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

18. TRADE AND OTHER RECEIVABLES (continued)

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

	30.6.2012 <i>RMB million</i> (unaudited)	31.12.2011 <i>RMB million</i> (audited)
Less than or equal to 1 month	40	24
1-3 months	5	2
Over 3 months	2	—
	47	26

19. TRADE AND OTHER PAYABLES

	30.6.2012 <i>RMB million</i> (unaudited)	31.12.2011 <i>RMB million</i> (audited)
Trade payables	57	54
Rental received in advance	153	147
Others	170	129
Total	380	330

19. TRADE AND OTHER PAYABLES (continued)

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

	30.6.2012 <i>RMB million</i> (unaudited)	31.12.2011 <i>RMB million</i> (audited)
Less than or equal to 3 months	55	53
Over 3 months	2	1
	57	54

20. LOAN FROM A UNITHOLDER

The amount represents a loan drawn under a revolving credit facility granted from a unitholder, Hui Xian Holdings Limited ("Hui Xian Holdings"), which is unsecured, bears interest at 5.5% (31 December 2011: 2.1%) per annum and repayable on 2 November 2012 (31 December 2011: 12 March 2012).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

21. BANK LOAN

	30.06.2012 <i>RMB million</i> (unaudited)	31.12.2011 <i>RMB million</i> (audited)
Unsecured term loan	978	—
Loan front-end fee	(17)	—
	961	—
The maturity of the above bank loan is as follows:		
More than two years but not exceeding five years	961	—
Amount due after one year	961	—

In relation to the syndication credit facility of HK\$1,200 million (equivalent to RMB978 million) granted to the Group on 29 December 2011 to finance the general corporate funding needs of the Group, the total amount of bank loan utilised by the Group as at 30 June 2012 was HK\$1,200 million (equivalent to RMB978 million) (31 December 2011: nil). It bears interest at floating interest rate of HIBOR plus 2% and is repayable in full in January 2015. Bank loan under the syndication credit facility is guaranteed by the Trustee (in its capacity as Trustee of Hui Xian REIT) and certain subsidiaries of the Group.

22. ACQUISITION OF A BUSINESS

- (a) 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. Limited ("Shenyang Lido"), a sino-foreign cooperate joint venture enterprise established in the PRC which operates the Sheraton Shenyang Lido Hotel in Shenyang, the PRC. 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 loan 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 subsidiary controlled by the Group.

22. ACQUISITION OF A BUSINESS (continued)

(a) (continued)

Consideration transferred

	<i>RMB million</i>
Cash	980

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

	<i>RMB million</i>
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	(419)
	980

22. ACQUISITION OF A BUSINESS (continued)

(a) (continued)

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

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 investment approach by capitalising income generated from operating the property and discounted cash flow approach by the projection of a series of periodic cash flows to the property, or where appropriate, by reference to market evidence of transaction prices for similar properties in the similar locations and conditions.

Included in the profit for the period is a loss of RMB3 million attributable to the additional business generated by Shenyang Investment BVI and its subsidiaries. Revenue for the period includes RMB96 million generated from Shenyang Lido.

22. ACQUISITION OF A BUSINESS (continued)

- (b) On 29 April 2011, Hui Xian REIT effectively obtained control of Hui Xian (B.V.I.) Limited (“Hui Xian BVI”) together with its subsidiaries and acquired the interests in the amount owing by Hui Xian BVI to Hui Xian (Cayman Islands) Limited (“Hui Xian Cayman”), amounting to RMB11,707 million for consideration of RMB14,148 million satisfied by issuance of 2,700,000,000 units. This acquisition has been accounted for using the acquisition method. Hui Xian BVI is an investment holding company and indirectly owns Beijing Oriental Plaza Co., Ltd which engages in property investment and hotel and serviced suites operations in Beijing, China.

Consideration transferred

	<i>RMB million</i>
Units issued	14,148

The fair value of 2,700,000,000 units of Hui Xian REIT, determined using the offer price of RMB5.24 per unit amounted to RMB14,148 million in total.

22. ACQUISITION OF A BUSINESS (continued)**(b)** (continued)

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

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

	<i>RMB million</i>
Net cash inflow arising on acquisition:	
Bank balances and cash acquired	259

22. ACQUISITION OF A BUSINESS (continued)

(b) (continued)

Fair values of investment properties, property, plant and equipment and land and related costs at 29 April 2011 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 were arrived at using investment approach by capitalising: (i) net income derived from the existing tenancies with due allowance for the reversionary income potential of the properties and (ii) income generated from operating hotel after deducting the operating and non-operating expenses, or where appropriate, by reference to market evidence of transaction prices for similar properties in the similar locations and conditions.

23. UNITS IN ISSUE

On 8 April 2011, the Trustee (as trustee of Hui Xian REIT), the Manager, Hui Xian Cayman and Hui Xian Holdings entered into a reorganisation agreement, pursuant to which Hui Xian Cayman has agreed to transfer and assign to the Trustee (as trustee of Hui Xian REIT) the share of Hui Xian (B.V.I.) Limited (“Hui Xian BVI Share”) and interests in the amount owing by Hui Xian (B.V.I.) Limited (“Hui Xian BVI”) to Hui Xian Cayman immediately prior to Completion (as defined below), amounting to RMB11,707 million (the “Indebtedness”).

23. UNITS IN ISSUE (continued)

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

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

Upon listing on 29 April 2011, Hui Xian REIT issued 2,300,000,000 units at RMB5.24 per unit, amounting to RMB12,052 million.

As at 30 June 2012, Hui Xian REIT had 5,024,495,409 (31 December 2011: 5,009,521,491) issued units.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

23. UNITS IN ISSUE (continued)

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

	<i>Number of units</i>	<i>RMB million</i>
Units issued for business combination (Note 22(b))	2,700,000,000	14,148
Units issued for initial offering	2,300,000,000	12,052
Units issue costs	—	(345)
Payment of Manager's fees through issuance of new units during the period	9,521,491	33
Balance at 31 December 2011	5,009,521,491	25,888
Payment of Manager's fees through issuance of new units during the period	12,022,512	47
Units issued pursuant to the distribution reinvestment arrangement in respect of 2011 final distribution	2,951,406	12
Balance at 30 June 2012	5,024,495,409	25,947

On 29 March 2012, 5,076,771 units at RMB3.90 per unit were issued to the Manager as settlement of Manager's fees for the period from 1 October 2011 to 31 December 2011.

On 30 April 2012, 6,945,741 units at RMB3.87 per unit were issued to the Manager as settlement of Manager's fees for the period from 1 January 2012 to 31 March 2012.

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.

24. 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 30 June 2012 of RMB26,169 million (31 December 2011: RMB25,972 million) and the total number of 5,024,495,409 (31 December 2011: 5,009,521,491) units in issue as at 30 June 2012.

25. NET CURRENT LIABILITIES

At the end of the reporting period, the Group's net current liabilities, defined as current assets less current liabilities, amounted to RMB153 million (31 December 2011: RMB313 million).

26. TOTAL ASSETS LESS CURRENT LIABILITIES

At the end of the reporting period, the Group's total assets less current liabilities amounted to RMB34,735 million (31 December 2011: RMB32,618 million).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

27. CONNECTED AND RELATED PARTY TRANSACTIONS

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

Name of Connected/Related Party	Notes	1.1.2012 to 30.6.2012 RMB'000 (unaudited)	29.4.2011 to 30.6.2011 RMB'000 (audited)
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)	1,833	662
和記環球電訊(廣東)有限公司 (Hutchison Global Communications (Guangdong) Limited)*	(a)	213	—
和記電訊信息科技(深圳)有限公司 (Hutchison Telecommunications Information Technology (Shenzhen) Limited)*	(a)	—	72
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.)*	(a) & (j)	1,237	354
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.)*	(a) & (j)	1,535	493
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.)*	(a) & (j)	537	182
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.)*	(a) & (j)	660	364
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.)*	(a) & (j)	13,816	4,337
Cheung Kong (Holdings) Limited (Beijing Office)	(a) & (j)	33	11
北京尚乘財策諮詢有限公司 (AMTD Beijing Investment Advisory Co., Ltd.)*	(a) & (j)	646	—
TOM Group International Limited Beijing Representative Office	(b)	200	68
李嘉誠基金會(香港)北京辦事處 (Li Ka Shing Foundation (Hong Kong) Beijing Office)*	(c)	293	86

27. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Name of Connected/Related Party	Notes	1.1.2012 to 30.6.2012 RMB'000 (unaudited)	29.4.2011 to 30.6.2011 RMB'000 (audited)
Rent and rental related income (continued)			
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited)*	(d)	120	41
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.)*	(e)	20	7
HSBC Bank (China) Company Limited (Beijing Branch)	(f)	—	15
Bank of China Limited	(a)	9,704	3,308
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)*	(g)	277	77
東方海外物流(中國)有限公司北京分公司 (OOCL Logistics (China) Ltd. Beijing Branch)*	(g)	215	88
Bank interest income			
Bank of China Limited	(a)	5,707	824
Bank of China (Hong Kong) Limited	(a)	206	—
Property management fee			
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.)*	(a) & (j)	2,397	804
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.)*	(a) & (j)	3,814	1,659
Club facilities usage fee			
麗都飯店有限公司 (Lido Hotel Co., Ltd.)*	(a)	12	—
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) & (j)	2,102	910

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

27. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Name of Connected/Related Party	Notes	1.1.2012 to 30.6.2012 RMB'000 (unaudited)	29.4.2011 to 30.6.2011 RMB'000 (audited)
Promotional expenses			
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)	25	—
Insurance expense			
中銀保險有限公司北京分公司 (Bank of China Insurance Co., Ltd. Beijing Branch)*	(a)	228	97
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)	799	339
China Life Insurance Company Limited Beijing Branch	(a)	—	19
Interest expense			
Bank of China Limited	(a)	—	1,959
Bank of China (Hong Kong) Limited	(a)	4,933	—
Hui Xian Holdings Limited	(h)	8,235	—
Trustee's fee			
DB Trustees (Hong Kong) Limited		1,704	565
Manager's fees			
Hui Xian Asset Management Limited		78,149	22,577
Property Manager's fee			
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited)*	(d)	15,317	2,814
Valuation fee			
American Appraisal China Limited	(j)	201	204

27. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Balances with connected and related parties are as follows:

Name of Connected/Related Party	Notes	30.6.2012 RMB'000 (unaudited)	31.12.2011 RMB'000 (audited)
Loan from a unitholder			
Hui Xian Holdings Limited	(h)	525,000	201,500
Deposits placed with the Group for the lease of the Group properties			
北京屈臣氏個人用品連鎖商店有限公司 (Beijing Watson's Personal Care Stores Co., Limited)*	(a)	823	825
和記環球電訊(廣東)有限公司 (Hutchison Global Communications (Guangdong) Limited)*	(a)	100	—
和記電訊信息科技(深圳)有限公司 (Hutchison Telecommunications Information Technology (Shenzhen) Limited)*	(a)	—	100
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.)*	(a) & (j)	529	536
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.)*	(a) & (j)	678	718
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.)*	(a) & (j)	262	262
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.)*	(a) & (j)	325	518
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.)*	(a) & (j)	1,087	1,097
北京尚乘財策諮詢有限公司 (AMTD Beijing Investment Advisory Co., Ltd.)*	(a) & (j)	298	298
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited)*	(d)	59	59

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

27. 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, a director of Hui Xian Holdings and Hui Xian Cayman.
- (c) This company is an associate³ of Mr. Li Tzar Kuoi, Victor, a director of Hui Xian Holdings and Hui Xian Cayman.
- (d) The company is a subsidiary of the Manager.
- (e) Mr. Wong K, James, the deputy chief operating officer of the Manager, is a director of this company.
- (f) Mr. Cheng Hoi Chuen, Vincent, an independent non-executive director of the Manager, was a director of this company. He ceased to be a director of this company at (and with effect from) the conclusion of the annual general meeting of HSBC Holdings plc held at 11:00 am on 27 May 2011 (London time).
- (g) These companies are wholly owned subsidiaries of a controlling entity⁴ of Hui Xian Cayman, a significant unitholder² of Hui Xian REIT.
- (h) On 8 April 2011, Hui Xian Holdings (as lender) and Hui Xian Investment Limited ("Hui Xian Investment") (as borrower), a subsidiary of Hui Xian REIT 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 said 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 30 June 2012, there was an outstanding loan in the sum of RMB525 million under the RMB1,300 million revolving credit facility whereas there was no outstanding loan under the RMB100 million revolving facility.

27. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Notes: (continued)

- (i) The company is the principal valuer of Hui Xian REIT.
 - (j) 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 shall be deemed to be an associate of a person if the person is a director of that company.
- ⁴ As defined in the SFO, a company shall be deemed to be a controlling entity of another company if the company has the right to nominate any of the directors of another company.
- * The English name is shown for identification purpose only.

Summary Financial Information

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

SUMMARY OF CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June 2012 <i>RMB million</i>	For the period from 29 April 2011 (date of listing) to 30 June 2011 <i>RMB million</i>
Revenue		
Gross rental from investment properties	841	271
Income from hotel operation	405	113
Income from serviced apartments operation	63	20
	1,309	404
Profit before taxation and transactions with unitholders	1,041	219
Income tax expense	(312)	(70)
Profit for the period, before transactions with unitholders	729	149
Profit for the period attributable to unitholders, before transactions with unitholders	730	149
	<i>RMB</i>	<i>RMB</i>
Basic earnings per unit	0.1455	0.0298

SUMMARY OF DISTRIBUTIONS

	Six months ended 30 June 2012 RMB million	For the period from 29 April 2011 (Date of listing) to 30 June 2011 RMB million
Income available for distribution	592	202
Additional distribution	—	—
Distributions to unitholders	592	202
	<i>RMB</i>	<i>RMB</i>
Distribution per unit	0.1178	0.0403

SUMMARY OF CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June 2012 <i>RMB million</i>	As at 31 December 2011 <i>RMB million</i>
Non-current assets	34,888	32,931
Current assets	1,579	1,064
Total assets	36,467	33,995
Current liabilities	1,732	1,377
Non-current liabilities, excluding net assets attributable to unitholders	8,148	6,646
Total liabilities, excluding net assets attributable to unitholders	9,880	8,023
Non-controlling interest	418	—
Net assets attributable to unitholders	26,169	25,972
	<i>RMB</i>	<i>RMB</i>
Net asset value per unit attributable to unitholders	5.2083	5.1845

Performance Table

		As at 30 June 2012	As at 31 December 2011
	<i>Notes</i>		
Net assets attributable to unitholders (<i>RMB million</i>)		26,169	25,972
Net asset value per unit attributable to unitholders (<i>RMB</i>)		5.2083	5.1845
Market capitalisation (<i>RMB million</i>)		18,440	17,834
Units issued (<i>units</i>)		5,024,495,409	5,009,521,491
Debts to net asset value ratio	1	5.7%	0.8%
Debts to total asset value ratio	2	4.1%	0.6%
		Six months ended 30 June 2012	For the period from 29 April 2011 (Date of listing) to 31 December 2011
Highest traded unit price (<i>RMB</i>)		4.14	5.10
Highest premium of the traded unit price to net asset value per unit	3	N/A	N/A
Lowest traded unit price (<i>RMB</i>)		3.48	2.65
Highest discount of the traded unit price to net asset value per unit		33.2%	48.9%
Distribution per unit (<i>RMB</i>)		0.1178	0.1467
Annualised distribution yield per unit	4	6.45%	6.09%

Performance Table

Notes:

1. Debts to net asset value ratio is calculated based on total debts over net assets attributable to unitholders as at 30 June 2012.
2. Debts to total asset value ratio is calculated based on total debts over total assets as at 30 June 2012.
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. Annualised distribution yield per unit is calculated by dividing the distribution per unit by the closing unit price of RMB3.67 as at 30 June 2012 on an annualised basis.

Investor Calendar

Interim results announcement for the period from 1 January 2012 to 30 June 2012 announcing, among others, the distribution of Hui Xian REIT for the six months ended 30 June 2012 (“2012 Interim Distribution”) and recommending the distribution reinvestment arrangement in respect of the 2012 Interim Distribution (“Distribution Reinvestment Arrangement”)	20 July 2012 (Friday)
Units quoted ex-2012 Interim Distribution	6 August 2012 (Monday)
Ten consecutive trading days to determine unit price for new units to be issued from scrip distribution under the Distribution Reinvestment Arrangement (“Scrip Units”)	6 August 2012 (Monday) to 17 August 2012 (Friday) (both dates inclusive)
Closure of register of unitholders (for 2012 Interim Distribution) ¹	8 August 2012 (Wednesday) to 10 August 2012 (Friday) (both dates inclusive)
Record date for 2012 Interim Distribution	10 August 2012 (Friday)
Announcement in relation to the Distribution Reinvestment Arrangement	On or about 17 August 2012 (Friday)
Despatch of circular and election form for the Distribution Reinvestment Arrangement	On or about 23 August 2012 (Thursday)

Investor Calendar

Latest time for return of election form for the Distribution Reinvestment Arrangement (“Election Form”) ²	4:30p.m. on 10 September 2012 (Monday)
Payment of 2012 Interim Distribution for cash distribution election	On or about 25 September 2012 (Tuesday)
Despatch of new unit certificates for scrip distribution election	On or about 25 September 2012 (Tuesday)
Expected first day of dealings in Scrip Units (subject to the granting of listing by The Stock Exchange of Hong Kong Limited)	26 September 2012 (Wednesday)

¹ The register of unitholders was closed for ascertaining unitholders’ entitlement to the 2012 Interim Distribution. In order to qualify for the 2012 Interim Distribution, all properly completed transfer forms (accompanied by the relevant unit certificates) must be lodged with Hui Xian REIT’s unit registrar, Computershare Hong Kong Investor Services Limited (“Unit Registrar”), at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 pm on 7 August 2012 (Tuesday).

² The Distribution Reinvestment Arrangement is available to the eligible unitholders who may elect to receive the 2012 Interim Distribution wholly in the form of cash, or wholly in the form of new units, or a combination of both. An announcement giving further details of the Distribution Reinvestment Arrangement will be published on or about 17 August 2012 (Friday) and a circular together with the relevant Election Form will be delivered by post to the unitholders on or about 23 August 2012 (Thursday). Election Forms 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 10 September 2012 (Monday). Please refer to the relevant circular and the Election Form for the details of the Distribution Reinvestment Arrangement. Unitholders should note that any Election Form received after the aforesaid deadline will be treated and taken as invalid.

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

KAM Hing Lam
(Chairman and Non-executive Director)

CHU Stephen Henry ^(Note)
(Chief Executive Officer and Executive Director)
(Resigned on 1 July 2012)

CHEUNG Ling Fung, Tom ^(Note)
(Chief Executive Officer and Executive Director)
(Appointed on 1 July 2012)

PANG Shuen Wai, Nichols
(Chief Financial Officer and Executive Director)

IP Tak Chuen, Edmond
(Non-executive Director)

LIM Hwee Chiang
(Non-executive Director)

YIN Ke
(Non-executive Director)

CHENG Hoi Chuen, Vincent
(Independent Non-executive Director)

LEE Chack Fan
(Independent Non-executive Director)

CHOI Koon Shum, Jonathan
(Independent Non-executive Director)

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF THE MANAGER

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

DISCLOSURES COMMITTEE OF THE BOARD OF DIRECTORS OF THE MANAGER

CHU Stephen Henry ^(Note) *(Chairman)*
CHEUNG Ling Fung, Tom ^(Note) *(Chairman)*
IP Tak Chuen, Edmond
LEE Chack Fan

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

YIN Ke *(Chairman)*
CHU Stephen Henry ^(Note)
CHEUNG Ling Fung, Tom ^(Note)
CHOI Koon Shum, Jonathan

COMPANY SECRETARY OF THE MANAGER

Fair Wind Secretarial Services Limited

Note: Mr. CHU Stephen Henry resigned as an Executive Director and the Chief Executive Officer of the Manager with effect from 1 July 2012. Mr. CHU also ceased to be a member of the Disclosures Committee, a member of the Designated (Finance) Committee with effect from the same date. Mr. CHEUNG Ling Fung, Tom, the Chief Operating Officer of the Manager, was appointed as an Executive Director and the Chief Executive Officer of the Manager, and a member of the Disclosures Committee and a member of the Designated (Finance) Committee of the Manager with effect from 1 July 2012.

TRUSTEE

DB Trustees (Hong Kong) Limited

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL VALUER

American Appraisal China Limited

LEGAL ADVISER

Woo Kwan Lee & Lo

UNIT REGISTRAR

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Services Limited

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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)