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## **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)**

**Managed by Hui Xian Asset Management Limited**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE PERIOD FROM 1 JANUARY 2012 TO 31 DECEMBER 2012**

### **HUI XIAN REIT**

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

### **REIT MANAGER**

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

The Manager is pleased to announce the annual results of Hui Xian REIT and its special purpose vehicles for the period from 1 January 2012 to 31 December 2012 (the “Reporting Period”) as follows:

## **CHAIRMAN'S STATEMENT**

### **FINANCIAL HIGHLIGHTS**

**For the financial year from 1 January 2012 to 31 December 2012**

	<b>1 Jan – 31 Dec 2012</b>	<b>29 Apr – 31 Dec 2011<sup>(1)</sup></b>
Total Revenue ( <i>RMB million</i> )	2,648	1,588
Net Property Income ( <i>RMB million</i> )	1,671	1,041 <sup>(2)</sup>
Distributable Income ( <i>RMB million</i> )	1,208	735
Distribution per Unit ( <i>RMB</i> )	0.2392	0.1467
Distribution Yield	5.76% <sup>(3)</sup>	N/A
Payout Ratio	100%	100%

	<b>As at 31 Dec 2012</b>	<b>As at 31 Dec 2011</b>
Gross Asset Value ( <i>RMB million</i> )	39,388	33,995
Net Asset Value Attributable to Unitholders ( <i>RMB million</i> )	27,914	25,972
Net Asset Value per Unit ( <i>RMB</i> )	5.4988	5.1845
Debts to Gross Asset Value	5.0%	0.6%

*Notes:*

(1) As Hui Xian REIT was listed on the Stock Exchange on 29 April 2011, the previous annual results covered 247 days only, therefore, no year-on-year comparison between 2011 and 2012 is made.

(2) The amount has been restated to conform with current year's presentation.

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

Hui Xian REIT celebrated its first anniversary of listing in 2012. I am pleased to report the annual results of Hui Xian REIT for the financial year ended 31 December 2012. Distributable income for the Reporting Period was RMB 1,208 million and the distribution per unit (“DPU”) was RMB 0.2392, representing a distribution yield of 5.76 % based on the closing unit price of RMB 4.15 on 31 December 2012.

### **Results and Distribution**

Total revenue for the financial year ended 31 December 2012 was RMB 2,648 million and net property income was RMB 1,671 million. Gross asset value and net asset value attributable to unitholders were RMB 39,388 million and RMB 27,914 million respectively. Hui Xian REIT was listed on the Stock Exchange on 29 April 2011, and the previous annual results covered 247 days only. Therefore, no year-on-year comparison between 2011 and 2012 is made.

Total distributable income during the Reporting Period was RMB 1,208 million. 100% of this amount will be distributed to the unitholders of Hui Xian REIT (“Unitholders”) pursuant to the distribution policy stipulated in the Offering Circular.

Hui Xian REIT’s total DPU for the financial year amounted to RMB 0.2392, comprising an interim DPU of RMB 0.1178 and a final DPU of RMB 0.1214. This represents a distribution yield of 5.76% based on the closing unit price of RMB 4.15 on 31 December 2012. Total DPU for 2011 (from the listing date of 29 April 2011 to 31 December 2011) was RMB 0.1467.

### **Distribution Reinvestment Arrangement**

The Manager recommends that a distribution reinvestment arrangement 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. Eligible 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.

### **Unit Price Performance**

Hui Xian REIT’s unit price has been trending upwards during the Reporting Period. The closing unit price of RMB 4.15 on 31 December 2012 was an increase of 16.6% from RMB 3.56 a year ago.

### **RMB Development in Hong Kong**

Hui Xian REIT is the first RMB-denominated REIT listed in Hong Kong as well as outside Mainland China. Its performance has a high correlation with the progress of RMB development.

Hong Kong has successfully developed into the premier offshore RMB centre in the world over the past few years. It hosts the largest pool of RMB liquidity outside Mainland China. In December 2012, offshore RMB deposits in Hong Kong reached RMB 600 billion.

More diversified RMB investment products were introduced in the Hong Kong financial market during 2012, paving the way for wider investments for the growing RMB pool in Hong Kong and for the further development of a healthy and sustainable RMB market. It is anticipated that Hui Xian REIT’s liquidity would increase when more RMB investment products are available in the financial market.

RMB value has been strengthening over the past several years, particularly in the second half of 2012. The exchange rate of RMB against the Hong Kong Dollar has appreciated about 1.1%<sup>#</sup> during the Reporting Period.

### **Total Return**

Taking into account a total DPU of RMB 0.2392, together with a 16.6% increase in unit price and a 1.1% appreciation in RMB exchange rate during the Reporting Period, Hui Xian REIT delivered to Unitholders a total return of 24.6 % in 2012.

### **China Business Environment**

The economic drivers in China remained intact despite the weak and uncertain global economic conditions. China's economy maintained the growth momentum in 2012 and the full-year gross domestic product ("GDP") increased 7.8% year-on-year to RMB 51.9 trillion. Total retail sales of consumer goods and industrial production in 2012 grew 14.3% and 10.0% year-on-year respectively.

Beijing, the country's political and economic centre, recorded encouraging economic figures in 2012. The capital city's GDP rose 7.7% year-on-year to RMB 1.8 trillion, about 3.4% of China's GDP. Business activities and tourism continued to grow, which in turn drove up demand for Grade A office space as well as five-star international hotel rooms.

In 2012, the average disposable income per capita of Beijing urban residents increased 10.8% year-on-year according to official data. A number of international and local retailers, ranging from luxury products, fast fashion to food and beverage chains, were keen to tap this huge market of increasing consumer spending. Retail sales of Beijing in 2012 were also 11.6% higher than the previous year, signaling a healthy growth in domestic consumption.

### **Business Review**

Hui Xian REIT's diversified portfolio spans across retail, office, serviced apartment and hotel businesses. During the Reporting Period, its properties under management consisted of the 800,000 square metre mixed-use development – Oriental Plaza (comprising The Malls, The Tower Offices, The Tower Apartments and Grand Hyatt Beijing) and Sheraton Shenyang Lido Hotel, a five-star hotel in Shenyang. Total revenue and net property income of 2012 were RMB 2,648 million and 1,671 million respectively. The appraised value of Hui Xian REIT's properties was RMB 37,850 million as at 31 December 2012.

<b>Net Property Income</b>	<b>January -December 2012 (RMB million)</b>
<b>Retail</b>	746
<b>Office</b>	568
<b>Serviced apartment</b>	60
<b>Hotels*</b>	297
<b>TOTAL</b>	1,671

\*Sheraton Shenyang Lido Hotel has become a part of Hui Xian REIT's portfolio since 1 January 2012.

### *Retail Portfolio*

Beijing's retail market was active in 2012. Many international retailers were eager to capture the opportunities in the enormous China consumption market.

Leasing momentum at The Malls at Oriental Plaza remained strong. During the year, we have carried out asset enhancement works and tenant mix refinement exercises to capitalise on the business opportunities arising from the fast-changing retail environment.

The average monthly passing rent continued its upward trend and increased 8.1% year-on-year to RMB 940 per square metre. Rental reversion was 25.8%. The average occupancy rate for 2012 was 97.5%. Net property income was RMB 746 million.

### *Office Portfolio*

Beijing, the capital of China, remained a preferred city for international and domestic corporations, as well as overseas government bodies to establish their headquarters or regional quarters. We continued to see an imbalance between supply and demand for high quality offices in Beijing, which was the key driver for rental growth in 2012.

The average monthly passing rent of The Tower Offices at Oriental Plaza grew 15.2% year-on-year to RMB 194 per square metre. The average monthly spot rent increased 30.0% year-on-year to RMB 314 per square metre. Rental reversion was 68.4%. The average occupancy rate for 2012 was 93.5%. Net property income of our office sector was RMB 568 million.

### *Serviced Apartment Portfolio*

Leasing momentum for luxury serviced apartments in Beijing remained strong in 2012, primarily driven by the continued demand from the increasing pool of senior executives from both multinational and domestic corporations.

The Tower Apartments at Oriental Plaza, providing over 600 furnished units in two towers, experienced encouraging rental growth in 2012. The average occupancy rate for 2012 was 87.0%. Net property income was RMB 60 million.

### *Hotel Portfolio*

During the Reporting Period, our hotel portfolio consisted of two five-star hotels: Grand Hyatt Beijing at Oriental Plaza and Sheraton Shenyang Lido Hotel. Net property income of two hotels combined was RMB 297 million.

During 2012, Grand Hyatt Beijing's average room rate per night increased 5.7% year-on-year to RMB 1,840. Revenue per available room ("RevPAR") was RMB 1,148. The average occupancy rate for 2012 was 62.4%. The three-year asset enhancement programme to upgrade the guest rooms has commenced.

In addition to Grand Hyatt Beijing, the 590-room Sheraton Shenyang Lido Hotel has been integrated into Hui Xian REIT's hotel portfolio since 1 January 2012<sup>^</sup>. The average room rate per night increased 4.3% year-on-year to RMB 821. RevPAR was RMB 522. The average occupancy rate for 2012 was 63.6%.

Both hotels have been named "Best Business Hotel" in their respective cities in 2012. Grand Hyatt Beijing received "Best Business Hotel in Beijing" award by *Business Traveller Asia Pacific Magazine* for the seventh time. Sheraton Shenyang Lido Hotel was named "Best Business Hotel in Shenyang" by *Business Traveller China Magazine*. This is the sixth consecutive year the hotel has been awarded this accolade.

As the management contract with Sheraton ended on 31 December 2012, the Manager appointed France's Sofitel Luxury Hotels as the new hotel manager. The hotel was renamed Sofitel Shenyang Lido on 1 January 2013.

### **Strong Financial Position**

Hui Xian REIT maintained a healthy balance sheet during the Reporting Period. As at 31 December 2012, bank balances and cash on hand amounted to RMB 2,063 million and gross debts amounted to RMB 1,964 million. Debts to gross asset value ratio was 5.0%. We believe that Hui Xian REIT has strong financial capacity to pursue investment opportunities when they occur.

### **Outlook**

Looking ahead to 2013, we are committed to driving organic growth from our assets through astute asset management. Our priorities are to achieve rental growth, as well as to maintain high occupancy levels for all of our four business sectors: retail, office, serviced apartment and hotel. This would provide us with the security of a strong and sustainable rental income.

We will continue to implement the asset enhancement programmes for Grand Hyatt Beijing and The Malls at Oriental Plaza in 2013. A renovation programme has also been initiated for Sofitel Shenyang Lido.

As we are actively seeking acquisition opportunities in China, we remain of the view that it is crucial to adopt a prudent selection strategy when pursuing quality and yield-accretive assets that are to bring long-term benefits for Hui Xian REIT and Unitholders.

The positive GDP performance and other economic data indicate that China's economy remains strong and the upward momentum is expected to continue in 2013. We firmly believe that China's economic fundamentals are sound and it will maintain the position as the key engine of global economic growth. We are confident that Hui Xian REIT, with its high quality portfolio in excellent locations, solid track record, and expertise, is well positioned to capitalise on China's bright prospects.

On behalf of the Manager, I would like to take this opportunity to thank the Trustee and Unitholders for their continued support and confidence in Hui Xian REIT.

KAM Hing Lam  
Chairman  
Hui Xian Asset Management Limited  
(as manager of Hui Xian Real Estate Investment Trust)  
Hong Kong, 28 February 2013

#Based on the RMB/HK Dollar exchange rate of 1:1.2175 on 30 December 2011 and 1:1.2313 on 31 December 2012 (Source: "Exchange Rates for Stamp Duty Calculation" on [hkex.com.hk](http://hkex.com.hk))

^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 Shenyang Lido Hotel.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **PORTFOLIO HIGHLIGHTS**

During the Reporting Period, Hui Xian REIT's portfolio spans across the retail, office, serviced apartment and hotel businesses. Its 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 Shenyang Lido Hotel. Formerly known as "Sheraton Shenyang Lido Hotel", the hotel was rebranded as **Sofitel Shenyang Lido** from 1 January 2013.

Hui Xian REIT's portfolio by sectors:

<b>Sector</b>	<b>Project</b>	<b>City</b>	<b>Gross Floor Area (sq m)</b>
<b>(1) Retail</b>	• <b>The Malls at Oriental Plaza:</b> <i>A shopping mall</i>	<b>Beijing</b>	<b>130,195</b>
<b>(2) Office</b>	• <b>The Tower Offices at Oriental Plaza:</b> <i>8 Grade A office towers</i>	<b>Beijing</b>	<b>309,552</b>
<b>(3) Serviced apartment</b>	• <b>The Tower Apartments at Oriental Plaza:</b> <i>2 serviced apartment towers (over 600 units)</i>	<b>Beijing</b>	<b>81,603</b>
<b>(4) Hotels</b>	• <b>2 Hotels:</b> ➤ <b>Grand Hyatt Beijing at Oriental Plaza:</b> <i>5-star hotel (825 rooms)</i> ➤ <b>Sofitel Shenyang Lido:</b> <i>5-star hotel (590 rooms)</i>	<b>Beijing</b>	<b>204,166</b> <b>125,420</b>
		<b>Shenyang</b>	<b>78,746</b>
<b>(5) Car parking spaces &amp; other ancillary facilities</b>	• <b>1,901 car parking spaces at Oriental Plaza</b>	<b>Beijing</b>	<b>140,289</b>
<b>Total</b>			<b>865,805</b>

### **OPERATIONS REVIEW**

#### **(1) Retail Portfolio**

Beijing's GDP amounted to RMB 1.8 trillion in 2012, or an average increase of 9% during the past five years. The GDP per capita increased to about US\$14,000 and has reached the level of middle- and high-income countries. Retail sales of social consumer goods in 2012 reached RMB 770 billion, twice that in 2007.

Demand for retail space was strong in 2012. Many international and domestic brands continued to invest and increase their presence in China, in particular, Beijing. They were keen to tap into the capital's 20 million population with rising purchasing power. Rents at the Wangfujing area, a popular shopping destination for both locals and tourists, continued to take the lead in the market.



Our retail portfolio includes a 130,000 square metre shopping centre — The Malls, which is part of the Oriental Plaza mixed-use complex in the Wangfujing area of Beijing. Leasing demand for The Malls remained strong as retailers continued to seek top quality retail space in prime locations with heavy footfall. Net property income of our retail portfolio was RMB 746 million in 2012, accounting for 44.6% of the total net property income of Hui Xian REIT during the Reporting Period.

The average monthly passing rent grew 8.1% year-on-year to RMB 940 per square metre. The average occupancy rate for 2012 was 97.5%, mainly due to the tenant mix exercise and asset enhancement works during the Reporting Period. The level of occupancy recovered quickly and achieved 100% as at the end of 2012. Rental reversion was 25.8%.

The Malls continuously improves the shopping experience by refining the tenant mix and undertaking asset enhancement works. During 2012, a number of international brands, including AIGLE, ANTEPRIMA, Breguet, Chopard, Franck Muller, Marc by Marc Jacobs, Pandora and Puyi Optical opened new stores in The Malls. The 2,000 square metre supermarket became a QDA store, a new fast fashion brand. The world's largest Folli Follie flagship store was officially unveiled in The Malls in 2012.

Gross Revenue	RMB 959 million
Net Property Income	RMB 746 million
Average Occupancy Rate	97.5%
Average Monthly Passing Rent	RMB 940 per square metre
Average Monthly Spot Rent	RMB 1,007 per square metre

## **(2) Office Portfolio**

Beijing, the capital city, is the political and economic centre of China. The Beijing Grade A office market remained strong throughout the year, reflecting a combination of continued international and domestic demand and a limited supply of high quality office space.

Our office portfolio comprises eight buildings providing over 309,000 square metres of Grade A office space known as The Tower Offices at Oriental Plaza. Net property income of our office portfolio in 2012 was RMB 568 million, accounting for 34.0% of the total net property income of Hui Xian REIT.

Strong leasing momentum at The Tower Offices continued in 2012. The Tower Offices has a strong and diversified tenant base, which includes some of the leading multinational and domestic companies. The average monthly passing rent surged 15.2% year-on-year to RMB 194 per square metre. The average monthly spot rent increased by 30.0% to RMB 314 per square metre. Strong rental reversion of 68.4% was achieved as many expired leases were entered during the global financial market turmoil in 2009.

Amid the uncertain global economic environment, some corporations became more conservative in their expansion plans towards the second half of 2012. We are confident in China's economic fundamentals and we believe that China, particularly Beijing, will continue to attract investments from both international and domestic companies.



Gross Revenue	RMB 785 million
Net Property Income	RMB 568 million
Average Occupancy Rate	93.5%
Average Monthly Passing Rent	RMB 194 per square metre
Average Monthly Spot Rent	RMB 314 per square metre

### **(3) Serviced Apartment Portfolio**

There was a strong demand for luxury serviced apartments in Beijing due to the expansion plans and recruitment drives of both multinational and domestic companies, while the supply was also limited.

Our serviced apartment portfolio comprises The Tower Apartments at Oriental Plaza featuring over 600 fully-furnished serviced apartments in two towers. Net property income was RMB 60 million, contributing to 3.6% of the total net property income of Hui Xian REIT in 2012. The average occupancy rate during the Reporting Period was 87.0%.

Gross Revenue	RMB 129 million
Net Property Income	RMB 60 million
Average Occupancy Rate	87.0%

### **(4) Hotel Portfolio**

Our hotel portfolio consists of two five-star hotels: Grand Hyatt Beijing at Oriental Plaza and Sheraton Shenyang Lido Hotel, providing a total of 1,415 rooms. Net property income of the two hotels combined was RMB 297 million, accounting for 17.8% of the total net property income of Hui Xian REIT in 2012.

#### *Grand Hyatt Beijing, Beijing*

As an integral part of the Oriental Plaza complex, the 825-room Grand Hyatt Beijing's average room rate per night increased 5.7% year-on-year to RMB 1,840. Revenue per available room ("RevPAR") was RMB1,148. The average occupancy rate for 2012 was 62.4%.

Grand Hyatt Beijing is well known for its catering services. During the Reporting Period, the catering revenue grew 10% year-on-year to RMB 70.3 million. 2012 also recorded the highest ever catering revenue results in May and June, surpassing the same period of previous operating years. Over 940 conferences and events were held in Grand Hyatt Beijing in 2012.

The asset enhancement programme to upgrade the hotel rooms has commenced in 2012. Renovation works will be carried out in stages over the next three years to ensure minimal guest disruption.

Starting from January 2013, transit tourists from 45 countries can enjoy a 72-hour visa-free stay in Beijing. This new policy is expected to attract more travellers to Beijing, thus is positive news to the hotel industry.

Beijing Capital International Airport was ranked as one of the world's busiest airports for three consecutive years. In 2012, the airport handled over 80 million passengers, and has almost reached its maximum handling capacity. To enable the city to keep up with the rapid growth in air traffic, the construction of another new airport which can handle 70 million passengers annually is expected to commence in 2014.

*Sheraton Shenyang Lido Hotel, Shenyang*

Since January 2012, the 590-room Sheraton Shenyang Lido Hotel has become a part of Hui Xian REIT's hotel portfolio. The average room rate per night increased 4.3% year-on-year to RMB 821, while RevPAR was RMB 522. The average occupancy rate for 2012 was 63.6%.

The management contract with Sheraton expired on 31 December 2012. France's Sofitel Luxury Hotels was appointed as the new hotel manager and the property was rebranded as Sofitel Shenyang Lido from 1 January 2013. A renovation programme will commence in 2013.

Shenyang, the capital of Liaoning province, is the largest economic, cultural, science and transportation hub in Northeastern China. The city government projected that its GDP in 2012 would grow 11% year-on-year to RMB 670 billion, doubling the figure in 2007.

Shenyang will be the hosting city for the 12th National Games of the People's Republic of China in August 2013. The city is undergoing a robust infrastructure upgrade, including the expansion of its Taoxian International Airport, which is only 20-minute drive away from our hotel. More airline routes were launched between Shenyang and other cities in early 2013, including Singapore and Macau. All these developments are expected to boost tourism and drive demands for hotel rooms in Shenyang.

Gross Revenue	RMB 775 million
Net Property Income	RMB 297 million
<i>Grand Hyatt Beijing</i> <ul style="list-style-type: none"> <li>• Average occupancy rate</li> <li>• Average room rate per night</li> <li>• RevPAR</li> </ul>	<ul style="list-style-type: none"> <li>• 62.4%</li> <li>• RMB 1,840</li> <li>• RMB 1,148</li> </ul>
<i>Sheraton Shenyang Lido Hotel</i> <ul style="list-style-type: none"> <li>• Average occupancy rate</li> <li>• Average room rate per night</li> <li>• RevPAR</li> </ul>	<ul style="list-style-type: none"> <li>• 63.6%</li> <li>• RMB 821</li> <li>• RMB 522</li> </ul>

## **FINANCIAL REVIEW**

### **Net Property Income**

The net property income was RMB 1,671 million for the year ended 31 December 2012.

### **Distributions**

#### *Distribution Amount*

Hui Xian REIT will distribute a total of RMB 616 million (“2012 Final Distribution”) to Unitholders for the period from 1 July 2012 to 31 December 2012. The 2012 Final Distribution represents 100% of Hui Xian REIT’s total distributable income during the period from 1 July 2012 to 31 December 2012 and will be paid in RMB. A total of RMB 592 million (“2012 Interim Distribution”) has been distributed to Unitholders of Hui Xian REIT on 25 September 2012 for the period from 1 January 2012 to 30 June 2012. In total, Hui Xian REIT will distribute a total of RMB 1,208 million to Unitholders for the year ended 31 December 2012.

#### *Distribution per Unit*

The final distribution per Unit for the period from 1 July 2012 to 31 December 2012 is RMB 0.1214 based on the number of outstanding Units on 31 December 2012. Together with the interim distribution per Unit of RMB 0.1178, Hui Xian REIT provides a total distribution per Unit for the year ended 31 December 2012 of RMB 0.2392. This represents a distribution yield of 5.76% based on the closing unit price of RMB 4.15 on 31 December 2012.

#### *Closure of Register of Unitholders*

The record date for the 2012 Final Distribution will be 20 March 2013, Wednesday (“Record Date”). The Register of Unitholders will be closed from 18 March 2013, Monday to 20 March 2013, Wednesday, both days inclusive, during which period no transfer of Units will be effected. The final distribution is expected to be payable on 9 May 2013, Thursday 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 2012 Final Distribution, all properly completed transfer forms (accompanied by the relevant Unit certificates) must be lodged for registration with Hui Xian REIT’s Unit Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 15 March 2013, Friday.

### **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.

As at 31 December 2012, the outstanding loans drew down by Hui Xian Investment under a revolving credit facility arrangement with Hui Xian Holdings Limited amounted to RMB 1,005 million (31 December 2011: RMB 201.5 million) for the purpose of filling up the timing gap between dividend distributions.

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 27,914 million as at 31 December 2012 (31 December 2011: RMB 25,972 million), Hui Xian REIT's debts to net asset value ratio stood at 7.0% (31 December 2011: 0.8%). Meanwhile, the debts to gross asset value ratio was 5.0% as at 31 December 2012 (31 December 2011: 0.6%).

### **Bank Balances and Asset Positions**

As at 31 December 2012, Hui Xian REIT's bank balances and cash amounted to RMB 2,063 million (31 December 2011: RMB 883 million). The bank balances and cash are mainly denominated in RMB. No currency hedge was employed. Hui Xian REIT is indirectly interested in a 130,195 square metre shopping mall, eight blocks of Grade A office, two blocks of serviced apartments towers and an 825-room 5-star hotel in a 787,059 square metre 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 29,660 million as at 31 December 2012 (31 December 2011: RMB 26,860 million), translating into an increase of 10.4% over the valuation as of 31 December 2011. Together with the hotel and serviced apartment premises, gross property value of BOP was RMB 35,577 million as at 31 December 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 Sofitel Shenyang Lido (formerly Sheraton Shenyang Lido Hotel). Standing on the famous Qingnian Street, the 30-storey 78,746 square metre Sofitel Shenyang Lido is located in the heart of the newly established Central Business District in southern Shenyang.

American Appraisal valued the hotel premises of Shenyang Lido at RMB 1,620 million as at 31 December 2012 (1 January 2012: RMB 1,670 million). Gross property value of hotel premises as at 31 December 2012 was RMB 1,580 million.

### **Net Assets Attributable to Unitholders**

As at 31 December 2012, net assets attributable to Unitholders amounted to RMB 27,914 million (31 December 2011: RMB 25,972 million) or RMB 5.4988 per Unit, representing a 32.5% premium to the closing unit price of RMB 4.15 as at 31 December 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 31 December 2012, except for capital commitment in respect of the asset enhancement programme for the hotels, Hui Xian REIT did not have any significant commitments.

### **Employees**

As at 31 December 2012, BOP, by itself and through its branch, employed a total of approximately 160 employees in the PRC, of which approximately 70 employees performed hotel operation functions and services, and approximately 90 employees handled legal, regulatory and other administrative matters and carried out and provided commercial functions and services, including leasing and some other property management functions and services, other than the hotel operation functions and services.

As at 31 December 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 31 December 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**

With the objectives of establishing and maintaining high standard of corporate governance, certain policies and procedures have been put in place to promote the operation of Hui Xian REIT in a transparent manner and with built-in checks and balances. In particular, the Manager has adopted a compliance manual (“Compliance Manual”) which sets out the key processes, systems, measures, and certain corporate governance policies and procedures to be applied for governing the management and operation of Hui Xian REIT and for compliance with all applicable regulations and legislation. 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 (the “SFO”) and regulated by the provisions of the Code on Real Estate Investment Trust (“REIT Code”) issued by the SFC.

The Manager has been authorised by the SFC under section 116 of the SFO to conduct the regulated activity of asset management. As at the date of this announcement, the Manager has four persons who are approved as Responsible Officers pursuant to the requirements of section 125 of the SFO and paragraph 5.4 of the REIT Code, namely Mr. LEE Chi Kin, Casey, Mr. CHEUNG Ling Fung, Tom, Mr. HUI Tung Keung, Tommy and Ms. LAI Wai Yin, Agnes.

DB Trustees (Hong Kong) Limited (the “Trustee”) is registered as a trust company under section 77 of the Trustee Ordinance (Chapter 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 have 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 of Hong Kong Limited which are applicable to Hui Xian REIT.

#### **Review of Annual Results**

The annual results of Hui Xian REIT for the Reporting Period have been reviewed by the Audit Committee and the Disclosures Committee of the Manager in accordance with their terms of reference.

#### **Unit Capital**

The total number of issued Units as at 31 December 2012 is 5,076,415,649 Units.

#### **New Units Issued**

Other than the issue of (i) an aggregate of 26,271,988 new units to the Manager as payment of part of manager’s fees; and (ii) an aggregate of 40,622,170 new units under two occasions of distribution reinvestment arrangement, there were no new units of the Hui Xian REIT issued during the Reporting Period.

**Purchase, Sale or Redemption of Units**

During the Reporting Period, there was no repurchase, sale or redemption of the units 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 31 December 2012.

**Annual General Meeting of Unitholders**

It is proposed that the 2012 Annual General Meeting (“2012 AGM”) of Hui Xian REIT will be held on 7 May 2013, Tuesday and the notice of 2012 AGM will be published and issued to the Unitholders in due course.

**Issuance of Annual Report 2012**

The Annual Report of Hui Xian REIT for the Reporting Period will be published on the websites of Hong Kong Exchanges and Clearing Limited and Hui Xian REIT and will be dispatched or sent to Unitholders on or before 30 April 2013, Tuesday.

By order of the Board of Directors of  
Hui Xian Asset Management Limited  
*as the manager of Hui Xian Real Estate Investment Trust*  
**Kam Hing Lam**  
Chairman of the Manager

Hong Kong, 28 February 2013

*As at the date of this announcement, the Directors of the Manager are Mr. Kam Hing Lam (Chairman and non-executive Director); Mr. Cheung Ling Fung, Tom and Mr. Lee Chi Kin, Casey (executive Directors); Mr. Ip Tak Chuen, Edmond, Mr. Lim Hwee Chiang and Mr. Yin Ke (with Mr. Pang Shuen Wai, Nichols being his alternate director) (non-executive Directors); and Mr. Cheng Hoi Chuen, Vincent, Professor Lee Chack Fan and Dr. Choi Koon Shum, Jonathan (independent non-executive Directors).*

## FINANCIAL INFORMATION

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

	<u>NOTES</u>	<b>1.1.2012 to 31.12.2012 RMB million</b>	<b>29.4.2011 to 31.12.2011 RMB million</b>
Revenue	5	<b>2,648</b>	1,588
Rental related income	6	<b>54</b>	41
Other income	7	<b>28</b>	6
Increase in fair value of investment properties	14	<b>2,800</b>	360
Hotel inventories consumed		<b>(75)</b>	(38)
Staff costs		<b>(82)</b>	(55)
Depreciation and amortisation		<b>(304)</b>	(141)
Other operating expenses	8	<b>(833)</b>	(470)
Finance costs	9	<b>(61)</b>	(6)
Manager's fees	10	<b>(156)</b>	(89)
Real estate investment trust expenses	11	<b>(10)</b>	(18)
Profit before taxation and transactions with unitholders		<b>4,009</b>	1,178
Income tax expense	12	<b>(1,110)</b>	(359)
Profit for the year/period, before transactions with unitholders		<b>2,899</b>	819
Distributions to unitholders		<b>(1,208)</b>	(735)
Profit and total comprehensive income for the year/period, after transactions with unitholders		<b>1,691</b>	84
Attributable to:			
Non-controlling interest		<b>(2)</b>	-
Unitholders		<b>1,693</b>	84
		<b>1,691</b>	84
Basic earnings per unit (RMB)	13	<b>0.5762</b>	0.1637



## FINANCIAL INFORMATION

### DISTRIBUTION STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

	<b>1.1.2012 to <u>31.12.2012</u> RMB million</b>	29.4.2011 to <u>31.12.2011</u> RMB million
Profit for the year/period, before transactions with unitholders	<b>2,899</b>	819
Non-controlling interest	<u>2</u>	<u>-</u>
Profit for the year/period attributable to unitholders, before transactions with unitholders	<u><b>2,901</b></u>	<u>819</u>
Adjustments (Note (i)):		
Manager's fees	<b>110</b>	54
Deferred tax	<b>711</b>	81
Depreciation and amortisation	<b>208</b>	141
Increase in fair value of investment properties	<u><b>(2,800)</b></u>	<u>(360)</u>
	<u><b>(1,771)</b></u>	<u>(84)</u>
Discretionary distributions (Note (ii)):		
Depreciation and amortisation arising from fair value adjustment (Note (ii)(1))	<b>37</b>	-
Other cash distributions by reference to the PDA (Note (ii)(2))	<u><b>41</b></u>	<u>-</u>
	<u><b>78</b></u>	<u>-</u>
Amount available for distribution	<u><b>1,208</b></u>	<u>735</u>
Distributions to unitholders (Note (iii))		
- Interim distribution paid	<b>592</b>	202
- Final distribution payable	<u><b>616</b></u>	<u>533</u>
	<u><b>1,208</b></u>	<u>735</u>
	<b>RMB</b>	RMB
Distribution per unit (Note (iii))		
-Interim distribution per unit	<b>0.1178</b>	0.0403
-Final distribution per unit	<u><b>0.1214</b></u>	<u>0.1064</u>
	<u><b>0.2392</b></u>	<u>0.1467</u>

## FINANCIAL INFORMATION

### DISTRIBUTION STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

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Notes:

(i) Adjustments for the current year/prior period include:

(a) For the year ended 31 December 2012, Manager's fees paid and payable in units of RMB110 million (21,195,217 units issued and 6,633,270 units estimated to be issued) out of the total Manager's fees of RMB156 million. The difference of RMB46 million are paid or payable in cash.

For the period from 29 April 2011 (date of listing) to 31 December 2011, Manager's fees paid and payable in units of RMB54 million out of the total Manager's fees of RMB89 million. The difference of RMB35 million are paid or payable in cash.

(b) Deferred tax charge of RMB11 million (For the period from 29 April 2011 (date of listing) to 31 December 2011: Deferred tax credit of RMB9 million) in relation to accelerated tax depreciation and deferred tax charge of RMB700 million (For the period from 29 April 2011 (date of listing) to 31 December 2011: RMB90 million) in relation to revaluation of investment properties.

(c) Depreciation and amortisation of Beijing Oriental Plaza attributable to unitholders of RMB208 million (For the period from 29 April 2011 (date of listing) to 31 December 2011: RMB141 million).

(d) Increase in fair value of investment properties of RMB2,800 million (For the period from 29 April 2011 (date of listing) to 31 December 2011: RMB360 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 year and it is the Manager's stated policy to distribute 100% of Hui Xian REIT's annual distributable income for the period from the listing date to 31 December 2011 and the financial year ended 31 December 2012 and thereafter at least 90% of Hui Xian REIT's annual distributable income for each financial year. Pursuant to the Trust Deed, interim/annual distributable income is defined as the amount calculated by the Manager as representing the consolidated profit attributable to unitholders for the relevant financial year/period, as adjusted to eliminate the effects of certain Adjustments (as defined in the Trust Deed) which have been recorded in the consolidated statement of comprehensive income for the relevant financial year/period.

## FINANCIAL INFORMATION

### DISTRIBUTION STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

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*Notes:-continued*

- (ii) *Discretionary distribution refers to any additional amount (include capital) which the Manager has determined to be distributed pursuant to clause 11.4.2 of the Trust Deed. Discretionary distributions for the current year/prior period include:*
- (1) *Depreciation and amortisation arising from fair value adjustment of Shenyang Lido Business Co. Limited upon acquisition by the Group attributable to unitholders of RMB37 million (For the period from 29 April 2011 (date of listing) to 31 December 2011: nil).*
- (2) *Other cash distributions of RMB41 million (For the period from 29 April 2011 (date of listing) to 31 December 2011: nil) are determined by the Manager by reference to the estimated Yearly Distributions (as defined in the announcement of Hui Xian REIT dated 10 November 2011 (the "Announcement")) of Shenyang Lido Business Co. Limited to Shenyang Investment (Hong Kong) Limited under the preferred distribution agreement (the "PDA"). Details of the PDA are set out in the Announcement.*
- (iii) *The interim distribution per unit of RMB0.1178 for the six months ended 30 June 2012 is calculated based on Hui Xian REIT's amount available for distribution of RMB591,636,874 over 5,024,495,409 units, representing issued units as at 30 June 2012. The final distribution per unit of RMB0.1214 for the six months ended 31 December 2012 is calculated based on Hui Xian REIT's amount available for distribution of RMB616,347,645 over 5,076,415,649 units, representing issued units as at 31 December 2012.*

*The interim 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 amount available for distribution of RMB201,500,000 over 5,000,000,000 units, representing issued units as at 30 June 2011. The final distribution per unit of RMB0.1064 for the six months ended 31 December 2011 is calculated based on Hui Xian REIT's amount available for distribution of RMB533,296,372 over 5,009,521,491 units, representing issued units as at 31 December 2011.*

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## FINANCIAL INFORMATION

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	<u>NOTES</u>	<u>31.12.2012</u> RMB million	<u>31.12.2011</u> RMB million
<b>Non-current assets</b>			
Investment properties	14	29,660	26,860
Property, plant and equipment	15	2,640	1,961
Land and related costs	16	4,798	4,110
Total non-current assets		37,098	32,931
<b>Current assets</b>			
Hotel inventories		22	20
Land and related costs	16	141	114
Trade and other receivables	17	64	47
Bank balances and cash		2,063	883
Total current assets		2,290	1,064
<b>Total assets</b>		39,388	33,995
<b>Current liabilities</b>			
Trade and other payables	18	441	330
Tenants' deposits		197	221
Tax payable		37	57
Manager's fee payable		44	34
Distribution payable		634	533
Loans from a unitholder	19	1,005	202
Total current liabilities		2,358	1,377
<b>Total assets less current liabilities</b>	23	37,030	32,618
<b>Non-current liabilities, excluding net assets attributable to unitholders</b>			
Bank loan	20	959	-
Tenants' deposits		377	269
Deferred tax liabilities		7,363	6,377
Total non-current liabilities, excluding net assets attributable to unitholders		8,699	6,646
<b>Total liabilities, excluding net assets attributable to unitholders</b>		11,057	8,023
Non-controlling interest		417	-
<b>Net assets attributable to unitholders</b>		27,914	25,972
Units in issue ('000)		5,076,416	5,009,521
Net asset value per unit (RMB) attributable to unitholders	21	5.4988	5.1845

## FINANCIAL INFORMATION

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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#### 1. GENERAL

Hui Xian Real Estate Investment Trust ("Hui Xian REIT") is a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (the "SFO") (Chapter 571 of the Laws of Hong Kong). Hui Xian REIT was established on 1 April 2011 and had not carried on any operation prior to 29 April 2011 (date of listing) and its unit were listed on The Stock Exchange of Hong Kong Limited (the "HKSE") since that date. Hui Xian REIT is governed by the deed of trust 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 consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of Hui Xian REIT.

#### 2. BASIS OF PREPARATION

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

#### 3. SIGNIFICANT ACCOUNTING POLICIES

The 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 fair value of the consideration given in exchange for goods.

The accounting policies and methods of computation used in the consolidated financial statements for the year ended 31 December 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 year, the Group has applied, for the first time, the following amendments to the standards issued by the Hong Kong Institute of Certified Public Accountants.

Amendments to HKFRS 7  
Amendments to HKAS 12

Disclosures - Transfers of Financial Assets  
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 year has had no material impact on the Group's financial performance and positions for the current year and prior periods and/or on the disclosures set out in these consolidated financial statements.

## FINANCIAL INFORMATION

### 3. SIGNIFICANT ACCOUNTING POLICIES-continued

#### **Amendments to HKAS 12 "Income Taxes"**

The Group has applied the amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets" in the current year. 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.

As at 31 December 2012, the Group had investment properties amounting to RMB29,660 million (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 HKAS 12, 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 through generating rental income, 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 year and prior periods.

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle <sup>1</sup>
Amendments to HKFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>2</sup>
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance <sup>1</sup>
Amendments to HKFRS10, HKFRS 12 and HKAS 27	Investment Entities <sup>4</sup>
HKFRS 9	Financial Instruments <sup>2</sup>
HKFRS 10	Consolidated Financial Statements <sup>1</sup>
HKFRS 11	Joint Arrangements <sup>1</sup>
HKFRS 12	Disclosure of Interests in Other Entities <sup>1</sup>
HKFRS 13	Fair Value Measurement <sup>1</sup>
Amendments to HKAS 1	As part of the Annual Improvements to HKFRSs 2009- 2011 Cycle issued in 2012 <sup>1</sup>
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income <sup>3</sup>
HKAS 19 (Revised 2011)	Employee Benefits <sup>1</sup>
HKAS 27 (Revised 2011)	Separate Financial Statements <sup>1</sup>
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures <sup>1</sup>
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities <sup>4</sup>
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine <sup>1</sup>

## FINANCIAL INFORMATION

### 3. SIGNIFICANT ACCOUNTING POLICIES-continued

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2013
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2015
- <sup>3</sup> Effective for annual periods beginning on or after 1 July 2012
- <sup>4</sup> Effective for annual periods beginning on or after 1 January 2014

Except for the adoption of HKFRS 10, HKFRS 12 and HKFRS 13, the Manager anticipates that the application of the above new or revised HKFRSs will have no material impact on the results and the financial position of the Group.

### 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 year, the Group acquired Shenyang Investment (BVI) Limited. Subsequent to the acquisition of Shenyang Investment (BVI) Limited, the chief operating decision maker reviewed financial information and operating result of Sheraton Shenyang Lido Hotel on stand-alone basis and reported the operation of Sheraton Shenyang Lido Hotel as a separate segment in the interim financial statement for the six months ended 30 June 2012. However, the structure of internal reports provided to the chief operating decision maker has been revised subsequent to 30 June 2012. Under the revised internal reports, the results and financial information of Grand Hyatt Beijing and Sheraton Shenyang Lido Hotel have been reported on a combined basis. Therefore, a new segment “The Hotels” has been presented to show the combined financial information and results of Grand Hyatt Beijing and Sheraton Shenyang Lido Hotel. Furthermore, certain expenses and income which previously presented as unallocated expenses and income have been reclassified and included in each of the segment results. There is no material impact on segment results resulting from the restatement. The amounts reported for the period from 29 April 2011 (date of listing) to 31 December 2011 have been restated to conform with the change made in the internal reports that are regularly reviewed by the chief operating decision maker for the year ended 31 December 2012.

The following are identified operating and reportable segments:

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



## FINANCIAL INFORMATION

### 4. SEGMENT REPORTING - continued

#### (a) Segment revenue and results

##### For the year ended 31 December 2012

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

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

	<u>The Malls</u>	<u>The Tower Offices</u>	<u>The Tower Apartments</u>	<u>The Hotels</u>	<u>Consolidated</u>
	RMB million	RMB million	RMB million	RMB million	RMB million
Segment revenue	<u>602</u>	<u>485</u>	<u>82</u>	<u>419</u>	<u>1,588</u>
Segment profit	<u>486</u>	<u>358</u>	<u>39</u>	<u>158</u>	<u>1,041</u>
Increase in fair value of investment properties					360
Finance costs					(6)
Depreciation and amortisation					(136)
Unallocated income					4
Unallocated expense					(85)
Profit before taxation and transactions with unitholders					<u>1,178</u>

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

## FINANCIAL INFORMATION

### 4. SEGMENT REPORTING - continued

#### (b) Segment assets

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

	<u>31.12.2012</u> RMB million	<u>31.12.2011</u> RMB million
The Malls	<b>14,867</b>	14,642
The Tower Offices	<b>14,829</b>	12,263
The Tower Apartments	<b>2,206</b>	2,272
The Hotels	<b>5,581</b>	3,984
Total segment assets	<b>37,483</b>	33,161
Bank balances and cash	<b>1,861</b>	798
Other assets	<b>44</b>	36
Consolidated total assets	<b>39,388</b>	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.

#### (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 year and prior period.

#### (d) Other segment information

##### For the year ended 31 December 2012

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

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

	<u>The Malls</u> RMB million	<u>The Tower Offices</u> RMB million	<u>The Tower Apartments</u> RMB million	<u>The Hotels</u> RMB million	<u>Segment Total</u> RMB million
Depreciation of property, plant and equipment	<u>-</u>	<u>-</u>	<u>1</u>	<u>4</u>	<u>5</u>

## FINANCIAL INFORMATION

### 5. REVENUE

	<b>1.1.2012 to <u>31.12.2012</u> RMB million</b>	<b>29.4.2011 to <u>31.12.2011</u> RMB million</b>
Gross rental from investment properties	<b>1,744</b>	1,087
Income from hotel operation	<b>775</b>	419
Income from serviced apartments operation	<b>129</b>	82
Total	<b><u>2,648</u></b>	<u>1,588</u>

The gross rental from investment properties includes contingent rents of RMB26 million (For the period from 29 April 2011 (date of listing) to 31 December 2011: RMB16 million).

The direct operating expenses from investment properties (includes mainly certain other operating expenses, certain Manager's fees and staff costs) amounting to RMB484 million (For the period from 29 April 2011 (date of listing) to 31 December 2011: RMB284 million).

### 6. RENTAL RELATED INCOME

	<b>1.1.2012 to <u>31.12.2012</u> RMB million</b>	<b>29.4.2011 to <u>31.12.2011</u> RMB million</b>
Service income	<b>39</b>	30
Forfeited tenant deposits	<b>7</b>	5
Others	<b>8</b>	6
Total	<b><u>54</u></b>	<u>41</u>

### 7. OTHER INCOME

Amount mainly represents bank interest income.

## FINANCIAL INFORMATION

### 8. OTHER OPERATING EXPENSES

	<b>1.1.2012 to <u>31.12.2012</u> RMB million</b>	29.4.2011 to <u>31.12.2011</u> RMB million
Advertising and promotion	19	7
Audit fee	1	1
Business tax	151	90
Insurance	6	4
Lease agency fee	32	16
Property manager's fee	33	12
Property management fees	42	26
Repairs and maintenance	90	52
Other miscellaneous expenses (Note)	215	121
Stamp duty	3	1
Urban land use tax	3	2
Urban real estate tax	112	69
Utilities	126	69
	<u>833</u>	<u>470</u>

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

### 9. FINANCE COSTS

	<b>1.1.2012 to <u>31.12.2012</u> RMB million</b>	29.4.2011 to <u>31.12.2011</u> RMB million
Interest expense on unsecured bank loan wholly repayable within five years	30	-
Interest expense on secured bank loans wholly repayable within five years	-	5
Interest expense on loans from a unitholder	31	1
	<u>61</u>	<u>6</u>

### 10. MANAGER'S FEES

	<b>1.1.2012 to <u>31.12.2012</u> RMB million</b>	29.4.2011 to <u>31.12.2011</u> RMB million
Base fee	112	67
Variable fee	34	22
Acquisition fee	10	-
	<u>156</u>	<u>89</u>

## FINANCIAL INFORMATION

### 11. REAL ESTATE INVESTMENT TRUST EXPENSES

	<b>1.1.2012 to <u>31.12.2012</u> RMB million</b>	29.4.2011 to <u>31.12.2011</u> RMB million
Trustee's fee	4	2
Legal and professional fees	3	11
Public relations - related expenses	1	1
Trust administrative expenses	2	3
Others	-	1
	<u>10</u>	<u>18</u>

### 12. INCOME TAX EXPENSE

	<b>1.1.2012 to <u>31.12.2012</u> RMB million</b>	29.4.2011 to <u>31.12.2011</u> RMB million
The income tax expense comprises:		
Current tax - PRC Enterprise Income Tax	353	246
- withholding tax	62	-
Deferred taxation	<u>695</u>	<u>113</u>
	<u>1,110</u>	<u>359</u>

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

PRC Enterprise Income Tax was provided at the applicable enterprise income tax rate of 25% on the estimated assessable profits of the Group's PRC subsidiaries.

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

## FINANCIAL INFORMATION

### 13. EARNINGS PER UNIT

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

The earnings per unit for the period from 29 April 2011 (date of listing) to 31 December 2011 is calculated by dividing the profit for the period attributable to unitholders before transactions with unitholders of RMB819 million by 5,004,237,528 units, being the weighted average number of units in issue during the period of 5,003,141,759 units, plus the weighted average number of units issuable for settlement of Manager's fees for the period from 1 October 2011 to 31 December 2011 of 1,095,769 units.

### 14. INVESTMENT PROPERTIES

	<b>1.1.2012 to 31.12.2012 RMB million</b>	<b>29.4.2011 to 31.12.2011 RMB million</b>
FAIR VALUE		
At the beginning of the year/period	<b>26,860</b>	-
Addition arising from business combination	-	26,500
Increase in fair value recognised in profit or loss	<b>2,800</b>	360
At the end of the year/period	<b>29,660</b>	26,860

- (a) The Group's investment properties held under operating leases are located in Beijing, the PRC under medium-term leases and are measured using the fair value model.
- (b) Investment properties were revalued on 31 December 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.

## FINANCIAL INFORMATION

### 15. PROPERTY, PLANT AND EQUIPMENT

	<u>Buildings</u>		<u>Plant and</u>	<u>Others</u>	<u>Total</u>
	<u>Hotels</u>	<u>Serviced</u>	<u>machinery</u>		
	RMB million	RMB million	RMB million	RMB million	RMB million
<b>COST</b>					
Addition arising from business combination at 29 April 2011	1,207	578	145	89	2,019
Additions for the period	-	-	-	7	7
Disposals for the period	-	-	-	(2)	(2)
At 31 December 2011	1,207	578	145	94	2,024
Addition arising from acquisition of a business	<b>808</b>	-	<b>6</b>	<b>12</b>	<b>826</b>
Additions for the year	<b>3</b>	-	-	<b>14</b>	<b>17</b>
Disposals for the year	-	-	-	(9)	(9)
At 31 December 2012	<b>2,018</b>	<b>578</b>	<b>151</b>	<b>111</b>	<b>2,858</b>
<b>ACCUMULATED DEPRECIATION</b>					
At 29 April 2011	-	-	-	-	-
Provided for the period	27	13	9	16	65
Eliminated on disposals	-	-	-	(2)	(2)
At 31 December 2011	27	13	9	14	63
Provided for the year	<b>108</b>	<b>18</b>	<b>14</b>	<b>23</b>	<b>163</b>
Eliminated on disposals	-	-	-	(8)	(8)
At 31 December 2012	<b>135</b>	<b>31</b>	<b>23</b>	<b>29</b>	<b>218</b>
<b>CARRYING AMOUNTS</b>					
At 31 December 2012	<b>1,883</b>	<b>547</b>	<b>128</b>	<b>82</b>	<b>2,640</b>
At 31 December 2011	1,180	565	136	80	1,961

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

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

### 16. LAND AND RELATED COSTS

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

	<u>31.12.2012</u>	<u>31.12.2011</u>
	<b>RMB million</b>	RMB million
Non-current asset	<b>4,798</b>	4,110
Current asset	<b>141</b>	114
	<b>4,939</b>	4,224



## FINANCIAL INFORMATION

### 17. TRADE AND OTHER RECEIVABLES

	<b><u>31.12.2012</u></b> <b>RMB million</b>	<b><u>31.12.2011</u></b> <b>RMB million</b>
Trade receivables	27	26
Deposits and prepayments	16	15
Advance to suppliers	8	4
Interest receivables	10	1
Other receivables	3	1
	<u>64</u>	<u>47</u>

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

	<b><u>31.12.2012</u></b> <b>RMB million</b>	<b><u>31.12.2011</u></b> <b>RMB million</b>
Less than or equal to 1 month	25	24
1 - 3 months	1	2
Over 3 months	1	-
	<u>27</u>	<u>26</u>

### 18. TRADE AND OTHER PAYABLES

	<b><u>31.12.2012</u></b> <b>RMB million</b>	<b><u>31.12.2011</u></b> <b>RMB million</b>
Trade payables	81	54
Rental received in advance	188	147
Others (Note)	172	129
	<u>441</u>	<u>330</u>

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

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

	<b><u>31.12.2012</u></b> <b>RMB million</b>	<b><u>31.12.2011</u></b> <b>RMB million</b>
Less than or equal to 3 months	59	53
Over 3 months	22	1
	<u>81</u>	<u>54</u>

## FINANCIAL INFORMATION

### 19. LOANS FROM A UNITHOLDER

The amounts represent loans of RMB545 million and RMB460 million drawn under a revolving credit facility granted from a unitholder, Hui Xian Holdings Limited. The loans are unsecured, bear interest at a range of 5.5% to 5.9% (2011: 2.1%) per annum and repayable on 3 January 2013 and 24 March 2013 respectively (2011: 12 March 2012).

### 20. BANK LOAN

	<b><u>31.12.2012</u></b> <b>RMB million</b>	<b><u>31.12.2011</u></b> <b>RMB million</b>
Unsecured term loan	<b>973</b>	-
Loan front-end fee	<b>(14)</b>	-
	<b><u>959</u></b>	<b><u>-</u></b>

The maturity of the above bank loan is as follows:

More than two years but not exceeding five years	<b><u>959</u></b>	<b><u>-</u></b>
Amount due after one year	<b><u>959</u></b>	<b><u>-</u></b>

In relation to the syndication credit facility of HK\$1,200 million (equivalent to RMB973 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 31 December 2012 was HK\$1,200 million (equivalent to RMB973 million) (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. The weighted average effective interest rate on the bank loan is 2.4% (2011: nil) per annum.

### 21. NET ASSET VALUE PER UNIT ATTRIBUTABLE TO UNITHOLDERS

The net asset value per unit is calculated based on the net assets attributable to unitholders as at 31 December 2012 of RMB27,914 million (2011: RMB25,972 million) and the total number of 5,076,415,649 units in issue as at 31 December 2012 (2011: 5,009,521,491 units).

### 22. NET CURRENT LIABILITIES

At the end of the reporting period, the Group's net current liabilities, defined as total current assets less total current liabilities, amounted to RMB68 million (2011: RMB313 million).

### 23. TOTAL ASSETS LESS CURRENT LIABILITIES

At the end of the reporting period, the Group's total assets less current liabilities amounted to RMB37,030 million (2011: RMB32,618 million).