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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 2014 TO 31 DECEMBER 2014

HUI XIAN REIT

Hui Xian Real Estate Investment Trust (“Hui Xian REIT”) is a real estate investment trust constituted by a deed of trust entered into on 1 April 2011 between Hui Xian (Cayman Islands) Limited, as settlor of Hui Xian REIT, Hui Xian Asset Management Limited, and DB Trustees (Hong Kong) Limited (“Trustee”) (as amended by two supplemental deeds dated 24 May 2013 and 16 May 2014 respectively) (“Trust Deed”). Units of Hui Xian REIT were first listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 29 April 2011.

REIT MANAGER

Hui Xian REIT is managed by Hui Xian Asset Management Limited (the “Manager”), 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 2014 to 31 December 2014 (“Reporting Period”) as follows:

CHAIRMAN'S STATEMENT

FINANCIAL HIGHLIGHTS

For the financial year from 1 January 2014 to 31 December 2014

	1 Jan – 31 Dec 2014	1 Jan – 31 Dec 2013	Percentage Change
Total Revenue (RMB million)	2,795	2,710	3.1%
Net Property Income (RMB million)	1,852	1,764	5.0%
Amount Available for Distribution (RMB million)	1,364	1,262	8.0%
Distributions to Unitholders (RMB million)	1,350	1,262	6.9%
Distribution per Unit (RMB)	0.2567 <i>Payout Ratio: 99%</i>	0.2455 <i>Payout Ratio: 100%</i>	4.6%
Interim Distribution per Unit (RMB)	0.1271 <i>Payout Ratio: 100%</i>	0.1203 <i>Payout Ratio: 100%</i>	5.7%
Final Distribution per Unit (RMB)	0.1296 <i>Payout Ratio: 98%</i>	0.1252 <i>Payout Ratio: 100%</i>	3.5%
Distribution Yield	7.38% ⁽¹⁾	6.36% ⁽²⁾	N/A

	As at 31 Dec 2014	As at 31 Dec 2013	Percentage Change
Gross Asset Value (RMB million)	42,228	40,727	3.7%
Net Asset Value Attributable to Unitholders (RMB million)	28,564	27,963	2.1%
Net Asset Value per Unit (RMB)	5.3919	5.4144	-0.4%
Debts to Gross Asset Value	9.2%	7.9%	N/A

Notes:

- (1) Based on the closing price of the units of Hui Xian REIT ("Units") on 31 December 2014 and the actual distribution amount for the period from 1 January 2014 to 31 December 2014.
- (2) Based on the closing price of the Units on 31 December 2013 and the actual distribution amount for the period from 1 January 2013 to 31 December 2013.

I am pleased to report the annual results of Hui Xian REIT for the financial year ended 31 December 2014. The amount available for distribution for the Reporting Period grew 8.0% year-on-year to RMB1,364 million.

Distribution per unit (“DPU”) increased 4.6% year-on-year to RMB0.2567, representing a distribution yield of 7.38% based on the closing unit price of RMB3.48 on 31 December 2014.

Results and Distribution

During the Reporting Period, total revenue increased 3.1% year-on-year to RMB2,795 million. Net property income (“NPI”) recorded a 5.0% year-on-year growth to RMB1,852 million. Gross asset value was up by 3.7% year-on-year to RMB42,228 million. Net asset value attributable to unitholders grew 2.1% year-on-year to RMB28,564 million.

The amount available for distribution continued its growth track and increased 8.0% year-on-year to RMB1,364 million. The distributions to unitholders of Hui Xian REIT (“Unitholders”) for the year was RMB1,350 million.

The DPU for the second half of the year was RMB0.1296 based on the payout ratio of 98%.

Together with the interim DPU of RMB0.1271 (the payout ratio for the first half of 2014 was 100%), the total DPU for the year increased 4.6% year-on-year to RMB0.2567. The payout ratio for the entire year was calculated as 99%.

Based on the closing unit price of RMB3.48 on 31 December 2014, the distribution yield was 7.38%.

Major Acquisition Announced

On 10 November 2014, Hui Xian REIT announced the acquisition of Metropolitan Plaza, an iconic mixed-use development in Jiefangbei Central Business District of Chongqing, China. It comprises an approximately 90,000-square metre shopping mall, over 54,000 square metres of Grade A office space and a 353-space car park. The total Gross Floor Area (“GFA”) is approximately 164,000 square metres.

The acquisition was approved by the independent Unitholders in an Extraordinary General Meeting held on 28 November 2014, and is expected to be completed in early March 2015.

This yield-accretive acquisition marks a transformational milestone for Hui Xian REIT, bringing meaningful growth to its portfolio and value. Upon completion, Hui Xian REIT’s footprint will be expanded to over 1,030,000 square metres of area under management across three key cities of China.

Offshore RMB Market Development

Remarkable progress has been seen in the progress of RMB internationalisation and development of offshore RMB market in Hong Kong in recent years, including the successful listing of the RMB-denominated Hui Xian REIT.

Starting from 17 November 2014, the Hong Kong authorised institutions could conduct RMB currency conversions with Hong Kong residents without applying the daily limit of RMB20,000 per person. We believe the removal of the daily conversions limit will facilitate Hong Kong retail investors’ participation in investments and transactions denominated in RMB, including Hui Xian REIT. Together with the newly introduced “Shanghai-Hong Kong Stock Connect”, Hong Kong’s position as an offshore RMB business centre will be further strengthened. We believe all these developments would be positive for the prospects of Hui Xian REIT.

Business Environment in China

In 2014, China’s gross domestic product (“GDP”) expanded by 7.4% year-on-year to RMB63.65 trillion according to National Bureau of Statistics. The country’s total retail sales of consumer goods increased 11.9% from a year earlier to RMB26.24 trillion. Beijing’s GDP registered a year-on-year growth of 7.3% to RMB2.13 trillion according to Beijing Statistics Bureau.

Business Review

As at 31 December 2014, Hui Xian REIT's portfolio comprises two properties: (1) Oriental Plaza, a 800,000-square metre mixed-use development in Beijing (which consists of The Malls, The Tower Offices, The Tower Apartments and Grand Hyatt Beijing); and (2) Sofitel Shenyang Lido, a five-star hotel in Shenyang. The appraised value of Hui Xian REIT's properties was RMB37,600 million as at 31 December 2014.

Hui Xian REIT's retail and office sectors achieved steady business growth. The serviced apartment reported a slight decline, while hotel sector continued to encounter unfavourable market conditions.

Total revenue of Hui Xian REIT's portfolio rose 3.1% year-on-year to RMB2,795 million; and NPI increased 5.0% year-on-year to RMB1,852 million.

Net Property Income	Jan - Dec 2014 (RMB million)	Jan - Dec 2013 (RMB million)	Percentage Change (%)
Retail	910	858	6.1%
Office	770	681	13.0%
Serviced apartment	62	63	-0.8%
Hotels	110	162	-32.2%
TOTAL	1,852	1,764	5.0%

Retail Portfolio

During 2014, Beijing's urban disposable income per capita grew 8.9% year-on-year and retail sales of consumer goods surged 8.6% year-on-year to RMB910 billion.

The Central Government's ongoing campaign against extravagance has continued to impact the luxury retail industry across China. Affordable luxury brands, in the meantime, are continuing to open and expand their stores in China to capture the country's rapidly emerging middle class. A number of new shopping malls have also opened in Beijing in recent years.

The Malls at Oriental Plaza is strategically located in the heart of Wangfujing, one of Beijing's most famous shopping and tourist precincts. The 130,000-square metre mall, featuring an extensive array of products and culinary choices, which ranges from mass market to luxury brands, is very popular among both retailers and shoppers. Leasing demand for The Malls continued to be strong, thus both occupancy and rental rates were maintained at high levels during the Reporting Period.

The retail portfolio's NPI increased 6.1% year-on-year to RMB910 million. The average monthly passing rent was up by 5.7% year-on-year to RMB1,094 per square metre. Rental reversion was 7.7%. The average occupancy rate was 98.2%.

Office Portfolio

As the capital city of the world's second largest economy, Beijing remains as a preferred office location for major multinational and domestic corporations. Demand for quality office space was firm in 2014.

The Tower Offices at Oriental Plaza provides over 309,000 square metres of Grade A office space in eight blocks. Occupancy rate and rental revenue were higher than the same period of last year as strong leasing demand continued to characterise the market.

The office portfolio's NPI was RMB770 million, an increase of 13.0% over 2013. The average monthly passing rent increased 9.4% year-on-year to RMB255 per square metre. The average monthly spot rent was up by 12.0% year-on-year to RMB286 per square metre. Rental reversion was 16.2%. The average occupancy rate was 96.2%.

Serviced Apartment Portfolio

Leasing demand for well-located luxury serviced apartments in Beijing was stable during the Reporting Period.

Conveniently located in the centre of Beijing, The Tower Apartments at Oriental Plaza offers over 600 well-appointed serviced apartments over two blocks. During the Reporting Period, the average occupancy rate was improved to 87.8% from 82.3% a year ago. The NPI, nevertheless, registered a slight decrease of 0.8% year-on-year to RMB62 million, mainly due to higher operating expenses.

Hotel Portfolio

In 2014, the Central Government's ongoing policy of restrictions on luxury spending continued to impose challenges to the hotel industry across China. This led to the cancellation or scaling down of corporate entertainment and banquets, business meetings and government-driven events, putting downward pressure on both room rates and occupancy level. It is not expected that the anti-extravagance policy will change in the near to medium term.

Hui Xian REIT's hotel portfolio consists of two five-star hotels: Grand Hyatt Beijing at Oriental Plaza and Sofitel Shenyang Lido. The NPI decreased by 32.2% year-on-year to RMB110 million during the Reporting Period.

In 2014, commercial activities and the MICE (meetings, incentives, conferences and exhibitions) market in Beijing started to show signs of mild stabilisation. Grand Hyatt Beijing's average occupancy rate increased slightly to 55.9% compared to 54.3% a year ago. The average room rate, nevertheless, has not recovered and declined by 9.1% year-on-year to RMB1,587. Revenue per available room ("RevPAR") was down 6.4% year-on-year to RMB887.

The competition amongst upscale hotels in Shenyang remained intense throughout 2014 due to the abundant room supply and soft demand. During the Reporting Period, Sofitel Shenyang Lido's average room rate per night decreased 21.5% year-on-year to RMB534. RevPAR dropped 32.1% year-on-year to RMB192. The average occupancy rate was 35.9%.

Asset Enhancement

Asset enhancement is an ongoing process for Hui Xian REIT to further improve the assets' quality and revenues. During the Reporting Period, we continued to implement asset enhancement programmes for The Malls and The Tower Offices at Oriental Plaza, as well as the two hotels.

We recognise the importance of providing a healthy environment for our tenants, shoppers and hotel guests. To address the concerns of air quality issue in Beijing, PM2.5 air-purification systems have now been installed in all four sectors of Oriental Plaza, including the mall, offices, serviced apartments and Grand Hyatt Beijing.

Strong Financial Position

Hui Xian REIT has maintained a strong financial position during the Reporting Period. As at 31 December 2014, bank balances and cash on hand amounted to RMB4,795 million and debts totalled RMB3,867 million. Debts to gross asset value ratio was 9.2%. Hui Xian REIT has strong financial capacity and flexibility to seize investment opportunities when they arise.

Outlook

Looking ahead, we will further capture organic growth from our flagship asset – Beijing Oriental Plaza through implementing active asset management and enhancement programmes. We remain confident in the prospects of the retail and office markets in selected cities of China; we have also seen signs of stabilisation in the hotel industry.

The acquisition of Metropolitan Plaza in Chongqing represented an important milestone for Hui Xian REIT, expanding its presence beyond Beijing and Shenyang. Our mission in 2015 is to integrate this newly acquired asset into our portfolio. With our proven track record in Beijing Oriental Plaza, we will leverage our experience and existing resources to achieve strong synergistic benefits between two assets. Establishing a portfolio of two landmark commercial properties in key cities in China would certainly enhance our appeal and negotiation power in recruiting tenants.

We will continue to expand our portfolio by actively pursuing yield-accretive investments, which can provide attractive long-term cash flows and benefits for the Unitholders.

It is our intention to rebrand the Metropolitan Plaza as “Metropolitan Oriental Plaza”, signifying the first step of Hui Xian REIT’s long-term plan of establishing a portfolio of strategically located large-scale projects across different cities in China under the “Oriental Plaza” brand, leveraging the prestigious brand recognition of Beijing Oriental Plaza. Most importantly, we believe the expansion of the “Oriental Plaza” brand beyond the capital city would be a thriving opportunity for Hui Xian REIT and will bode well for its future prospects.

On behalf of the Manager, I would like to take this opportunity to express our heartfelt thanks to all Unitholders and the Trustee for their continued support rendered to Hui Xian REIT.

KAM Hing Lam
Chairman
Hui Xian Asset Management Limited
(as manager of Hui Xian Real Estate Investment Trust)
Hong Kong, 27 February 2015

MANAGEMENT DISCUSSION AND ANALYSIS

PORTFOLIO HIGHLIGHTS

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

(1) its investment in Hui Xian (B.V.I.) Limited, which in turn holds Hui Xian Investment Limited ("Hui Xian Investment"), the foreign joint venture partner of 北京東方廣場有限公司 (Beijing Oriental Plaza Company Limited[#]) ("BOP"), which is a sino-foreign cooperative joint venture established in the People's Republic of China ("PRC"). BOP holds the land use rights and building ownership rights of **Oriental Plaza**, and

(2) its investment in Shenyang Investment (BVI) Limited ("Shenyang Investment BVI"), which in turns holds Shenyang Investment (Hong Kong) Limited ("Shenyang Investment HK"), the foreign joint venture partner of 瀋陽麗都商務有限公司 (Shenyang Lido Business Co. Ltd[#]) ("Shenyang Lido"). Shenyang Investment HK is entitled to 70% of the distributions of Shenyang Lido, which is a sino-foreign cooperative joint venture established in the PRC. Shenyang Lido holds the land use rights and building ownership rights in **Sofitel Shenyang Lido**.

Hui Xian REIT's portfolio by sectors:

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

The English name is shown for identification purpose only.

OPERATIONS REVIEW

(1) Retail Portfolio

According to Beijing Statistics Bureau, Beijing's GDP in 2014 grew 7.3% year-on-year to RMB2.13 trillion. Disposable income per capita of Beijing's urban residents rose 8.9% year-on-year to RMB43,910; the city's retail sales of consumer goods was up by 8.6% year-on-year to RMB910 billion.

The Central Government's ongoing policy of anti-extravagance has continued to impact the sales of luxury goods and expensive dining in China. The country's burgeoning middle class with increasing disposable income offers tremendous potential for retail businesses, particularly the affordable luxury and mass market segments. Moreover, the Central Government is committed to further boost domestic consumption with the aim of maintaining sustainable economic growth. All these developments present market opportunities for both international and domestic retailers, which in turn help to drive demand for well-located retail space in China.

Hui Xian REIT's retail portfolio consists of a 130,000-square metre shopping centre in the heart of Beijing, namely The Malls at Oriental Plaza. The NPI of the retail portfolio increased 6.1% year-on-year to RMB910 million, accounting for 49.1% of the total NPI of Hui Xian REIT during the Reporting Period.

Wangfujing, in which The Malls is situated, is one of Beijing's most popular shopping and tourist destinations. Well known for its excellent location, heavy foot traffic, as well as outstanding property management, leasing demand for The Malls continued to be strong in 2014. Rental income continued to grow and occupancy rate was maintained at a high level. The average monthly passing rent increased 5.7% year-on-year to RMB1,094 per square metre. Rental reversion was 7.7%; and the average occupancy rate was 98.2%.

To keep up with the ever-changing retail landscape and customer needs, The Malls is constantly revitalising the tenant mix and refreshing its physical environment. During 2014, it welcomed a range of new shops, including Armani Collezioni, Daniel Hechter, Bree, 7 for all mankind, Sly, Sephora and Frank Provost. Some current tenants also upgraded and expanded their stores, for example, Omega and Coach. Omega expanded its shop to two levels, and is the world's largest Omega Boutique. Renovation works at Zone 5 was completed, unveiling a new look in late 2014.

The Malls won "China Daily Asia Pacific Leadership Award" at the 2014 Retail Asia Expo.

Gross Revenue	RMB1,117 million, +3.9% YoY
Net Property Income	RMB910 million, +6.1% YoY
Average Occupancy Rate	98.2%
Average Monthly Passing Rent	RMB1,094 per square metre, +5.7% YoY
Average Monthly Spot Rent	RMB1,420, per square metre, -5.5% YoY

(2) Office Portfolio

Demand for quality office space in Beijing was strong in 2014 and supply continued to be limited.

Hui Xian REIT's office portfolio consists of The Tower Offices at Oriental Plaza, offering over 309,000 square metres of Grade A office space in eight blocks. The NPI of the office portfolio posted a year-on-year growth of 13.0% to RMB770 million, contributing to 41.6% of the total NPI of Hui Xian REIT.

Given its prominent location and quality property management services, The Tower Offices is home to a number of leading multinational and domestic corporations. The tenants are from a variety of industries, including finance and banking, accounting, professional services, technology, energy, medical, consumer products, education and government-related organisations.

The leasing performance during the Reporting Period saw encouraging rental growth with the average monthly passing rent increased 9.4% year-on-year to RMB255 per square metre. The average monthly spot rent rose by 12.0% year-on-year to RMB286 per square metre. Rental reversion was 16.2%. The average occupancy rate grew to 96.2% from 93.5% a year earlier.

Asset enhancement works for six office towers was completed in 2014; their lobbies, public areas and elevators have been upgraded. All office blocks have been equipped with PM2.5 air-purification systems.

Gross Revenue	RMB1,026 million, +11.3% YoY
Net Property Income	RMB770 million, +13.0% YoY
Average Occupancy Rate	96.2%
Average Monthly Passing Rent	RMB255 per square metre, +9.4% YoY
Average Monthly Spot Rent	RMB286 per square metre, +12.0% YoY

(3) Serviced Apartment Portfolio

During the Reporting Period, leasing demand for luxury serviced apartments in the prime areas of Beijing was stable while supply remained limited. Tightened housing allowances from multinational corporations, combined with concerns over the city's air quality, have prompted some landlords to offer rental incentives and discounts to attract new tenants.

Hui Xian REIT's serviced apartment portfolio consists of The Tower Apartments at Oriental Plaza. Comprising two blocks, it offers over 600 fully-furnished serviced apartments of varying sizes.

The average occupancy rate was 87.8%, up from 82.3% in 2013. The NPI of the serviced apartment portfolio recorded a marginal decline of 0.8% year-on-year to RMB62 million, accounting for 3.4% of the total NPI of Hui Xian REIT during the Reporting Period.

Same as other premises at Oriental Plaza, PM2.5 air-purification system has now been installed in The Tower Apartments.

The Tower Apartments received "2014 Best Home China Awards – Best Overall" by *City Weekend Magazine*.

Gross Revenue	RMB131 million, +1.8% YoY
Net Property Income	RMB62 million, -0.8% YoY
Average Occupancy Rate	87.8%

(4) Hotel Portfolio

China's hotel market remained challenging in 2014 as the ongoing anti-extravagance policy continued to impose a significant impact on the number and scale of corporate and government-driven events and entertainment. Room rate competition was also very intense among the hotels, in particular the high-end segment.

Hui Xian REIT's hotel portfolio consists of Grand Hyatt Beijing at Oriental Plaza and Sofitel Shenyang Lido. The NPI of the two hotels combined was RMB110 million, a 32.2% decrease year-on-year. The hotel sector contributed 5.9% of the total NPI of Hui Xian REIT in 2014.

Grand Hyatt Beijing, Beijing

The number of foreign tourists visiting Beijing during 2014 fell 5.0% year-to-year to 4.27 million according to Beijing Bureau of Statistics, partly due to the general economic slowdown and air quality concern.

In 2014, Grand Hyatt Beijing's meeting, incentive, conference and exhibition ("MICE") businesses began to show signs of recovery with more medium-sized events having been staged. About 1,430 conferences and events were hosted during the Reporting Period; they ranged from banking and finance conferences, product launches, to high-profile forums and events attended by state leaders and celebrities. The average occupancy rate has slightly increased to 55.9% from 54.3% a year earlier. Corporations remained price-sensitive and have been conservative in their travelling budget. The average room rate declined by 9.1% year-on-year to RMB1,587; while RevPAR was down by 6.4% year-on-year to RMB887.

The asset enhancement programme for about 600 hotel rooms has now been completed. Featuring new designs and upgraded facilities, the refurbished rooms have been well-received by guests. PM2.5 air-purification systems have also been installed in the hotel.

Sofitel Shenyang Lido, Shenyang

Shenyang hotel industry continued to encounter a difficult operating environment in 2014. The Central Government’s ongoing anti-extravagance policy, together with the substantial increase in the supply of upscale hotels right before the 12th National Games in 2013, as well as soft demand, put a tremendous pressure on both room rates and margins.

The average room rate per night decreased by 21.5% year-on-year to RMB534. RevPAR was down by 32.1% year-on-year to RMB192; and the average occupancy rate for 2014 was 35.9%

To respond to the unfavourable market conditions, the hotel continued to streamline its existing operations through cost cutting and efficiency enhancement measures with an aim to improve the financial performance.

Gross Revenue	RMB521 million, -10.9% YoY
Net Property Income	RMB110 million, -32.2% YoY
<i>Grand Hyatt Beijing</i>	
<ul style="list-style-type: none"> ● Average occupancy rate ● Average room rate per night ● RevPAR 	<ul style="list-style-type: none"> ● 55.9% ● RMB1,587, -9.1% YoY ● RMB887, -6.4% YoY
<i>Sofitel Shenyang Lido</i>	
<ul style="list-style-type: none"> ● Average occupancy rate ● Average room rate per night ● RevPAR 	<ul style="list-style-type: none"> ● 35.9% ● RMB534, -21.5% YoY ● RMB192, -32.1% YoY

INVESTMENT REVIEW

Hui Xian REIT announced in November 2014 the acquisition of Metropolitan Plaza, a mixed-use development in Chongqing, China, at an attributable value of RMB3,910 million. It was approved by the independent Unitholders in an Extraordinary General Meeting held on 28 November 2014. The acquisition will be funded by new bank borrowing and existing cash.

Metropolitan Plaza is centrally-located at Jiefangbei, Chongqing’s Central Business District, tourist destination and retail hub. It comprises an approximately 90,000-square metre shopping mall, an over 54,000-square metre Grade A office tower and a 353-space car park. The total GFA is approximately 164,000 square metres.

Covering an area of almost 83,000 square kilometres with a growing population of over 33 million, Chongqing is one of the four direct-controlled municipalities that reports directly to the Central Government. It is also one of China’s fastest growing local economies. Chongqing’s GDP in 2014 reached RMB1.43 trillion, up 10.9% year-on-year, higher than China’s national GDP growth of 7.4%. Urban disposable income and retail sales grew at 9.1% and 13.0% year-on-year respectively.

In addition to diversifying Hui Xian REIT’s asset portfolio geographically, this first major acquisition also brings meaningful growth to its portfolio value and size. The area under management will increase approximately 19% from 865,805 square metres to over 1,030,000 square metres.

It is the REIT Manager’s long-term objective to establish a portfolio of strategically-located large-scale projects across different cities in China under the “Oriental Plaza” brand, leveraging the prestigious brand recognition of Beijing Oriental Plaza. The Metropolitan Plaza acquisition is a first step of Hui Xian REIT in working towards this long-term objective. The REIT Manager intends to rebrand the project as “Metropolitan Oriental Plaza” and position it as another “Oriental Plaza”.

FINANCIAL REVIEW

Net Property Income

The net property income was RMB1,852 million for the year ended 31 December 2014.

Distributions

Distribution Amount

Hui Xian REIT will distribute a total of RMB687 million (“2014 Final Distribution”) to Unitholders for the period from 1 July 2014 to 31 December 2014. The 2014 Final Distribution represents 98% of Hui Xian REIT’s total amount available for distribution during the period from 1 July 2014 to 31 December 2014 and will be paid in RMB. A total of RMB663 million (“2014 Interim Distribution”) has been distributed to Unitholders of Hui Xian REIT on 25 September 2014 for the period from 1 January 2014 to 30 June 2014. In total, Hui Xian REIT will distribute a total of RMB1,350 million to Unitholders for the year ended 31 December 2014. The distribution amount includes certain profit elements in the capital nature of Hui Xian REIT. The amount of capital nature items is RMB279 million (2013: RMB263 million).

Distribution per Unit

The final DPU for the period from 1 July 2014 to 31 December 2014 is RMB0.1296 based on the number of outstanding Units on 31 December 2014. Together with the interim DPU of RMB0.1271, Hui Xian REIT provides a total DPU for the year ended 31 December 2014 of RMB0.2567. This represents a distribution yield of 7.38% based on the closing unit price of RMB3.48 on 31 December 2014.

Closure of Register of Unitholders

The record date for the 2014 Final Distribution will be 18 March 2015, Wednesday (“Record Date”). The Register of Unitholders will be closed from 16 March 2015, Monday to 18 March 2015, Wednesday, both days inclusive, during which period no transfer of Units will be registered. The final distribution is expected to be payable on 13 May 2015, Wednesday to Unitholders whose names appear on the Register of Unitholders on the Record Date.

Subject to obtaining authorisation from the Securities and Futures Commission of Hong Kong (“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 2014 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 13 March 2015, Friday.

Debt Positions

In May 2014, Hui Xian Investment drew down a new unsecured 3-year term loan of HK\$800 million offered by Hang Seng Bank Limited and China Construction Bank (Asia) Corporation Limited. The purpose of the facility was to finance the repayment of outstanding loans from Hui Xian Holdings Limited (“Hui Xian Holdings”) and the general corporate funding needs of the Hui Xian REIT group.

In December 2014, Hui Xian Investment extended the maturity date of an unsecured term loan of HK\$200 million offered by Bank of East Asia Limited for one year. The purpose of the facility was to finance the general working capital requirement of the Hui Xian REIT group.

In December 2014, Hui Xian Investment accepted and agreed a new unsecured 3-year term loan of HK\$5,000 million offered by Bank of China (Hong Kong) Limited, China Construction Bank (Asia) Corporation Limited, Hang Seng Bank Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, DBS Bank Ltd., and The Hongkong and Shanghai Banking Corporation Limited. The purpose of the facility was to finance the general corporate funding needs of the Hui Xian REIT group. At the end of the reporting period, no outstanding loan was drawn down by Hui Xian Investment under the December 2014 Credit Facility.

In December 2014, Hui Xian Investment accepted and agreed a new unsecured 3-year term loan of HK\$1,200 million offered by The Hongkong and Shanghai Banking Corporation Limited, Bank of China (Hong Kong) Limited and DBS Bank Ltd.. The facility was drawn down in full in January 2015 for the purpose of financing the repayment of the credit facility granted by the same lenders in December 2011.

The outstanding loan drew down by Hui Xian Investment under a revolving credit facility arrangement with Hui Xian Holdings was fully repaid in May 2014 (31 December 2013: nil). The revolving credit facility was expired in October 2014.

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.

As at 31 December 2014, Hui Xian REIT's total debts amounted to RMB3,867 million (31 December 2013: RMB3,217 million). Based on Hui Xian REIT's net assets attributable to Unitholders of RMB28,564 million as at 31 December 2014 (31 December 2013: RMB27,963 million), Hui Xian REIT's debts to net asset value ratio stood at 13.5% (31 December 2013: 11.5%). Meanwhile, the debts to gross asset value ratio was 9.2% as at 31 December 2014 (31 December 2013: 7.9%).

Bank Balances and Asset Positions

As at 31 December 2014, Hui Xian REIT's bank balances and cash amounted to RMB4,795 million (31 December 2013: RMB3,740 million). The bank balances and cash are mainly denominated in RMB. No currency hedge was employed.

Pursuant to the requirements of the Code on Real Estate Investment Trusts ("REIT Code"), American Appraisal China Limited ("American Appraisal") retired as principal valuer after it has conducted valuations of the real estate of Hui Xian REIT for three consecutive years. Knight Frank Petty Limited ("Knight Frank") was appointed as the principal valuer of Hui Xian REIT and valued its properties portfolio as at 31 December 2014.

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 East Chang'an Avenue, Beijing, PRC which are collectively named as Oriental Plaza. Hui Xian REIT's interests in Oriental Plaza are held through its special purpose vehicle, Hui Xian Investment, which is the foreign joint venture partner of BOP. BOP holds the land use rights and building ownership rights of Oriental Plaza.

Knight Frank valued the eight blocks of office towers, the shopping mall and car parking spaces at RMB30,760 million as at 31 December 2014 (31 December 2013: RMB30,080 million), translating into an increase of 2.3% over the valuation as of 31 December 2013. Together with the hotel and serviced apartment premises, gross property value of BOP was RMB36,366 million as at 31 December 2014, as compared to RMB35,865 million as at 31 December 2013.

Hui Xian REIT also indirectly owns 70% of the entitlement in the distributions of Shenyang Lido, owner of Sofitel Shenyang Lido. Standing on the famous Qingnian Street, Sofitel Shenyang Lido with 30-storey 78,746 square metre is located in the heart of the newly established Central Business District in southern Shenyang.

Knight Frank valued the hotel premises of Shenyang Lido at RMB930 million as at 31 December 2014 (31 December 2013: RMB970 million). Gross property value of hotel premises as at 31 December 2014 was RMB903 million (31 December 2013: RMB970 million).

Net Assets Attributable to Unitholders

As at 31 December 2014, net assets attributable to Unitholders amounted to RMB28,564 million (31 December 2013: RMB27,963 million) or RMB5.3919 per Unit, representing a 54.9% premium to the closing unit price of RMB3.48 on 31 December 2014 (31 December 2013: RMB5.4144 per Unit, representing a 40.3% premium to the closing unit price of RMB3.86 on 31 December 2013).

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 credit facilities of the Group.

Commitments

As at 31 December 2014, except for capital commitment in respect of the acquisition of Metropolitan Plaza and the asset enhancement programme for the hotels, Hui Xian REIT did not have any significant commitments.

Employees

As at 31 December 2014, BOP, by itself and through its branch, employed a total of approximately 510 employees in the PRC, of which approximately 480 employees performed hotel operation functions and services, and approximately 30 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 2014, Shenyang Lido by itself and through its branch employed a total of approximately 300 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 2014.

CORPORATE GOVERNANCE

With the objectives of establishing and maintaining high standards of corporate governance, certain policies and procedures with built-in checks and balances have been put in place to promote the operation of Hui Xian REIT in a transparent manner. In particular, the Manager has adopted a compliance manual which sets out the key processes, systems and measures the Manager will apply in order to comply with the Trust Deed, REIT Code and other applicable legislation, rules and regulations. The compliance manual also contains a corporate governance policy which regulates the activities of the board of directors of the Manager.

Throughout the year ended 31 December 2014, both the Manager and Hui Xian REIT have in material terms complied with the provisions of the compliance manual, the corporate governance policy, the Trust Deed, the REIT Code and applicable provisions of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (“SFO”) and the Rules Governing the Listing of Securities on the Stock Exchange.

Authorisation Structure

Hui Xian REIT is a collective investment scheme authorised by the SFC under section 104 of the SFO and regulated by the provisions of the REIT Code. The Manager is licensed by the SFC under Section 116 of the SFO to conduct the regulated activity of asset management. As at the date of this announcement, Mr. CHEUNG Ling Fung, Tom (executive director and chief executive officer of the Manager), Mr. LEE Chi Kin, Casey (executive director of the Manager), Ms. LAI Wai Yin, Agnes (chief financial officer of the Manager), Mr. CHING Sung, Eric (deputy chief investment officer of the Manager) and Ms. TANG Hiu Tung, Daisy (corporate finance and corporate development manager of the Manager) are the responsible officers of the Manager as required by section 125 of the SFO and 5.4 of the REIT Code.

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

Review of the Annual Results

The annual results of Hui Xian REIT for the year ended 31 December 2014 have been reviewed by the Audit Committee and Disclosures Committee of the Manager in accordance with their respective terms of reference.

New Units Issued

In the year ended 31 December 2014, (i) an aggregate of 34,168,123 new Units were issued to the Manager as payment of part of the Manager's fees; and (ii) an aggregate of 98,897,890 new Units were issued to Unitholders who elected scrip distribution pursuant to the distribution reinvestment arrangement in respect of the final distribution for the period from 1 July 2013 to 31 December 2013 and the interim distribution for the period from 1 January 2014 to 30 June 2014.

The total number of Units in issue as at 31 December 2014 was 5,297,591,509 Units.

Purchase, Sale or Redemption of Units

There were 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 were owned and controlled by Hui Xian REIT in the year ended 31 December 2014.

Public Float of the Units

As far as the Manager is aware, more than 25% of the issued and outstanding Units of Hui Xian REIT were held in public hands as at 31 December 2014.

Issuance of the Annual Report 2014

The Annual Report of Hui Xian REIT for the year ended 31 December 2014 will be published on the respective websites of the Stock Exchange at www.hkexnews.hk and Hui Xian REIT at www.huixianreit.com, and will be sent to Unitholders on or before 30 April 2015.

Annual General Meeting of Unitholders

The 2015 annual general meeting of Hui Xian REIT will be held on or around 11 May 2015, Monday, notice of which will be published and given to Unitholders in due course.

By order of the Board
Hui Xian Asset Management Limited
滙賢房託管理有限公司
as Manager of Hui Xian Real Estate Investment Trust
Kam Hing Lam
Chairman of the Manager

Hong Kong, 27 February 2015

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 2014

	<u>NOTES</u>	<u>2014</u> RMB million	<u>2013</u> RMB million
Revenue	5	2,795	2,710
Rental related income	6	60	55
Other income	7	152	92
Increase in fair value of investment properties	14	665	412
Hotel inventories consumed		(49)	(54)
Staff costs		(101)	(84)
Depreciation and amortisation		(281)	(302)
Impairment loss on a hotel property	15,16	-	(520)
Other operating expenses	8	(810)	(831)
Finance costs	9	(100)	(88)
Exchange gain		-	34
Manager's fees	10	(150)	(147)
Real estate investment trust expenses	11	(29)	(10)
Profit before taxation and transactions with unitholders		2,152	1,267
Income tax expense	12	(661)	(427)
Profit for the year, before transactions with unitholders		1,491	840
Distributions to unitholders		(1,350)	(1,262)
Profit (loss) and total comprehensive income (expense) for the year, after transactions with unitholders		141	(422)
Attributable to:			
Non-controlling interest		(14)	(132)
Unitholders		155	(290)
		141	(422)
Basic earnings per unit (RMB)	13	0.2878	0.1898

FINANCIAL INFORMATION

DISTRIBUTION STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

	<u>2014</u> RMB million	<u>2013</u> RMB million
Profit for the year, before transactions with unitholders	1,491	840
Non-controlling interest	14	132
	<hr/>	<hr/>
Profit for the year attributable to unitholders, before transactions with unitholders	1,505	972
	<hr/>	<hr/>
Adjustments (Note (i)):		
Manager's fees	119	119
Deferred tax	182	112
Distributable depreciation and amortisation	186	151
Increase in fair value of investment properties	(665)	(412)
	<hr/>	<hr/>
	(178)	(30)
	<hr/>	<hr/>
Distributable income	1,327	942
	<hr/>	<hr/>
Additional items (Note (ii)):		
Depreciation and amortisation arising from fair value adjustment	19	37
Impairment loss on a hotel property	-	273
Other cash distributions	18	10
	<hr/>	<hr/>
	37	320
	<hr/>	<hr/>
Amount available for distribution	1,364	1,262
	<hr/> <hr/>	<hr/> <hr/>
Distributions to unitholders (Note (iii))		
- Interim distribution paid	663	616
- Final distribution payable	687	646
	<hr/>	<hr/>
	1,350	1,262
	<hr/> <hr/>	<hr/> <hr/>
Payout ratio (Note (iv))	99.0%	100.0%
Distribution per unit (RMB) (Note (iii))		
Interim distribution per unit	0.1271	0.1203
Final distribution per unit	0.1296	0.1252
	<hr/>	<hr/>
	0.2567	0.2455
	<hr/> <hr/>	<hr/> <hr/>

FINANCIAL INFORMATION

Notes:

(i) Adjustments for the year include:

(a) For the year ended 31 December 2014, Manager's fees paid and payable in units of RMB119 million (17,324,045 units issued and 17,198,283 units estimated to be issued) out of the total Manager's fees of RMB150 million. The difference of RMB31 million are paid or payable in cash.

For the year ended 31 December 2013, Manager's fees paid and payable in units of RMB119 million out of the total Manager's fees of RMB147 million. The difference of RMB28 million are paid or payable in cash.

(b) Deferred tax charge of RMB16 million (2013: RMB9 million) in relation to accelerated tax depreciation and deferred tax charge of RMB166 million (2013: RMB103 million) in relation to increase in fair value of investment properties.

(c) Distributable depreciation and amortisation of Beijing Oriental Plaza attributable to unitholders of RMB186 million (2013: RMB151 million) represented by depreciation and amortisation of RMB211 million (2013: RMB207 million) less capital expenditure of RMB25 million (2013: RMB56 million).

(d) Increase in fair value of investment properties of RMB665 million (2013: RMB412 million).

Pursuant to the Trust Deed, interim/annual distributable income is defined as the amount calculated by the Manager as representing the consolidated profit attributable to unitholders for the relevant financial year, as adjusted to eliminate the effects of certain Adjustments (as defined in the Trust Deed) which have been recorded in the consolidated statement of comprehensive income for the relevant financial year.

(ii) Additional items refer to any additional amount (include capital) to be distributed as determined by the Manager pursuant to clause 11.4.2 of the Trust Deed. Additional items for the year include:

(1) Depreciation and amortisation attributable to unitholders arising from fair value adjustment upon acquisition of Shenyang Lido Business Co. Ltd by the Group of RMB19 million (2013: RMB37 million).

(2) The net amount of impairment loss on Sofitel Shenyang Lido (after deducting respective deferred tax attributable to unitholders) of RMB273 million recognised in 2013.

(3) Other cash distributions of RMB18 million (2013: RMB10 million).

(iii) The interim distribution per unit of RMB0.1271 for the six months ended 30 June 2014 is calculated based on Hui Xian REIT's (as defined in Note 1) amount available for distribution of RMB662,869,672 over 5,217,013,997 units, representing issued units as at 30 June 2014. The final distribution per unit of RMB0.1296 for the six months ended 31 December 2014 is calculated based on 98% of Hui Xian REIT's amount available for distribution of RMB700,766,797 over 5,297,591,509 units, representing issued units as at 31 December 2014.

The interim distribution per unit of RMB 0.1203 for the six months ended 30 June 2013 is calculated based on Hui Xian REIT's amount available for distribution of RMB616,186,083 over 5,120,210,562 units, representing issued units as at 30 June 2013. The final distribution per unit of RMB0.1252 for the six months ended 31 December 2013 is calculated based on Hui Xian REIT's amount available for distribution of RMB646,643,943 over 5,164,525,496 units, representing issued units as at 31 December 2013.

(iv) 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.

Distributions to unitholders for the year ended 31 December 2014 represent a payout ratio of 99.0% (2013: 100.0%) of Hui Xian REIT's distributable income for the year.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	<u>NOTES</u>	<u>2014</u> RMB million	<u>2013</u> RMB million
Non-current assets			
Investment properties	14	30,760	30,080
Property, plant and equipment	15	2,284	2,417
Land and related costs	16	4,150	4,278
Total non-current assets		<u>37,194</u>	<u>36,775</u>
Current assets			
Hotel inventories		25	24
Land and related costs	16	128	128
Trade and other receivables	17	86	60
Bank balances and cash		4,795	3,740
Total current assets		<u>5,034</u>	<u>3,952</u>
Total assets		<u>42,228</u>	<u>40,727</u>
Current liabilities			
Trade and other payables	18	469	463
Tenants' deposits		261	220
Tax payable		144	64
Manager's fee payable		76	73
Distribution payable		687	646
Bank loans	19	1,104	157
Total current liabilities		<u>2,741</u>	<u>1,623</u>
Total assets less current liabilities	22	<u>39,487</u>	<u>39,104</u>
Non-current liabilities, excluding net assets attributable to unitholders			
Bank loans	19	2,763	3,060
Tenants' deposits		429	424
Deferred tax liabilities		7,460	7,372
Total non-current liabilities, excluding net assets attributable to unitholders		<u>10,652</u>	<u>10,856</u>
Total liabilities, excluding net assets attributable to unitholders		<u>13,393</u>	<u>12,479</u>
Non-controlling interest		271	285
Net assets attributable to unitholders		<u>28,564</u>	<u>27,963</u>
Units in issue ('000)		<u>5,297,592</u>	<u>5,164,525</u>
Net asset value per unit (RMB) attributable to unitholders	20	<u>5.3919</u>	<u>5.4144</u>

FINANCIAL INFORMATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. GENERAL

Hui Xian Real Estate Investment Trust ("Hui Xian REIT") is a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Hui Xian REIT was established on 1 April 2011 and had not carried on any operation prior to 29 April 2011 (date of listing) and its units were listed on The Stock Exchange of Hong Kong Limited (the "HKSE") since that date. Hui Xian REIT is governed by the Deed of Trust constituting Hui Xian REIT dated 1 April 2011 as amended by two supplemental deeds dated 24 May 2013 and 16 May 2014 respectively (the "Trust Deed") made between Hui Xian Asset Management Limited (the "Manager") and DB Trustees (Hong Kong) Limited (the "Trustee"), and the Code on Real Estate Investment Trusts (the "REIT Code") issued by the Securities and Futures Commission (the "SFC").

The principal activity of Hui Xian REIT and its subsidiaries (the "Group") is to own and invest in high quality commercial properties 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 ("HKFRS(s)") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include the applicable disclosures requirements set out in Appendix C of the REIT Code issued by the SFC and the Rules Governing the Listing of Securities on the HKSE.

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 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013, except as described below.

FINANCIAL INFORMATION

3. SIGNIFICANT ACCOUNTING POLICIES - continued

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) - Int 21	Levies

The application of the new and revised HKFRSs in the current year has had no material effect on the amounts and disclosures set out in these consolidated financial statements.

At the date of authorisation of these consolidated financial statements, the Group has not early applied the following new and revised HKFRSs that have been issued but not yet effective:

HKFRS 9	Financial Instruments ¹
HKFRS 14	Regulatory Deferral Accounts ²
HKFRS 15	Revenue from Contracts with Customers ³
Amendments to HKAS 1	Disclosure Initiative ⁵
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ⁵
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ⁵
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ⁵
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ⁴
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ⁵
Amendments to HKAS 27	Equity Method in Separate Financial Statements ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle ⁶
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle ⁵

FINANCIAL INFORMATION

3. SIGNIFICANT ACCOUNTING POLICIES - continued

- ¹ Effective for annual periods beginning on or after 1 January 2018
- ² Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
- ³ Effective for annual periods beginning on or after 1 January 2017
- ⁴ Effective for annual periods beginning on or after 1 July 2014
- ⁵ Effective for annual periods beginning on or after 1 January 2016
- ⁶ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

The Manager anticipates that the application of the above new and 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.

The following are identified operating and reportable segments:

The Malls:	Renting of the shopping mall and car parking spaces in Oriental Plaza, Beijing, the People's Republic of China (the "PRC").
The Tower Offices:	Renting of office buildings in Oriental Plaza, Beijing, the PRC.
The Tower Apartments:	Operation of serviced apartment towers in Oriental Plaza, Beijing, the PRC.
The Hotels:	Operation of Grand Hyatt Beijing in Oriental Plaza, Beijing, the PRC, and Sofitel Shenyang Lido, Shenyang, the PRC.

FINANCIAL INFORMATION

4. SEGMENT REPORTING - continued

(a) Segment revenue and results

For the year ended 31 December 2014

	<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>Consolidated</u> RMB million
Segment revenue	<u>1,117</u>	<u>1,026</u>	<u>131</u>	<u>521</u>	<u>2,795</u>
Segment profit	<u>910</u>	<u>770</u>	<u>62</u>	<u>110</u>	<u>1,852</u>
Increase in fair value of investment properties					665
Finance costs					(100)
Depreciation and amortisation					(271)
Unallocated income					151
Unallocated expense					(145)
Profit before taxation and transactions with unitholders					<u>2,152</u>

For the year ended 31 December 2013

	<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>Consolidated</u> RMB million
Segment revenue	<u>1,075</u>	<u>922</u>	<u>129</u>	<u>584</u>	<u>2,710</u>
Segment profit	<u>858</u>	<u>681</u>	<u>63</u>	<u>162</u>	<u>1,764</u>
Increase in fair value of investment properties					412
Finance costs					(88)
Impairment loss on a hotel property					(520)
Depreciation and amortisation					(292)
Unallocated income					113
Unallocated expense					(122)
Profit before taxation and transactions with unitholders					<u>1,267</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>2014</u> RMB million	<u>2013</u> RMB million
The Malls	15,905	15,550
The Tower Offices	14,906	14,566
The Tower Apartments	2,071	2,138
The Hotels	4,697	4,871
Total segment assets	<u>37,579</u>	<u>37,125</u>
Bank balances and cash	4,603	3,558
Other assets	46	44
Consolidated total assets	<u>42,228</u>	<u>40,727</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), trade and certain other receivables are allocated to operating segments. Other corporate assets (including remaining bank balances and cash, certain equipment and certain other receivables) are unallocated.

(c) Geographical information

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

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

(d) Other segment information

For the year ended 31 December 2014

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

For the year ended 31 December 2013

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

FINANCIAL INFORMATION

5. REVENUE

	<u>2014</u> RMB million	<u>2013</u> RMB million
Gross rental from investment properties	2,143	1,997
Income from hotel operation	521	584
Income from serviced apartments operation	131	129
Total	<u>2,795</u>	<u>2,710</u>

The gross rental from investment properties includes contingent rents of RMB13 million (2013: RMB14 million).

The direct operating expenses from investment properties (includes mainly certain other operating expenses, certain Manager's fees and staff costs) amounting to RMB523 million (2013: RMB513 million).

6. RENTAL RELATED INCOME

	<u>2014</u> RMB million	<u>2013</u> RMB million
Service income	44	38
Early termination compensation	10	10
Others	6	7
Total	<u>60</u>	<u>55</u>

7. OTHER INCOME

	<u>2014</u> RMB million	<u>2013</u> RMB million
Interest income from banks	150	78
Government subsidies	2	12
Others	-	2
Total	<u>152</u>	<u>92</u>

FINANCIAL INFORMATION

8. OTHER OPERATING EXPENSES

	<u>2014</u> RMB million	<u>2013</u> RMB million
Advertising and promotion	17	20
Audit fee	1	1
Business tax	160	155
Insurance	6	6
Lease agency fee	25	30
Property manager's fee	38	30
Property management fees	38	34
Repairs and maintenance	129	119
Other miscellaneous expenses (Note)	171	193
Stamp duty	3	2
Urban land use tax	3	3
Urban real estate tax	112	112
Utilities	107	126
	<u>810</u>	<u>831</u>

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

9. FINANCE COSTS

	<u>2014</u> RMB million	<u>2013</u> RMB million
Interest expense on unsecured bank loans wholly repayable within five years	98	52
Interest expense on loans from a unitholder	2	36
	<u>100</u>	<u>88</u>

10. MANAGER'S FEES

	<u>2014</u> RMB million	<u>2013</u> RMB million
Base fee	112	110
Variable fee	38	37
	<u>150</u>	<u>147</u>

FINANCIAL INFORMATION

11. REAL ESTATE INVESTMENT TRUST EXPENSES

	<u>2014</u> RMB million	<u>2013</u> RMB million
Trustee's fee	4	4
Legal and professional fees	20	4
Public relations - related expenses	2	1
Trust administrative expenses	3	1
	<u>29</u>	<u>10</u>

12. INCOME TAX EXPENSE

	<u>2014</u> RMB million	<u>2013</u> RMB million
The income tax expense comprises:		
Current tax		
- PRC Enterprise Income Tax	421	393
- withholding tax	152	25
Deferred taxation	88	9
	<u>661</u>	<u>427</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%. At the end of the reporting period, deferred taxation was provided for in full in respect of the temporary differences attributable to such profits.

13. EARNINGS PER UNIT

The earnings per unit for the year ended 31 December 2014 is calculated by dividing the profit for the year attributable to unitholders before transactions with unitholders of RMB1,505 million by 5,229,589,957 units, being the weighted average number of units in issue during the year of 5,225,231,489 units, plus the weighted average number of units issuable for settlement of Manager's fees for the period from 1 July 2014 to 31 December 2014 of 4,358,468 units.

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

FINANCIAL INFORMATION

14. INVESTMENT PROPERTIES

	2014	2013
	RMB million	RMB million
FAIR VALUE		
At the beginning of the year	30,080	29,660
Additions	15	8
Increase in fair value recognised in profit or loss	665	412
At the end of the year	30,760	30,080

- (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 2014 and 31 December 2013 by Knight Frank Petty Limited and American Appraisal China Limited respectively, independent valuers with appropriate professional qualifications and experiences in the valuation of similar properties in the relevant locations.

15. PROPERTY, PLANT AND EQUIPMENT

	<u>Buildings</u>				<u>Total</u>
	<u>Hotels</u>	<u>Serviced apartments</u>	<u>Plant and machinery</u>	<u>Others</u>	
	RMB million	RMB million	RMB million	RMB million	RMB million
COST					
At 1 January 2013	2,018	578	151	111	2,858
Additions for the year	58	-	2	8	68
Disposals for the year	-	-	-	(21)	(21)
At 31 December 2013	2,076	578	153	98	2,905
Additions for the year	19	1	-	4	24
Disposals for the year	-	-	-	(43)	(43)
At 31 December 2014	2,095	579	153	59	2,886
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 January 2013	135	31	23	29	218
Provided for the year	110	17	14	20	161
Impairment loss recognised in profit or loss	128	-	-	-	128
Eliminated on disposals	-	-	-	(19)	(19)
At 31 December 2013	373	48	37	30	488
Provided for the year	106	19	13	15	153
Eliminated on disposals	-	-	-	(39)	(39)
At 31 December 2014	479	67	50	6	602
CARRYING AMOUNTS					
At 31 December 2014	1,616	512	103	53	2,284
At 31 December 2013	1,703	530	116	68	2,417

FINANCIAL INFORMATION

15. PROPERTY, PLANT AND EQUIPMENT - continued

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

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

The hotels were revalued on 31 December 2014 and 31 December 2013 by Knight Frank Petty Limited and American Appraisal China Limited respectively, independent valuers with appropriate professional qualifications and experiences in the valuation of similar properties in the relevant locations. At 31 December 2014, the Manager determined that no impairment was made for the hotel property located in Shenyang. At 31 December 2013, the Manager determined that the hotel property located in Shenyang was impaired as its recoverable amount was valued at less than its carrying amount. The valuation, which also represented the recoverable amount of the hotel property located in Shenyang (comprising land, hotel building and plant and machinery), had been arrived by using discounted cash flow approach by the projection of a series of periodic cash flows to the hotel and a discount rate of 8.5%. At 31 December 2013, the recoverable amount of that hotel property was estimated to be RMB970 million and the carrying amount of the hotel building before impairment losses was RMB1,490 million, resulting in an impairment loss of RMB520 million recognised in the consolidated statement of comprehensive income, of which RMB128 million was attributable to the building portion and RMB392 million (Note 16) was attributable to the land portion of the hotel property.

16. LAND AND RELATED COSTS

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

	<u>2014</u> RMB million	<u>2013</u> RMB million
Non-current asset	4,150	4,278
Current asset	<u>128</u>	<u>128</u>
	<u>4,278</u>	<u>4,406</u>

In the year ended 31 December 2013, an impairment loss of RMB392 million in respect of land portion of the hotel property in Shenyang was recognised in the consolidated statement of comprehensive income, details of which have been set out in Note 15.

FINANCIAL INFORMATION

17. TRADE AND OTHER RECEIVABLES

	<u>2014</u> RMB million	<u>2013</u> RMB million
Trade receivables	48	29
Deposits and prepayments	14	19
Advance to suppliers	2	2
Interest receivables	17	8
Other receivables	5	2
	<u>86</u>	<u>60</u>

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

	<u>2014</u> RMB million	<u>2013</u> RMB million
Less than or equal to 1 month	45	28
1 - 3 months	2	1
Over 3 months	1	-
	<u>48</u>	<u>29</u>

18. TRADE AND OTHER PAYABLES

	<u>2014</u> RMB million	<u>2013</u> RMB million
Trade payables	67	84
Rental received in advance	206	197
Others (Note)	196	182
	<u>469</u>	<u>463</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:

	<u>2014</u> RMB million	<u>2013</u> RMB million
Less than or equal to 3 months	43	76
Over 3 months	24	8
	<u>67</u>	<u>84</u>

FINANCIAL INFORMATION

19. BANK LOANS

	<u>2014</u>	<u>2013</u>
	RMB million	RMB million
Unsecured term loans	3,885	3,243
Loan front-end fee	(18)	(26)
	<u>3,867</u>	<u>3,217</u>
The maturities of the above bank loans are as follows:		
Within one year	1,104	157
More than one year but not exceeding two years	2,137	937
More than two years but not exceeding five years	626	2,123
	<u>3,867</u>	<u>3,217</u>
Less: Amounts shown under current liabilities	<u>(1,104)</u>	<u>(157)</u>
Amount due after one year	<u>2,763</u>	<u>3,060</u>

In relation to the credit facility of HK\$800 million (equivalent to RMB631 million) granted to the Group on 21 May 2014 to finance the repayment of any outstanding amounts under the revolving credit facility granted from Hui Xian Holdings Limited ("Hui Xian Holdings") and to finance the general corporate funding needs of the Group, the total amount of the credit facility utilised by the Group as at 31 December 2014 was HK\$800 million (equivalent to RMB631 million) (31 December 2013: nil). It bears interest at floating interest rate of Hong Kong Interbank Offered Rate ("HIBOR") plus 1.55% and is repayable in full in May 2017.

In relation to the credit facility of HK\$200 million (equivalent to RMB157 million) granted to the Group on 19 December 2013 (as amended by supplemental letter dated 9 December 2014) to finance the general working capital requirement of the Group, the total amount of the credit facility utilised by the Group as at 31 December 2014 was HK\$200 million (equivalent to RMB157 million) (31 December 2013: HK\$200 million (equivalent to RMB157 million)). It bears interest at floating interest rate of HIBOR plus 2% and is repayable in full in December 2015.

In relation to the credit facility of HK\$1,525 million (equivalent to RMB1,203 million) granted to Group on 6 November 2013 to finance the repayment of any outstanding amounts under the revolving credit facility granted from Hui Xian Holdings and to finance the general corporate funding needs of the Group, the total amount of the credit facility utilised by the Group as at 31 December 2014 was HK\$1,525 million (equivalent to RMB1,203 million) (31 December 2013: HK\$1,525 million (equivalent to RMB1,200 million)). It bears interest at floating interest rate of HIBOR plus 1.85% and is repayable in full in November 2016.

FINANCIAL INFORMATION

19. BANK LOANS - continued

In relation to the credit facility of HK\$1,200 million (equivalent to RMB947 million) granted to the Group on 22 April 2013 to finance the repayment of any outstanding amounts under the revolving credit facility granted from Hui Xian Holdings and to finance the general corporate funding needs of the Group, the total amount of the credit facility utilised by the Group as at 31 December 2014 was HK\$1,200 million (equivalent to RMB947 million) (31 December 2013: HK\$1,200 million (equivalent to RMB943 million)). It bears interest at floating interest rate of HIBOR plus 1.95% and is repayable in full in April 2016.

Bank loans are guaranteed by the Trustee (in its capacity as Trustee of Hui Xian REIT) and certain subsidiaries of the Group.

20. 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 2014 of RMB28,564 million (2013: RMB27,963 million) and the total number of 5,297,591,509 units in issue as at 31 December 2014 (2013: 5,164,525,496 units).

21. NET CURRENT ASSETS/LIABILITIES

At the end of the reporting period, the Group's net current assets, defined as total current assets less total current liabilities, amounted to RMB2,293 million (2013: RMB2,329 million).

22. TOTAL ASSETS LESS CURRENT LIABILITIES

At the end of the reporting period, the Group's total assets less current liabilities amounted to RMB39,487 million (2013: RMB39,104 million).