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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

INTERIM RESULTS ANNOUNCEMENT FOR THE PERIOD FROM 29 APRIL 2011 TO 30 JUNE 2011

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. 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**”), 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 audited interim results of Hui Xian REIT and its special purpose vehicles for the period from 29 April 2011 to 30 June 2011 (the “**Reporting Period**”) as follows:

FINANCIAL HIGHLIGHTS

This is the first set of financial results for the Reporting Period prepared by Hui Xian REIT since its listing on the Stock Exchange on 29 April 2011, therefore, there is no past comparison. Where appropriate, comparisons will be made against the forecast figures stated in the Offering Circular (“**OC Forecast**”) of Hui Xian REIT dated 11 April 2011 (“**Offering Circular**”).

For the period 29 April 2011 to 30 June 2011

	Actual	OC Forecast⁽¹⁾	
Key Financial Figures	RMB Million	RMB Million	Change
Total Revenue	404	404	-
Property Operating Expenses	125	139	-10.1%
Net Property Income	279	265	5.3%
Profit After Tax	149	140	6.4%
Distributable Income	202	193	4.7%
Distribution Amount	202	193	4.7%
Net Asset Value ⁽⁴⁾	25,802	NA	NA
Gross Asset Value	33,366	NA	NA
Per Unit Figures	RMB	RMB	Change
Distribution Per Unit	0.0403	0.0386	4.4%
Annualised Distribution Yield	4.83% ⁽²⁾	4.26% ⁽³⁾	13.4%
Net Asset Value Per Unit ⁽⁴⁾	5.1604	NA	NA
	Actual	OC Forecast⁽¹⁾	Change
Ratio			
Gearing Ratio			
Debt to Net Asset Value	0.8%	NA	NA
Debt to Gross Asset Value	0.6%	NA	NA
Expense Ratio	30.9%	34.4%	-10.2%
Payout Ratio ⁽⁵⁾	100%	100%	-

Notes:

(1) Forecast figures disclosed in the Offering Circular.

(2) Based on the closing price on 30 June 2011 and the annualised actual distribution amount.

(3) Based on the IPO Price and the annualised forecast disclosed in the Offering Circular.

(4) After deduction of dividend to be distributed.

(5) The Manager’s policy is to distribute to Unitholders an amount equal to 100% of Hui Xian REIT’s Annual Distributable Income for the period from the Listing Date to 31 December 2012.

CHAIRMAN'S STATEMENT

On behalf of Hui Xian Asset Management Limited, the management company of Hui Xian Real Estate Investment Trust (“**Hui Xian REIT**”), it gives me great pleasure to present the maiden interim results of Hui Xian REIT for the period from its listing date on 29 April 2011 to 30 June 2011 (“**Reporting Period**”).

The successful listing of Hui Xian REIT in April 2011 on the Stock Exchange of Hong Kong marked an important milestone as the first RMB-denominated equity initial public offering (“**IPO**”) outside of Mainland China, as well as the world's first RMB-denominated REIT.

RESULTS AND DISTRIBUTION

Hui Xian REIT recorded an encouraging performance during the Reporting Period. Total revenue during the Reporting Period was RMB 404 million, in line with OC Forecast. Net property income amounted to RMB 279 million, 5.3% higher than OC Forecast. Cost control measures helped to reduce property operating expenses to RMB 125 million, 10.1% lower than OC Forecast.

Total distributable income for the Reporting Period was RMB 202 million, 4.7% above OC Forecast. Unitholders will receive an interim distribution per unit (“**DPU**”) of RMB 0.0403, which represents an annualised distribution yield of 4.83%, based on the closing unit price of RMB 4.83 on 30 June 2011. This is higher than the OC Forecast of 4.26% based on the IPO price of RMB 5.24.

OPERATIONS REVIEW

Hui Xian REIT's portfolio comprises Oriental Plaza, one of the largest and most iconic commercial complexes in Beijing, PRC. The development comprises four businesses: The Malls, The Tower Offices, The Tower Apartments and Grand Hyatt Beijing.

Although Hui Xian REIT has only operated Oriental Plaza since 29 April 2011, the development has been in business in Beijing for over ten years and enjoyed a compound annual growth rate (“**CAGR**”) of 17.2% in operating profit from 2002 to 2010.

We would like to share with you the operating performance of Oriental Plaza in the first half of 2011 compared to the same period in 2010. We believe Oriental Plaza will continue to maintain its growth momentum.

On the back of a thriving Chinese economy, Oriental Plaza made good progress in the first six months of 2011. Total revenue was RMB 1,118 million, an increase of 9.0% compared to the same period last year. Net property income rose 5.7% to RMB 740 million over the corresponding period in 2010.

The Malls

Strong leasing momentum at The Malls continued in the first six months of 2011. As at 30 June 2011, the occupancy rate remained at 100%. Net property income reached RMB 355 million, a 4.4% increase over the same period in 2010. The growth was mainly attributable to China's robust retail sales, rising domestic consumption as well as rental increases from new leases and renewal of existing leases.

The Tower Offices

Buoyant business activities and corporate expansion underpinned a strong office leasing market in Beijing. As at 30 June 2011, The Tower Offices' committed occupancy rate was 99.6%. Net property income was RMB 259 million in the first six months of 2011, representing a 3.6%

increase over the same period last year. Spot rent increased to RMB 290 per sq m gross for the month of June 2011.

The Tower Apartments

The Tower Apartments' net property income generated from the first half of 2011 was RMB 26 million, a rise of 30.0% compared to the same period in 2010. Occupancy rate increased to 93.1% as at 30 June 2011.

Demand for The Tower Apartments was strong in the first half of 2011, due to the expansion of multinational companies and growth of expatriate population in Beijing. The introduction of home purchase restrictions on expatriates in early 2011 also fuelled high demand for luxury serviced apartments.

Grand Hyatt Beijing

In the first six months of 2011, Grand Hyatt Beijing's net property income was RMB 100 million, an increase of 11.1% as compared to the same period in 2010. The average room rate per night was RMB 1,525, 12% more than the same period last year. RevPAR also increased to RMB 1,115 for the first half of 2011 from RMB 980 for the same period of 2010.

In June 2011, Grand Hyatt Beijing was named "Best Business Hotel in Beijing" by *National Geographic Traveler China* for the third consecutive year.

UNIQUE PLATFORM

As a RMB-denominated REIT, we believe that Hui Xian REIT offers a unique opportunity for its Unitholders to receive a stable and sustainable distribution while at the same time have the chance to capture the potential benefits of currency gain. The exchange rate of RMB to Hong Kong dollars has appreciated 5.7%* since 1 January 2010 to 30 June 2011.

EARLY LOAN RETIREMENT

Following the early loan retirement on 1 July 2011, Hui Xian REIT is now free from debt and there is no pledge on the property.

According to Hong Kong's current REIT code, Hui Xian REIT is allowed to borrow up to 45% of its gross asset value. We believe that the greater financial flexibility and borrowing capacity will strengthen our acquisition and expansion capabilities.

OUTLOOK

Looking ahead, we will continue to actively manage Hui Xian REIT's portfolio to optimise occupancy, control property expenses, achieve steady rental and enhance net property income.

Asset enhancement initiatives have been planned for Oriental Plaza. Grand Hyatt Beijing has set out a three-year renovation programme to upgrade guest rooms, restaurants and other facilities. Asset improvement works have also been continually implemented at The Malls.

A dedicated Project Development team has been established to pursue investment opportunities in China. We will proactively seek additional assets that are yield accretive and boost overall returns.

Hong Kong hosts the largest pool of RMB liquidity outside of Mainland China. As at the end of May 2011, offshore RMB deposits in Hong Kong exceeded RMB 540 billion, a seven-fold increase compared to January 2010. We believe that this growing trend will continue.

The economic outlook of China, the world's second largest economy, remains positive. China's gross domestic product (“**GDP**”) expanded by 9.5% year-on-year in the first half of 2011. Hui Xian REIT is well-positioned to capitalise on China's economic growth in the future.

On behalf of the Board, I would like to express my gratitude to all who have contributed to the successful listing. In addition, I would like to thank our Unitholders for their 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, 2 August 2011

*Based on the HK\$/RMB exchange rate of 1:0.8804 on 1 January 2010 and 1: 0.8306 on 30 June 2011 (Source: Bloomberg)

MANAGEMENT DISCUSSION AND ANALYSIS

PORTFOLIO HIGHLIGHTS

Hui Xian REIT's asset is its investment in Hui Xian (B.V.I.) Limited (“**Hui Xian BVI**”), which in turn holds Hui Xian Investment Limited, the foreign joint venture partner of Beijing Oriental Plaza Co., Ltd. (“**BOP**”). BOP holds the land use rights and building ownership rights of Oriental Plaza, one of the largest commercial complexes in Beijing. The development comprises the following businesses:

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

BOP BUSINESS REVIEW (JANUARY TO JUNE 2011)

Oriental Plaza	Jan-Jun 2011 RMB million	Jan-Jun 2010 RMB million	% Change
The Malls			
Revenue	437	403	8.4%
Net Property Income	355	340	4.4%
The Tower Offices			
Revenue	347	323	7.4%
Net Property Income	259	250	3.6%
The Tower Apartments			
Revenue	56	43	30.2%
Net Property Income	26	20	30.0%
Grand Hyatt Beijing			
Revenue	278	257	8.2%
Net Property Income	100	90	11.1%
Total			
Revenue	1,118	1,026	9.0%
Net Property Income	740	700	5.7%

In the first half of 2011, Oriental Plaza has progressed well on the back of a booming Chinese economy. Total revenue generated from January to June 2011 was RMB 1,118 million, an increase of 9.0% compared to the same period in 2010. Net property income was 740 million, representing a year-on-year rise of 5.7%. Oriental Plaza was also named “The Best Developer – Multi Use Project” in *Capital's* “The Best Developer Awards 2011”.

The Malls

Driven by robust domestic consumption, leasing momentum at The Malls remained strong. As at 30 June 2011, it had an occupancy rate of 100%. In the first half of 2011, net property income generated from The Malls was RMB 355 million, a 4.4% increase over the same period in 2010. The average monthly passing rent was RMB 854 per sq m for the first half of 2011 compared to RMB 813 per sq m for the year 2010. The rental reversion rate was 23%.

For the leases which expired during the first half of 2011, about 51% of the total gross rentable area was renewed with the existing tenants.

The Malls is constantly improving its retail offerings and tenant mix to further enhance the shopping experience. The number of tenants on the waiting list has remained high, at 280 in June 2011.

In May 2011, The Malls was named “Best Retail Development, China” and “Best Retail Development, Asia Pacific” by the International Property Awards, in association with Bloomberg Television.

In the first half of 2011, China’s retail sales were up 16.8% year-on-year. Underpinned by rising disposable income and domestic consumption, we expect the Beijing retail market will continue its strong growth.

With its convenient location, strategic tenant mix and proactive asset management, The Malls is expected to continue to be one of Beijing’s favourite shopping centres.

The Tower Offices

Demand for Grade A offices in Beijing remained firm as many multinational companies demonstrated a renewed willingness to implement expansion plans on the back of China’s robust economic growth. Large-scale domestic corporations have also exhibited an increased appetite for prime office space.

During the first six months of 2011, net property income of The Tower Offices was RMB 259 million, an increase of 3.6% over to the same period in 2010. As at 30 June 2011, the committed occupancy rate of The Tower Offices was 99.6%. We have also successfully achieved a positive rental reversion rate of 26%. 124 leases (new and renewed) commenced in the first half of 2011, occupying a total of 38,231sq m. The spot rent for January to June 2011 and the month of June 2011 are approximately RMB 221 per sq m gross and RMB 290 per sq m gross respectively, which represent 18% and 53% above the spot rent in the last quarter of 2010. There was significant growth in reversion on both renewals and new lettings, which reached RMB 444 per sq m gross.

In May 2011, The Tower Offices was named “Best Office Development, China” by the International Property Awards, in association with Bloomberg Television.

The Tower Apartments

The Tower Apartments’ net property income soared 30.0% to RMB 26 million in the first half of 2011 as compared to the same period in 2010. Occupancy rate increased to 93.1% as at 30 June 2011.

Demand for The Tower Apartments was strong in the first half of 2011, due to the expansion of multinational companies and growth of expatriate population in Beijing. The introduction of home purchase restrictions on expatriates in early 2011 also fuelled high demand for luxury serviced apartments.

Grand Hyatt Beijing

Net property income generated from Grand Hyatt Beijing during the first half of 2011 was RMB 100 million, registering a year-on-year increase of 11.1%. The occupancy rate was 72.5% for the month of June 2011. From January to June 2011, 165 conferences and events were held in Grand Hyatt Beijing.

In June 2011, the 825-room hotel was named “Best Business Hotel in Beijing” by *National Geographic Traveler China* for the third consecutive year.

The three-year renovation programme is now in place to upgrade the guest rooms, restaurants and other facilities.

FINANCIAL REVIEW

Distributions

Distribution Amount

Hui Xian REIT will distribute a total of RMB 202 million (“**Distribution Amount**”) to holders of units of Hui Xian REIT (“**Units**”) for the period from 29 April to 30 June 2011 (the “**Reporting Period**”), 4.7% higher than the Income available for distribution forecast in the Offering Circular dated 11 April 2011. The Distribution Amount 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 was RMB 0.0403 based on the number of Units offered for subscription on 11 April 2011. The distribution per Unit represents an annualised Distribution yield of 4.83% based on the closing price of RMB 4.83 as at 30 June 2011.

Closure of Register of Unitholders

The record date for the interim distribution will be Tuesday, 6 September 2011 (“**Record Date**”). The Register of Unitholders will be closed from Tuesday, 30 August 2011 to Tuesday, 6 September 2011, both days inclusive, during which period no transfer of Units will be effected. The Distribution will be payable on Thursday, 15 September 2011 to Unitholders whose names appear on the Register of Unitholders on Record Date.

In order to qualify for the 2011 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 4:30p.m. on Monday, 29 August 2011.

Debt Positions

As at 30 June 2011, total outstanding borrowings of Hui Xian REIT amounted to RMB 200 million. The total borrowings comprised of a five-year term loan entered between BOP and Bank of China Limited in 2008. The loan bears interest at 90% of the benchmark interest rate quoted by the People’s Bank of China and is payable in full in January 2014. Based on the REIT’s net asset value of RMB 25,802 million as at 30 June 2011, Hui Xian REIT’s gearing ratio stands at 0.8%.

On 1 July 2011, Hui Xian REIT made an early repayment of such loan, leaving it completely debt-free.

Cash and Asset Positions

As at 30 June 2011, Hui Xian REIT’s cash amounted to RMB 535 million. The cash is predominately dominated in RMB. No currency hedge was employed.

Hui Xian REIT’s principal assets are a 130,000 sq m shopping mall, eight blocks of Grade A office towers, two blocks of serviced apartments towers and an 825-room business hotel in a 787,059 sq m building complex at 1 Chang’an Avenue, Beijing, PRC which is collectively named as Oriental Plaza. Hui Xian REIT holds and controls Oriental Plaza through the indirectly wholly-owned subsidiary Hui Xian Investment Limited, which is the foreign partner of BOP, a sino-foreign cooperative joint venture. BOP holds the land use right and building ownership rights of Oriental Plaza.

American Appraisal China Limited, Hui Xian REIT’s principal valuer, valued the eight blocks of office towers, the shopping mall and car parking spaces at RMB 26,500 million as at 30 June 2011. Together with the hotel and serviced apartment premises, gross property value of Hui Xian REIT was RMB 32,699 million as at the balance sheet date.

Net Assets Attributable To Unitholders

As at 30 June 2011, net assets attributable to Unitholders amounted to RMB 25,802 million or RMB

5.1604 per unit, a 6.8% premium to the closing unit price of RMB 4.83 as at 30 June 2011.

Pledge of Assets

As at 30 June 2011, the land and property of Oriental Plaza were pledged to banks to obtain bank loans.

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

Commitments

As at 30 June 2010, Hui Xian REIT did not have any significant commitments.

Employees

As at 30 June 2011, BOP, by itself and through its branch, employed a total of approximately 570 employees in the PRC, of which approximately 390 employees perform hotel operation functions and services, and approximately 180 employees handle legal, regulatory and other administrative matters and carry out and providing commercial functions and services, including leasing and some other property management functions and services, other than the hotel operation functions and services.

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

Real Estate Sale and Purchase

Hui Xian REIT did not enter into any real estate sale and purchase transactions during the Reporting Period.

CORPORATE GOVERNANCE

With the objectives of establishing and maintaining high standards 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 Securities and Futures Commission (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 authorized by the SFC under section 116 of the SFO to conduct the regulated activity of asset management. The Manager has three 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. CHU Stephen Henry, Mr. KWAN Man Fai, Louis and Mr. PANG Shuen Wai, Nichols.

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 authorized under the SFO pursuant to the REIT Code.

During the Reporting Period, the Manager and Hui Xian REIT have 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 Interim Results

The interim results 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.

Unit Capital

The total number of issued Units as at 30 June 2011 is 5,000,000,000 Units.

New Units Issued

No new unit of the Hui Xian REIT was 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 30 June 2011.

Issuance of Interim Report 2011

The Interim Report of Hui Xian REIT for the Reporting Period will be published on the websites of the Stock Exchange and Hui Xian REIT and will be dispatched or sent to Unitholders on or before 31 August 2011.

Hong Kong, 2 August 2011

As at the date of this announcement, the Directors of the Manager are Mr. KAM Hing Lam (Chairman and non-executive Director); Mr. CHU Stephen Henry and Mr. KWAN Man Fai, Louis (executive Directors); Mr. IP Tak Chuen, Edmond, Mr. LIM Hwee Chiang and Mr. YIN Ke (non-executive Directors); and Mr. CHENG Hoi Chuen, Vincent, Professor LEE Chack Fan and Dr. CHOI Koon Shum, Jonathan (independent non-executive Directors).

HUI XIAN REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 29 APRIL 2011 (DATE OF LISTING) TO 30 JUNE 2011

	<u>NOTE</u>	RMB million
Revenue	5	404
Rental related income	6	9
Other income	7	2
Hotel inventories consumed		(10)
Staff costs		(15)
Depreciation and amortisation		(35)
Other operating expenses	8	(109)
Finance costs	9	(2)
Real estate investment trust expenses	10	(25)
Profit before taxation and transactions with unitholders		219
Income tax expense	11	(70)
Profit for the period, before transactions with unitholders		149
Distribution to unitholders		(202)
Excess of distribution over profit for the period, after transactions with unitholders and total comprehensive expense		(53)
Income available for distribution to unitholders		202
Basic earnings per unit (RMB)	12	0.0298

HUI XIAN REAL ESTATE INVESTMENT TRUST

DISTRIBUTION STATEMENT

FOR THE PERIOD FROM 29 APRIL 2011 (DATE OF LISTING) TO 30 JUNE 2011

	RMB million
Profit for the period, before transactions with unitholders	149
Adjustments:	
Manager's fee	14
Depreciation and amortisation	35
Deferred tax	4
Income available for distribution (note (i))	202
Distributions payable to unitholders	202
Distribution per unit (RMB) (note (ii))	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 to 30 June 2011.

Notes:

(i) *Adjustments for the current period include:*

- (a) *Manager's fee paid in units of RMB14 million (2,903,274 units) out of the total Manager's fee of RMB23 million (the difference of RMB9 million are paid in cash).*
- (b) *Deferred tax provision of RMB4 million in relation to accelerated tax depreciation.*
- (c) *Depreciation and amortisation of the Group's properties of RMB35 million.*

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

- (ii) *The distribution per unit of 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 will be paid to unitholders on 15 September 2011.*
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HUI XIAN REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	<u>NOTE</u>	RMB million
Non-current assets		
Investment properties	13	26,500
Property, plant and equipment	14	2,002
Land and related costs	15	4,177
Total non-current assets		<u>32,679</u>
Current assets		
Hotel inventories	16	19
Land and related costs	15	105
Trade and other receivables	17	28
Bank balances and cash	18	535
Total current assets		<u>687</u>
Total assets		<u>33,366</u>
Current liabilities		
Trade and other payables	19	356
Tenants' deposits		120
Bank borrowings	20	200
Tax payable		29
Manager's fee payable		23
Distribution payable		202
Total current liabilities		<u>930</u>
Total assets less current liabilities		<u>32,436</u>
Non-current liabilities, excluding net assets attributable to unitholders		
Tenants' deposits		358
Deferred tax liabilities	21	6,276
Total non-current liabilities, excluding net asset attributable to unitholders		<u>6,634</u>
Total liabilities, excluding net assets attributable to unitholders		<u>7,564</u>
Net assets attributable to unitholders		<u>25,802</u>
Units in issue ('000)	23	<u>5,000,000</u>
Net asset value per unit (RMB) attributable to unitholders	24	<u>5.1604</u>

HUI XIAN REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

FOR THE PERIOD FROM 29 APRIL 2011 (DATE OF LISTING) TO 30 JUNE 2011

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

HUI XIAN REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 29 APRIL 2011 (DATE OF LISTING) TO 30 JUNE 2011

	<u>NOTE</u>	RMB million
Operating activities		
Profit before taxation		219
Adjustments for:		
Depreciation of property, plant and equipment		17
Amortisation of land and related costs		18
Interest income		(2)
Finance costs		2
		<hr/>
Operating cash flows before movements in working capital		254
Decrease in trade and other receivables		17
Increase in trade and other payables		32
Increase in tenants' deposits		14
Increase in Manager's fee payable		23
		<hr/>
Cash generated from operations		340
Profits tax paid		(114)
		<hr/>
Net cash from operating activities		226
Investing activities		
Acquisition of a business	22	259
Interest received		2
		<hr/>
Cash from investing activities		261
Financing activities		
Proceeds from issue of new units		12,052
Issue cost paid		(294)
Interest paid		(3)
Repayment of amount due to a unitholder	(a)	(11,707)
		<hr/>
Net cash from financing activities		48
		<hr/>
Increase in cash and cash equivalents		535
Cash and cash equivalents at the beginning of the period		
		<hr/>
		-
Cash and cash equivalents at the end of the period, represented by bank balances and cash		
		<hr/>
		535
		<hr/> <hr/>

Note:

- (a) Following the completion of the initial offering ("Offering") of Hui Xian REIT, the proceeds (net of all fees and charges) from the Offering will be used for repaying the Indebtedness (defined in Note 23) immediately on 29 April 2011 (date of listing).

HUI XIAN REAL ESTATE INVESTMENT TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 29 APRIL 2011 (DATE OF LISTING) TO 30 JUNE 2011

1. GENERAL

Hui Xian Real Estate Investment Trust ("Hui Xian REIT") is a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Hui Xian REIT was established on 1 April 2011 and had not carried on any operation prior to 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. This interim financial report covers the period from 29 April 2011 (date of listing) to 30 June 2011. Hui Xian REIT is governed by the deed of trust dated 1 April 2011 (the "Trust Deed") made between Hui Xian Asset Management Limited (the "Manager") and DB Trustees (Hong Kong) Limited (the "Trustee"), and the Code on Real Estate Investment Trusts issued by the Securities and Futures Commission.

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

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

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

(a) Property Manager's fee

Under the Operations Management Agreement, the Property Manager, Beijing Hui Xian Enterprise Services Limited, will receive a property manager's fee of 1% per annum of NPI (before deduction therefrom of the Variable Fee (as defined in 1(c)) and the Property Manager's fee) for provision of business advisory and management services, marketing and lease management services and property management co-ordination services.

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

(b) Trustee's fees

The Trustee is entitled to receive a one-off inception fee of not more than 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 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.

HUI XIAN REAL ESTATE INVESTMENT TRUST

1. GENERAL - continued

(c) Manager's fees

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

Base Fee

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

Variable Fee

Under the Trust Deed, the Manager will receive a variable fee ("Variable Fee") of 3% per annum of the NPI of that real estate (before deduction therefrom of the Variable Fee and, where the Property Manager is a subsidiary of the Manager, the Property Manager's fee) provided however that in respect of Oriental Plaza and as from the date of the Property Manager is appointed pursuant to the Operations Management Agreement and for so long as the Property Manager is a subsidiary of the Manager and with effect from the date on which the Property Manager is appointed, such rate shall be reduced to 2.0% (instead of 3.0% as stated above) per annum.

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of consolidated financial statements

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

The consolidated financial statements have been prepared on the historical cost basis, except for investment properties that are measured at fair values, as explained in the accounting policies set out below.

HUI XIAN REAL ESTATE INVESTMENT TRUST

2. SIGNIFICANT ACCOUNTING POLICIES - continued

(b) Basis of consolidation

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

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

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

(c) Business combinations

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

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

(d) Revenue recognition

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

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

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

Service income is recognised when services are provided.

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

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at effective interest rate, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2. SIGNIFICANT ACCOUNTING POLICIES - continued

(e) Investment properties

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

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

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

(f) Property, plant and equipment

Hotel and serviced suite properties, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss where appropriate.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the period in which the item is derecognised.

(g) Hotel inventories

Hotel inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

(h) Financial instruments

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

2. SIGNIFICANT ACCOUNTING POLICIES - continued

(h) Financial instruments - continued

Financial assets

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

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

Impairment of financial assets

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES - continued

(h) Financial instruments - continued

Financial liabilities and equity

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

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

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

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

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

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period on initial recognition. Interest expense is recognised on an effective interest basis.

2. SIGNIFICANT ACCOUNTING POLICIES - continued

(h) Financial instruments - continued

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

(i) Impairment losses on tangible assets

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

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

(j) Leases

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

(k) Land and related costs

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

HUI XIAN REAL ESTATE INVESTMENT TRUST

2. SIGNIFICANT ACCOUNTING POLICIES - continued

(l) Borrowing costs

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

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

(m) Foreign currencies

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

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

(n) Taxation

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

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

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

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

HUI XIAN REAL ESTATE INVESTMENT TRUST

2. SIGNIFICANT ACCOUNTING POLICIES - continued

(n) Taxation - continued

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is charged or credited to profit or loss, except when it relates to items recognised in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

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

(o) Retirement benefit costs

Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

(p) Potential impact arising from recently issued accounting standards

At the date of authorisation of these consolidated financial statements, the following Hong Kong Financial Reporting Standards ("HKFRS(s)"), Hong Kong Accounting Standards ("HKAS(s)"), Interpretations ("HK(IFRIC)(s)") and amendments were issued but not yet effective:

HKAS 12 (Amendments)	Deferred tax: Recovery of Underlying Assets ¹
HKAS 19 (2011)	Employee Benefits ³
HKAS 27 (2011)	Separate Financial Statements ³
HKAS 28 (2011)	Investments in Associates and Joint Ventures ³
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters ²
HKFRS 7 (Amendments)	Disclosure - Transfers of Financial Assets ²
HKFRS 9	Financial Instruments ³
HKFRS 10	Consolidated Financial Statements ³
HKFRS 11	Joint Arrangements ³
HKFRS 12	Disclosure of Interests in Other Entities ³
HKFRS 13	Fair Value Measurement ³

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

² Effective for annual periods beginning on or after 1 July 2011

³ Effective for annual periods beginning on or after 1 January 2013

2. SIGNIFICANT ACCOUNTING POLICIES - continued

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

The amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets" mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property". As at 30 June 2011, the deferred tax arising from the revaluation of the properties amounted to RMB4,159 million. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. If the presumption is not rebutted, the Manager anticipates that the application of the amendments to HKAS 12 will have a material impact on deferred tax recognised for investment properties that are measured using the fair value model.

The Manager anticipates that the application of other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

As described in Notes 2(e) and 13, investment properties are stated at fair value based on the valuation performed by an independent professional valuer. The valuation of properties was arrived at using investment approach by capitalising net income derived from the existing tenancies with due allowance for the reversionary income potential of the properties or where appropriate, by reference to market evidence of transaction prices for similar properties in the similar locations and conditions. In relying on the valuation reports of the professional valuers, the Manager has exercised its judgment and is satisfied that the method of valuation is reflective of the current market conditions prevailing at the end of each reporting period. Any changes in the market conditions will affect the fair value of the investment properties of the Group.

HUI XIAN REAL ESTATE INVESTMENT TRUST

4. SEGMENT REPORTING

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

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

(a) Segment revenue and results

	<u>The Malls</u>	<u>The Tower Offices</u>	<u>The Tower Apartments</u>	<u>The Hotel</u>	<u>Consolidated</u>
	RMB million	RMB million	RMB million	RMB million	RMB million
Segment revenue	<u>150</u>	<u>121</u>	<u>20</u>	<u>113</u>	<u>404</u>
Segment profit	<u>126</u>	<u>94</u>	<u>11</u>	<u>48</u>	<u>279</u>
Finance costs					(2)
Depreciation and amortisation					(31)
Unallocated income					2
Unallocated expense					<u>(29)</u>
Profit before taxation and transactions with unitholders					219
Income tax expense					<u>(70)</u>
Profit for the period, before transactions with unitholders					<u>149</u>

The accounting policies of the operating segments are the same as the accounting policies described in Note 2. Segment profit is the measure reported to the Manager for the purposes of resource allocation and performance assessment.

HUI XIAN REAL ESTATE INVESTMENT TRUST

4. SEGMENT REPORTING - continued

(b) Segment assets

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

	As at 30 June 2011 RMB million
The Malls	14,636
The Tower Offices	11,901
The Tower Apartments	2,307
The Hotel	4,046
	<hr/>
Total segment assets	32,890
Bank balances and cash	447
Other assets	29
	<hr/>
Consolidated assets	<u>33,366</u>

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, the PRC.

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

(d) Other segment information

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

HUI XIAN REAL ESTATE INVESTMENT TRUST

5. REVENUE

RMB million

Gross rental from investment properties	271
Income from hotel operation	113
Income from serviced apartments operation	<u>20</u>
Total	<u><u>404</u></u>

The gross rental from investment properties includes contingent rents of RMB3 million for the period from 29 April 2011 (date of listing) to 30 June 2011.

The direct operating expense from investment properties amounting to RMB51 million for the period from 29 April 2011 (date of listing) to 30 June 2011.

6. RENTAL RELATED INCOME

RMB million

Service income	7
Forfeited tenant deposits	1
Others	<u>1</u>
Total	<u><u>9</u></u>

7. OTHER INCOME

Amount mainly represents bank interest income.

8. OTHER OPERATING EXPENSES

RMB million

Advertising and promotion	1
Audit fee	-
Business tax	23
Insurance	1
Lease agency fee	4
Property management fees	10
Repairs and maintenance and other miscellaneous expenses	34
Stamp duty	1
Urban land use tax	1
Urban real estate tax	19
Utilities	15
Valuation fees (paid to principal valuer)	<u>-</u>
	<u><u>109</u></u>

HUI XIAN REAL ESTATE INVESTMENT TRUST

9. FINANCE COSTS

RMB million

Interest expense on secured bank loans wholly repayable within five years	<u>2</u>
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10. REAL ESTATE INVESTMENT TRUST EXPENSES

RMB million

Manager's fee	23
Trustee's fee	1
Trustee expenses	<u>1</u>
	<u>25</u>

11. INCOME TAX EXPENSE

RMB million

The income tax expense comprises:

Current tax - PRC enterprise income tax	58
Deferred taxation (Note 21)	<u>12</u>
	<u>70</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 a PRC subsidiary.

The EIT Law also required withholding tax to be levied on distribution of profits earned by a PRC entity to a non-PRC resident company for profits generated after 1 January 2008 at the rate of 5%. As at 30 June 2011, deferred taxation was provided for in full in respect of the temporary differences attributable to such profits.

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

RMB million

Profit before taxation	<u>219</u>
Tax at the applicable income tax rate 25%	55
Tax effect of expenses not deductible for tax purpose	7
Deferred tax on undistributed earnings of a PRC subsidiary	<u>8</u>
Tax charge for the period	<u>70</u>

HUI XIAN REAL ESTATE INVESTMENT TRUST

12. EARNINGS PER UNIT

The earnings per unit is calculated by dividing the net profit for the period of RMB149 million by 5,001,451,637 units being the number of units in issue during the period of 5,000,000,000 plus the weighted average number of units issuable as Manager's fee for the period from 29 April 2011 (date of listing) to 30 June 2011 of 1,451,637.

13. INVESTMENT PROPERTIES

	RMB million
FAIR VALUE	
Addition arising from business combination (Note 22)	26,500
Change in fair value of investment properties	<u>-</u>
At the end of the period	<u><u>26,500</u></u>

- (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 2011 by American Appraisal China Limited, an independent valuer having appropriate professional qualifications and experiences in the valuation of similar properties in the relevant locations. The valuation of the properties was arrived at using the investment approach by capitalising net income derived from the existing tenancies with due allowance for the reversionary income potential of the properties or where appropriate, by reference to market evidence of transaction prices for similar properties in the similar locations and conditions.
- (c) The investment properties have been pledged to secure bank borrowings of the Group.

14. PROPERTY, PLANT AND EQUIPMENT

	<u>Buildings</u>		<u>Plant and machinery</u>	<u>Others</u>	<u>Total</u>
	<u>Hotel</u>	<u>Serviced apartments</u>			
	RMB million	RMB million	RMB million	RMB million	RMB million
COST					
Addition arising from business combination (Note 22) and at 30 June 2011	<u>1,207</u>	<u>578</u>	<u>145</u>	<u>89</u>	<u>2,019</u>
ACCUMULATED DEPRECIATION					
At 29 April 2011	-	-	-	-	-
Depreciation	<u>7</u>	<u>3</u>	<u>3</u>	<u>4</u>	<u>17</u>
At 30 June 2011	<u>7</u>	<u>3</u>	<u>3</u>	<u>4</u>	<u>17</u>
CARRYING AMOUNTS					
At 30 June 2011	<u><u>1,200</u></u>	<u><u>575</u></u>	<u><u>142</u></u>	<u><u>85</u></u>	<u><u>2,002</u></u>

HUI XIAN REAL ESTATE INVESTMENT TRUST

14. PROPERTY, PLANT AND EQUIPMENT - continued

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

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

Hotel and serviced apartments, which are situated in Beijing, PRC are held under medium-term leases. Hotel and serviced apartments and plant and machinery have been pledged to secure bank borrowings of the Group.

15. LAND AND RELATED COSTS

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

	RMB million
Non-current asset	4,177
Current asset	105
	<u>4,282</u>

The land use rights have been pledged to secure bank borrowings of the Group.

16. HOTEL INVENTORIES

	RMB million
Food and beverage	3
Other consumables	16
	<u>19</u>

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17. TRADE AND OTHER RECEIVABLES

RMB million

Trade receivables	14
Deposits and prepayments	9
Advance to suppliers	3
Other receivables	2
	<u>28</u>

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

RMB million

Less than or equal to 1 month	13
Over 3 months	1
	<u>14</u>

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

Hotel revenue is normally settled by cash or credit card.

Included in the Group's trade receivable balance are debtors with a carrying amount of RMB3 million as at 30 June 2011 which were past due at the reporting dates on which the Group did not provide for doubtful debts as there were no significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral over these balances. The average age of these past due receivables for the period is 30 days at 30 June 2011.

Aging of trade receivables which are past due but not impaired is as follows:

RMB million

Overdue:	
Less than or equal to 1 month	3
	<u>3</u>

Trade and other receivables are denominated in RMB.

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18. BANK BALANCES AND CASH

RMB million

Cash at bank and in hand	498
7 days notice bank deposits	<u>37</u>
	<u>535</u>

Average interest rate per annum is as follows:

Bank deposits	
- 7 days notice	<u>0.63%</u>

Bank balances and cash are denominated in the following currencies:

RMB million

RMB	533
US\$	<u>2</u>
	<u>535</u>

19. TRADE AND OTHER PAYABLES

RMB million

Trade payables	57
Rental received in advance	132
Others	<u>167</u>
Total	<u>356</u>

Trade and other payables are denominated in the following currencies:

RMB million

RMB	350
US\$	<u>6</u>
	<u>356</u>

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20. BANK BORROWINGS

RMB million

Secured term loans 200

Bank borrowings are all denominated in RMB.

As at 30 June 2011, the Group had a RMB200 million term loan banking facility.

The terms and conditions of the facility are as follows:

RMB200 million term loan bears interest at 90% of the benchmark interest rate quoted by the People's Bank of China and is repayable in full in 2014. The Group early settled the full amount in July 2011.

The effective interest rate is 5.60% per annum for the period from 29 April 2011 (date of listing) to 30 June 2011.

The bank loans are secured by the land use rights, investment properties, hotel and serviced apartments and plant and machinery of the Group as at 30 June 2011.

The fair values of the Group's borrowings approximate to their carrying amounts.

21. DEFERRED TAX LIABILITIES

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

	Accelerated tax <u>depreciation</u> RMB million	Fair value of investment properties RMB million	Withholding tax on retained profits to be <u>distributed</u> RMB million	<u>Total</u> RMB million
Addition arising from business combination (Note 22)	2,004	4,159	101	6,264
Charge to profit or loss	<u>4</u>	<u>-</u>	<u>8</u>	<u>12</u>
At 30 June 2011	<u>2,008</u>	<u>4,159</u>	<u>109</u>	<u>6,276</u>

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22. ACQUISITION OF A BUSINESS

On 29 April 2011, Hui Xian REIT effectively obtained control of Hui Xian (B.V.I.) Limited ("Hui Xian BVI") together with its subsidiaries and acquired the interests in the amount owing by Hui Xian BVI to Hui Xian (Cayman Islands) Limited ("Hui Xian Cayman"), amounting to RMB 11,707 million for consideration of RMB 14,148 million satisfied by issuance of 2,700,000,000 units. This acquisition has been accounted for using the purchase 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

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

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 RMB 14,148 million in total.

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

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

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

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

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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 Limited ("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").

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 2011, Hui Xian REIT had 5,000,000,000 issued units.

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 and the total number of 5,000,000,000 units in issue as at 30 June 2011.

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 RMB243 million.

26. TOTAL ASSETS LESS CURRENT LIABILITIES

At the end of the reporting period, the Group's total assets less current liabilities amounted to RMB32,436 million.

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27. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

RMB million

Financial assets

Loans and receivables

Trade and other receivables 16

Bank balances and cash 535

551

Financial liabilities

Amortised cost

Trade and other payables 181

Manager's fee payable 23

Distribution payable 202

Bank borrowings 200

606

Tenants' deposits 478

Unitholders' funds 25,802

b. Financial risk management objectives and policies

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

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

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings. The Group is also exposed to fair value interest rate risk relates to the 7 days notice bank deposits. Interest rate risk is managed by the management on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates.

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

As the amounts of variable-rate bank borrowings and 7 days notice bank deposits are not material, the Manager considers that the exposure of interest rate fluctuation is not significant for the period. Accordingly, no interest rate sensitivity analysis is disclosed in the consolidated financial statements.

27. FINANCIAL INSTRUMENTS - continued

b. Financial risk management objectives and policies - continued

Foreign currency risk

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

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

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

	RMB million
<u>Assets</u>	
US\$	2
	=====
<u>Liabilities</u>	
US\$	6
	=====

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

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

Credit risk

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

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

27. FINANCIAL INSTRUMENTS - continued

b. Financial risk management objectives and policies - continued

Credit risk - continued

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

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

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

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

Liquidity risk

The management monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations. As at 30 June 2011, the Group had net current liabilities of RMB243 million. Taking into account of the internally generated funds and the available revolving credit facilities granted by Hui Xian Holdings Limited set out in Note 31, the Group will be able to meet its financial obligation when they fall due.

As at 30 June 2011, the Group had unutilised revolving credit facilities of RMB1,400 million.

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27. FINANCIAL INSTRUMENTS - continued

b. Financial risk management objectives and policies - continued

Liquidity risk - continued

Liquidity risk analysis

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The undiscounted cash flows for borrowings are derived from the interest rate at the end date of the reporting period for borrowings at variable interest rate.

	Weighted average interest rate %	On demand and less than 3 months RMB million	3 months to 1 year RMB million	1 year to 2 years RMB million	Over 2 years RMB million	Total undiscounted cash flows RMB million	Carrying amount at 30 June 2011 RMB million
Non-derivative financial liabilities							
Trade and other payables	-	181	-	-	-	181	181
Tenants' deposits	-	41	79	90	268	478	478
Manager's fee payable	-	23	-	-	-	23	23
Distribution payable	-	-	202	-	-	202	202
Bank borrowings (Note)	5.60	3	9	12	207	231	200
		<u>248</u>	<u>290</u>	<u>102</u>	<u>475</u>	<u>1,115</u>	<u>1,084</u>

Note: The bank borrowings, which was originally repayable over 2 years, were early settled in full in July 2011 as set out in Note 20.

c. Fair value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

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

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28. RETIREMENT BENEFIT PLANS

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

The Group recognised the retirement benefit costs of RMB1 million for the period from 29 April 2011 (date of listing) to 30 June 2011.

29. PLEDGE OF ASSETS

The following assets were pledged to secure certain banking facilities granted to the Group at the end of the reporting period:

	RMB million
Investment properties	26,500
Land and related costs	4,282
Plant and machinery	142
Hotel and serviced apartments	1,775
	<u>32,699</u>

30. OPERATING LEASE COMMITMENTS

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

	RMB million
Within one year	1,320
In the second to fifth years inclusive	1,666
Over five years	4
Total	<u>2,990</u>

The Group rents out its investment properties in the PRC under operating leases. Operating lease income represents rentals receivable by the Group for its investment properties. Leases are negotiated for term ranging from 1 month to 6 years with monthly fixed rental, except for certain leases of the mall of which contingent rents are charged based on the percentage of sales ranged from 5% to 25%.

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31. CONNECTED AND RELATED PARTY TRANSACTIONS

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

<u>Name of Connected/Related Party</u>	<u>Notes</u>	<u>RMB'000</u>
<u>Rent and rental related income</u>		
北京穩得高投資顧問有限公司	(a)	7
北京屈臣氏個人用品連鎖商店有限公司	(b)	662
和記電訊信息科技(深圳)有限公司	(b)	72
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.)*	(b) & (j)	354
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.)*	(b) & (j)	493
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.)*	(b) & (j)	182
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.)*	(b) & (j)	364
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.)*	(b) & (j)	4,337
Cheung Kong (Holdings) Limited (Beijing Representative Office)	(b) & (j)	11
Tom Group International Limited (Beijing Representative Office)	(c)	68
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited)*	(d)	41
HSBC Bank (China) Company Limited (Beijing Branch)	(e)	15
Bank of China Limited	(b)	3,308
Orient Overseas Container Line (China) Co., Ltd.	(f)	77
OOCL Logistics (China) Ltd (Beijing Branch)	(f)	88
李嘉誠基金會(香港) 北京辦事處	(g)	86
<u>Bank interest income</u>		
Bank of China Limited	(b)	824
<u>Property management Fee</u>		
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.)*	(b) & (j)	804
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.)*	(b) & (j)	1,659
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited)*	(d)	2,814
<u>Internet services fee</u>		
Beijing Net-Infinity Technology Development Co., Ltd.	(b) & (j)	910
<u>Insurance expense</u>		
中銀保險有限公司北京分行	(b)	97
中國人壽財產保險股份有限公司	(b)	358
<u>Interest expense</u>		
Bank of China Limited	(b)	1,959
<u>Trustee's fee</u>		
DB Trustees (Hong Kong) Limited		565
<u>Manager's fee</u>		
Hui Xian Asset Management Limited		22,577
<u>Valuation fee</u>		
American Appraisal China Limited	(h)	204
<u>Revolving credit facilities</u>		
Hui Xian Holdings Limited	(i)	-

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31. CONNECTED AND RELATED PARTY TRANSACTIONS - continued

<u>Name of Connected/ related Party</u>	<u>Notes</u>	<u>RMB'000</u>
<u>Pledge of assets for bank borrowings</u>		
Bank of China Limited	(b)	32,699,459
Balances with connected and related parties are as follows:		
<u>Bank borrowings</u>		
Bank of China Limited	(b)	200,000
<u>Bank balance</u>		
Bank of China Limited	(b)	488,803
<u>Deposits placed with the Group for the lease of the Group properties</u>		
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.)*	(j)	536
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.)*	(j)	767
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.)*	(j)	262
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.)*	(j)	518
北京匯賢企業管理有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.)*	(j)	1,114

- (a) Mr. Wong K, James, a deputy chief operating officer of the Manager, is a director of this company.
- (b) These companies are associated companies¹ of Hui Xian Holdings, a significant unitholder² of Hui Xian REIT.
- (c) Mr. Ip Tak Chuen, Edmond, a non-executive director of the Manager, is also a director of this company.
- (d) The company is a subsidiary of the Manager.
- (e) Mr. Cheng Hoi Chuen, Vincent, an independent non-executive director of the Manager, is also a director of this company. He ceased to be a director of HSBC Bank (China) Company Limited at (and with effect from) the conclusion of the annual general meeting of HSBC Holdings plc held at 11:00 am on 27 May 2011 (London time).
- (f) These companies are associates (within the meaning of the REIT Code) of Mr. Tung Chee Chen, a director of Hui Xian Holdings.
- (g) Mr. Li Tzar Kuor, Victor, a director of Hui Xian Holdings and Hui Xian Cayman, is also a director of this company.
- (h) The company is the principal valuer of Hui Xian REIT.
- (i) On 8 April, 2011, Hui Xian Holdings (as lender) and Hui Xian Investment Limited ("Hui Xian Investment"), a subsidiary of Hui Xian REIT (as borrower) entered into a facility agreement pursuant to which Hui Xian Holdings had agreed to grant to Hui Xian Investment the facility in the aggregate amount of RMB 1,400 million (comprising a RMB1,300 million revolving credit facility and a RMB100 million revolving credit facility). The RMB100 million revolving credit facility will be used to finance the general working capital requirements and general corporate funding of Hui Xian REIT and its special purpose vehicles, and is available for multiple drawings on a revolving basis from the listing date of Hui Xian REIT until one month before and not including its final maturity date which falls on the expiry of 18 months of the date of the facility agreement (or such later date as Hui Xian Holdings and Hui Xian Investment may extend by mutual agreement in writing from time to time). The RMB1,300 million revolving credit facility will be used to support Hui Xian REIT's making of distributions in RMB and is available for multiple drawings on a revolving basis from the listing date of Hui Xian REIT until one month before and not including its final maturity date which falls on the expiry of 42 months of the date of the facility agreement (or such later date as Hui Xian Holdings Limited and Hui Xian Investment may extend by mutual agreement in writing from time to time). As of 30 June 2011, the credit facilities were unused.
- (j) These companies are representative office or subsidiaries of Cheung Kong Holdings Limited which has significant influence over Hui Xian REIT.

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

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

* The English name is shown for identification purpose only.

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32. LIST OF SUBSIDIARIES

The following entities are wholly-owned and controlled by Hui Xian REIT as at 30 June 2011.

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