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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 29 APRIL 2011 TO 31 DECEMBER 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 annual results of Hui Xian REIT and its special purpose vehicles for the period from 29 April 2011 to 31 December 2011 (the “**Reporting Period**”) as follows:

FINANCIAL HIGHLIGHTS

This is the first set of annual financial results (for the period 29 April 2011 to 31 December 2011) prepared by Hui Xian REIT since listing on the Stock Exchange of Hong Kong.

For the period from 29 April 2011 to 31 December 2011

	29 Apr – 30 Jun 2011	1 Jul – 31 Dec 2011	29 Apr – 31 Dec 2011
Total Revenue (RMB million)	404	1,184	1,588
Property Operating Expenses (RMB million) ⁽¹⁾	125	400	525
Net Property Income (RMB million)	279	784	1,063
Distributable Income (RMB million)	202	533	735
Distribution per Unit (RMB)	0.0403	0.1064	0.1467
Annualised Distribution Yield	4.83% ⁽²⁾	-	6.09% ⁽³⁾
Payout Ratio	100%	100%	100%

	As at 30 Jun 2011	As at 31 Dec 2011
Gross Asset Value (RMB million)	33,366	33,995
Net Asset Value (RMB million)	25,802	25,972
Net Asset Value per Unit (RMB)	5.1604	5.1845
Debt to Net Asset Value	0.8%	0.8%
Gross Property Value (RMB million)	32,699	32,965
Cash (RMB million)	535	883

Notes:

- (1) Total Revenue less Net Property Income
- (2) Based on the closing price on 30 June 2011 and the annualised actual distribution amount for the period from 29 April to 30 June 2011
- (3) Based on the closing price on 31 December 2011 and the annualised actual distribution amount for the period from 29 April to 31 December 2011

CHAIRMAN'S STATEMENT

Dear Unitholders,

2011 was a landmark year for Hui Xian REIT as we became the first RMB-denominated equity listed in Hong Kong. I am delighted to present the inaugural annual results of Hui Xian REIT for the period from the listing date on 29 April 2011 to 31 December 2011 ("**Reporting Period**").

Results and Distributions

Total revenue and net property income during the Reporting Period amounted to RMB 1,588 million and RMB 1,063 million respectively.

The final distribution per unit ("**DPU**") for the six months ended 31 December 2011 was RMB 0.1064. Together with the interim distribution per unit of RMB 0.0403, Hui Xian REIT provides a total distribution per unit for the Reporting Period of RMB 0.1467. This represents an annualised distribution yield of 6.09% based on the closing unit price of RMB 3.56 as at 31 December 2011.

Total Distributable Income during the Reporting Period was RMB 735 million. Pursuant to the Distribution Policy stipulated in the Offering Circular, 100% of this amount will be distributed to the Unitholders.

Distribution Reinvestment Scheme

The Manager recommends that, a distribution reinvestment arrangement will be made available to Unitholders, subject to obtaining authorisation from the Securities and Futures Commission of Hong Kong (the "**SFC**") of relevant documents. Under the distribution reinvestment arrangement, eligible Unitholders will be entitled to have a scrip distribution in lieu of a cash distribution. Unitholders can elect to receive their distribution in the form of cash, or in the form of new Units of Hui Xian REIT, or a combination of both.

Subject to the SFC's authorisation, an announcement providing further information on the distribution reinvestment arrangement will be published on or about 23 March 2012 and a circular containing the relevant details together with the relevant election form will be sent to all qualified Unitholders on or about 28 March 2012.

Operations Review

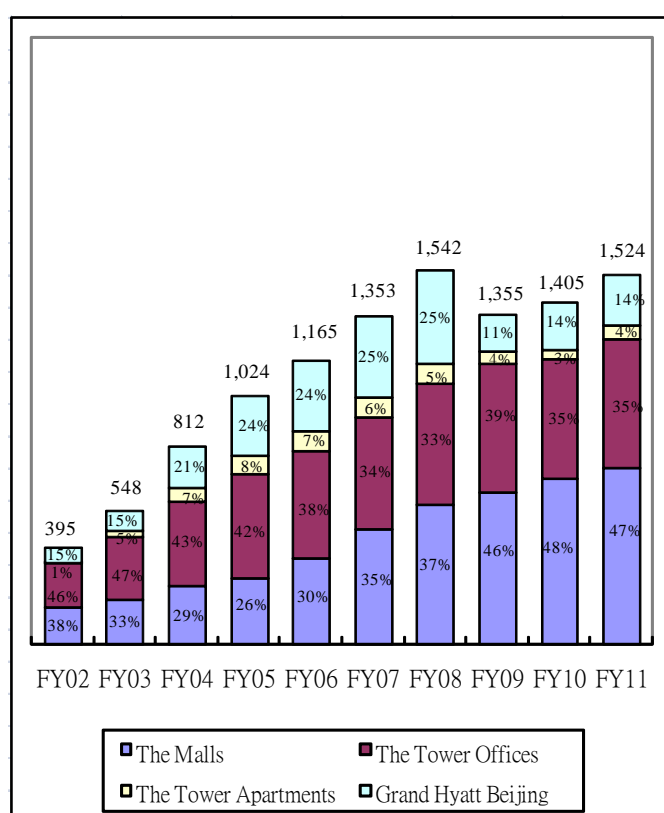
Over the past few years, we have witnessed the rapid development of Hong Kong as the premier offshore RMB centre in the world. Hong Kong hosts the largest pool of RMB liquidity outside of Mainland China providing an impetus to support the development of RMB investment products. As

the first RMB-denominated equity initial public offering (“**IPO**”) outside of Mainland China, Hui Xian REIT’s successful listing in April 2011 marked an important milestone for Hong Kong’s financial market.

At the time of listing, Hui Xian REIT’s portfolio comprised Oriental Plaza, one of the largest and most iconic commercial developments in Beijing, China. As the world’s second largest economy, China recorded a 9.2% gross domestic product (“**GDP**”) growth in 2011, outpacing the growth of other economies. Beijing, the capital city of China, registered a compound annual growth rate (“**CAGR**”) of 15.9% in GDP in the past ten years.

As Hui Xian REIT was listed on 29 April 2011, no direct year-on-year financial comparison can be made. Nonetheless, we are pleased to share with you the full year operating performance of Oriental Plaza for 2011 as compared to the same period in 2010.

Oriental Plaza has been established as one of the leading commercial properties in Beijing for over ten years and has achieved a CAGR of 17.2% in operating profit from 2002 to 2010. The 800,000 sq m complex comprises four businesses: The Malls, The Tower Offices, The Tower Apartments and Grand Hyatt Beijing.



Oriental Plaza’s operating profit (2002-2011) – presented in RMB million

Oriental Plaza's growth momentum continued in 2011, driven by Beijing's robust economic conditions. Total revenue was RMB 2,302 million, an increase of 9.6% compared to 2010. Net property income grew 8.5% year-on-year to RMB 1,524 million in 2011.

Operating Data	2011 RMB million	2010 RMB million	Variance %
The Malls			
- Revenue	889	823	8.0%
-Net Property Income	725	683	6.1%
The Tower Offices			
- Revenue	711	654	8.7%
-Net Property Income	533	492	8.3%
The Tower Apartments			
- Revenue	118	91	29.7%
-Net Property Income	56	38	47.4%
Grand Hyatt Beijing			
- Revenue	584	533	9.6%
-Net Property Income	210	192	9.4%
TOTAL			
- Revenue	2,302	2,101	9.6%
-Net Property Income	1,524	1,405	8.5%

The Malls

The Malls continued to benefit from Beijing's buoyant retail environment and rising domestic consumption. In 2011, leasing momentum at The Malls was strong. A number of new international retailers and food and beverage outlets were introduced to The Malls. The number of tenants on the waiting list has remained high.

The average occupancy rate for 2011 was 99.1%. Net property income reached RMB 725 million, a 6.1% increase over 2010. This growth can be mainly attributed to higher rents from new leases as well as positive rental reversions, which was 21.7% in 2011. The average monthly spot rent for 2011 was RMB 1,171 per sq m.

The Tower Offices

Beijing's office leasing market was robust throughout 2011. The expansion of many international and domestic corporations boosted rental demand and supported growth in Beijing's office rents. Limited new supply of quality office space also further underpinned rental growth.

The Tower Offices delivered an outstanding performance with strong rental turnover, especially in the second half of 2011. The rental reversion rate for 2011 was 37.7% and the average occupancy rate for 2011 was 96.9%. Net property income reached RMB 533 million, an 8.3% increase over 2010. The monthly spot rent for the second half of 2011 increased to RMB 278 per sq m gross compared to RMB 221 per sq m gross for the first half of 2011.

The Tower Apartments

The Tower Apartments also achieved a standout performance, with net property income increasing by 47.4% year-on-year to RMB 56 million. The average occupancy rate for 2011 was 90.3%.

There was strong leasing demand for The Tower Apartments in 2011, driven by the expansion of multinational companies and growth of expatriate population in Beijing.

Grand Hyatt Beijing

As the political and economic centre of China, Beijing has experienced positive growth in the business tourism and hotel sector in 2011. Grand Hyatt Beijing's net property income in 2011 was RMB 210 million, an increase of 9.4% over the previous year. The average occupancy rate for 2011 was 66.3%, while the average room rate per night was RMB 1,741, a 12.2% increase from 2010. Revenue per available room (“**RevPAR**”) was RMB 1,155, 13.4% over 2010.

Strong Financial Position

As at 31 December 2011, Gross Asset Value was RMB 33,995 million and Net Asset Value was RMB 25,972 million, representing increases of 1.9% and 0.7% over 30 June 2011 respectively. Appraised Values of Oriental Plaza was RMB 33,190 million as at 31 December 2011.

Hui Xian REIT's cash on hand amounted to RMB 883 million, providing ample cashflow to satisfy working capital and operating requirements.

Following the early repayment of a five-year term loan on 1 July 2011, the debt to gross asset value ratio of Hui Xian REIT was 0.6% as at 31 December 2011, the lowest among Hong Kong-listed REITs. We believe that our strong financial position and borrowing capacity will further strengthen our acquisition and expansion capabilities.

In November 2011, we announced that Hui Xian REIT has signed a commitment letter for a HK\$1,200 million loan facility. The new facility was drawn down in full in January 2012 for the

purpose of financing the general corporate needs.

First Acquisition Since Listing

In November 2011, Hui Xian REIT announced the first acquisition since the listing. By acquiring 70% of Shenyang Lido¹ at RMB 980 million, Hui Xian REIT will enjoy an additional income stream generated by Sheraton Shenyang Lido Hotel. By entering the Preferred Distribution Agreement with the vendor, the implied yield for this project is 6.57%². The transaction was completed on 1 January 2012.

Outlook

As we entered into 2012, we believe that China will continue to be a major force of global economic growth attracting even more multinational companies and international retail brands to the country. This in turn will propel demand for quality commercial spaces and hotels.

At the end of December 2011, offshore RMB deposits in Hong Kong totalled RMB 588.5 billion, a significant 87% rise from the previous year. The exchange rate of RMB to Hong Kong dollars has appreciated 2.9%³ since the listing. We believe that Hui Xian REIT's liquidity will further increase as more RMB investment products are introduced in Hong Kong.

Looking forward, we will continue to focus on the following areas:

(1) Organic growth

We are committed to fostering the organic growth from our assets, Oriental Plaza and Sheraton Shenyang Lido Hotel, through active asset management. The latter asset will begin to bring an additional and immediate income stream to Hui Xian REIT commencing 1 January 2012.

(2) Asset enhancement initiatives

Asset enhancement initiatives will be a key component for Hui Xian REIT's growth. 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 and The Tower Offices.

(3) Acquisitions

The acquisition of Shenyang Sheraton Lido Hotel has marked our first step towards growing Hui Xian REIT's portfolio. Currently, we are assessing over 10 projects in China's first and second-tier cities spanning office, retail, serviced apartment and hotel sectors as well as mixed-use developments. With a healthy balance sheet and a low gearing ratio, Hui Xian REIT is well positioned to capture investment opportunities in China.

As China's fundamental growth drivers continue to propel the economy, we believe that Hui Xian REIT, with our inherent strengths, is well placed to capitalise on China's bright prospects and offer its Unitholders a stable and sustainable distribution.

On behalf of the Manager, I would like to express my gratitude to our trustee and Unitholders for the support and confidence rendered to us.

KAM Hing Lam

Chairman

Hui Xian Asset Management Limited

(as manager of Hui Xian Real Estate Investment Trust)

Hong Kong, 1 March 2012

1. Hui Xian REIT invests 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. (for identification purposes only)) ("Shenyang Lido"). Shenyang Investment HK is entitled to 70% interests in Shenyang Lido, which is a sino-foreign cooperative joint venture established in the PRC. Shenyang Lido holds the land use rights and building ownership rights in Sheraton Shenyang Lido Hotel.

2. A "Yearly Base Amount" has been pre-set at RMB 92.0 million according to the Preferred Distribution Agreement. Based on the Consideration of RMB 980 million, the amount of RMB 64.4 million (70% of "Yearly Base Amount" of RMB 92.0 million) represents a yield of approximately 6.57%.

3. Based on the HK\$/RMB exchange of 1.1830 on 29 April 2011 (listing date) and 1.2175 on 31 December 2011 (Source: HKEx Exchange Rates for Stamp Duty Calculation)

MANAGEMENT DISCUSSION AND ANALYSIS

PORTFOLIO HIGHLIGHTS

During the Reporting Period (29 April – 31 December 2011), Hui Xian REIT's portfolio includes its investment in Hui Xian BVI, which in turn holds Hui Xian Investment Limited, the foreign joint venture partner of Beijing Oriental Plaza Co., Ltd., ("BOP") which is a sino-foreign cooperative joint venture established in the PRC. BOP holds the land use right and building ownership rights of Oriental Plaza, one of the largest and most iconic commercial developments in the Wangfujing (王府井) area of Beijing, China. The 800,000 sq m complex comprises four businesses: The Malls, The Tower Offices, The Tower Apartments and Grand Hyatt Beijing.

Oriental Plaza has been in business in Beijing for over ten years and has achieved a compound annual growth rate ("CAGR") of 17.2% in operating profits from 2002 to 2010. The positive growth momentum continued in 2011.

Hui Xian REIT was listed on 29 April 2011. Since there was no direct year-on-year comparison, we are pleased to share with you the full year 2011 operating performance of Oriental Plaza.

OPERATION REVIEW

(1) The Malls at Oriental Plaza

Marco environment

Beijing's retail market continued to flourish throughout 2011 underpinned by sound economic growth and rising domestic consumption. The city's GDP in 2011 rose 8.1% year-on-year to RMB 1.6 trillion while the disposable income of Beijing's urban residents averaged RMB 32,903, up 13.2% year-to-year. Retail sales in Beijing registered a 10.8% increase in 2011 to reach RMB 690 billion.

Demand for quality retail space in Beijing was strong in 2011, evidenced by many retailers' new store openings, expansions and renewals. The Wangfujing area, easily accessible by public transportation, remained a popular shopping destination for both locals and tourists.

Strong leasing momentum

In 2011, strong leasing momentum at The Malls continued. Net property income in 2011 grew 6.1% compared to a year ago and rental reversion rate was 21.7%. The increase was mainly generated from high rents for new leases and positive reversions.

The Malls is constantly upgrading its retail offerings and tenant mix to further enhance the shopping experience. A number of new international retailers and food and beverage outlets were introduced to The Malls in 2011, these included Chlo  , Diane von Furstenberg, agn  s b, Red Valentino, Leica, UGG, Pacific Coffee, Chocoolate and Blackberry etc.

The Malls

Description	Three-level shopping centre
Gross Floor Area	130,195 sq m
Gross Revenue	RMB 889 million, +8.0% YoY
Net Property Income	RMB 725 million, +6.1% YoY
Average Occupancy Rate	99.1%
Average Monthly Passing Rent	RMB 870 per sq m
Average Monthly Spot Rent	RMB 1,171 per sq m
Hui Xian's Interest	100%

(2) The Tower Offices at Oriental Plaza

Marco environment

In 2011, Beijing's office leasing market was bullish. On the back of China's robust economic growth, many multinational and domestic corporations continued their expansion plans which in turn, generated demand for Grade A offices. Limited new supply of quality office space in Beijing also supported the rental growth.

Outstanding Rental Performance

The Tower Offices delivered outstanding performance in 2011 due to strong rental turnover. Rental reversion rate for 2011 was 37.7%.

The Tower Offices, comprising eight Grade A office buildings, boasts a strong and diversified tenant base spanning across industries which include accounting, finance/banking, high-tech, investment/securities, law, pharmaceuticals, media and advertising, luxury goods and FMCGs.

The Tower Offices

Description	8 Grade A office buildings
Gross Floor Area	309,552 sq m
Gross Revenue	RMB 711 million, +8.7% YoY
Net Property Income	RMB 533 million, +8.3% YoY
Average Occupancy Rate	96.9%
Average Monthly Passing Rent	RMB 168 per sq m
Average Monthly Spot Rent	RMB 242 per sq m
Hui Xian's Interest	100%

(3) The Tower Apartments at Oriental Plaza

Marco environment

Driven by the expansion of many multinational companies and growth of expatriate population in Beijing, leasing demand for serviced apartments was strong in 2011. Limited new supply of also boosted the rental levels.

Standout Growth Performance

The Tower Apartments has been a standout performer, with net property income increasing 47.4% year-on-year to RMB 56 million. Average occupancy rate for 2011 was 90.3%.

Comprising two towers of 613 units, the size of the apartments range from around 31 sq m to 560 sq m, with studio units, apartments of one to four bedrooms and a presidential suite.

The Tower Apartments

Description	2 serviced apartment towers (613 units)
Gross Floor Area	81,603 sq m
Gross Revenue	RMB 118 million, +29.7% YoY
Net Property Income	RMB 56 million, +47.4% YoY
Average Occupancy Rate	90.3%
Hui Xian's Interest	100%

(4) Grand Hyatt Beijing at Oriental Plaza

Macro environment

Beijing has seen strong growth in the business tourism and hotel sector in 2011. The capital city received a record of 200 million international and domestic tourists in 2011.

2011 full year performance

We saw continuous improvement in Grand Hyatt Beijing's performance in 2011 since the decline of revenue in 2009 due to the global financial crisis. Its net property income has recorded a 9.3% year-on-year increase. 589 conferences and events were held in Grand Hyatt Beijing.

In 2011, Grand Hyatt Beijing received 11 awards, including "Best Business Hotel in Beijing" by *National Geographic Traveler China* for the third consecutive year.

Grand Hyatt Beijing

Description	825-room, 5-star hotel
Gross Floor Area	125,420 sq m
Gross Revenue	RMB 584 million, +9.6% YoY
Net Property Income	RMB 210 million, +9.4% YoY
Average Occupancy Rate for 2011	66.3%
Average Room Rate per Night	RMB 1,741 per sq m, +12.2% YoY
RevPAR	RMB 1,155 per sq m, +13.4% YoY
Hui Xian's Interest	100%

(5) Sheraton Shenyang Lido Hotel

In November 2011, Hui Xian REIT announced its first expansion plan through its investment in Shenyang Investment BVI, which in turns holds Shenyang Investment HK, the foreign joint venture partner of Shenyang Lido. Shenyang Investment HK is entitled to 70% interests in Shenyang Lido, which is a sino-foreign cooperative joint venture established in the PRC. Shenyang Lido holds the land use rights and building ownership rights in Sheraton Shenyang Lido Hotel. Transaction was completed in January 2012.

Marco environment

Shenyang, as the capital of Liaoning province, is the largest economic, cultural, science and transportation hub in North-eastern China. As part of the Central Government's "Revitalise Northeast China" initiative in 2003, Shenyang's economic development has been staggering since then. Shenyang's GDP in the first three quarters of 2011 grew 12.5% year-on-year to RMB 432.1 billion.

In the year 2010 alone, foreign direct investment exceeded US\$5.05 billion (approximately RMB 32 billion). Multinational companies that have already established operations in Shenyang include General Motors, Bombardier, BMW, BASF, ABB, Panasonic, Siemens, Michelin, Bridgestone and Mannesmann Demag.

Shenyang is also a city rich in history boasting cultural relics such as the Shenyang Imperial Palace, the Guarding Pagodas of Shenyang and Marshal Zhang's Mansion, Shenyang is one of the most popular tourist destinations in North-eastern China.

The city will be hosting the prestigious 12th National Games of the People's Republic of China in 2013. In preparation for the game and the influx of tourists, local authorities have made substantial investments to transfer the city into a modern, world class metropolis.

Shenyang is undergoing a robust infrastructure upgrade. It is one of the most important railway hubs in China. Shenyang's Taoxian International Airport is also the largest airport in North-eastern China.

A new airport terminal has been scheduled for completion in 2013 to cope with a larger number of travellers. This new terminal is expected to have the capacity to handle 25 million passengers. According to research reports, more than 2 million sq. m. of prime office space is scheduled to come onto the market in the next three to five years. This dramatic sevenfold rise in the supply of Grade A office is expected to boost demand for hotel accommodation in Shenyang in the future.

Shenyang Sheraton Lido Hotel

Description	590-room, 5-star hotel
Gross Floor Area	79,000 sq m
Hui Xian's Interest	70%

FINANCIAL REVIEW

Net Property Income

The net property income was RMB 1,063 million for the period from 29 April to 31 December 2011 (the “**Reporting Period**”).

Distributions

Distribution Amount

For the period from 1 July to 31 December 2011, total distribution will be RMB 533 million (“**2011 Final Distribution**”). The Distribution Amount represents 100% of Hui Xian REIT’s total distributable income during the Reporting Period and will be paid in RMB. A total of RMB 202 million (“**2011 Interim Distribution**”) has been distributed to Unitholders on 15 September 2011 for the period from 29 April to 30 June 2011. In total, Hui Xian REIT will distribute a total of RMB 735 million (“**Distribution Amount**”) to holders of units of Hui Xian REIT (“**Units**”) for the Reporting Period.

Distribution per Unit

The final distribution per unit (“**DPU**”) for the six months ended 31 December 2011 was RMB 0.1064. Together with the interim distribution per unit of RMB 0.0403, Hui Xian REIT provides a total distribution per unit for the Reporting Period of RMB 0.1467. This represents an annualised distribution yield of 6.09% based on the closing unit price of RMB 3.56 as at 31 December 2011.

Distribution Reinvestment Scheme

The Manager recommends that, a distribution reinvestment arrangement will be made available to Unitholders, subject to obtaining authorisation from the Securities and Futures Commission of Hong Kong (the “SFC”) of relevant documents. Under the distribution reinvestment arrangement, eligible Unitholders will be entitled to have a scrip distribution in lieu of a cash distribution. Unitholders can elect to receive their distribution in the form of cash, or in the form of new Units of Hui Xian REIT, or a combination of both.

Subject to the SFC’s authorisation, an announcement providing further information on the distribution reinvestment arrangement will be published on or about 23 March 2012 and a circular containing the relevant details together with the relevant election form will be sent to all qualified Unitholders on or about 28 March 2012.

Closure of Register of Unitholders

The record date for the final distribution will be 23 March 2012 (“**Record Date**”). The Register of Unitholders will be closed from 19 March 2012 to 23 March 2012, both days inclusive, during which period no transfer of Units will be effected. The Distribution will be payable on 4 May 2012 to Unitholders whose names appear on the Register of Unitholders on Record Date.

In order to qualify for the 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 4:30p.m. on 18 March 2012.

Debt Positions

On 1 July 2011, Hui Xian REIT made an early repayment of a five-year term loan of RMB 200 million secured loan from Bank of China.

On 12 September 2011, an aggregate of RMB 201.5 million was drawn down under a revolving credit facility arrangement with Hui Xian Holdings Limited, which was set up to fill up the timing gaps between dividend distributions.

On 4 November 2011, Hui Xian Investment Limited (“**Hui Xian Investment**”), a special purpose vehicle wholly-owned by Hui Xian REIT as proposed borrower, accepted and agreed to a commitment letter (the “**Commitment Letter**”) issued on 28 October 2011 by, among others, The Hongkong and Shanghai Banking Corporation Limited, Bank of China (Hong Kong) Limited and DBS Bank Ltd., Hong Kong Branch (together, the “**Banks**”), as proposed lenders. Pursuant to the Commitment Letter, the Banks conditionally agreed to provide a three-year term loan of HK\$1,200 million (the “**New Facility**”).

The New Facility will be unsecured and unsubordinated and will rank pari passu with all other unsecured and unsubordinated obligations of Hui Xian Investment.

The New Facility was drawn down in full on 3 January 2012, for the purposes of financing the general corporate needs of Hui Xian REIT group.

Based on the REIT's net asset value of RMB 25,972 million as at 31 December 2011, Hui Xian REIT's gearing ratio stood at 0.8%. Meanwhile, the debt to gross asset value ratio was 0.6% as at 31 December 2011. With a drawdown of New Facility in full, the pro-forma gearing on 3 January 2012 is 4.5%.

Cash and Asset Positions

As at 31 December 2011, Hui Xian REIT's cash amounted to RMB 883 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, two blocks of serviced apartments towers and an 825-room 5-star hotel in a 787,059 sq m building complex at 1 Chang'an Avenue, Beijing, PRC which 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 26,860 million as at 31 December 2011, translating into an increase of 1.4% over the valuation as of 30 June 2011. Together with the hotel and serviced apartment premises, gross property value of Hui Xian REIT was RMB 32,965 million as at the balance sheet date, comparing with RMB 32,699 million recorded on 30 June 2011.

Net Assets Attributable To Unitholders

As at 31 December 2011, net assets attributable to Unitholders amounted to RMB 25,972 million or RMB 5.1845 per unit, a 45.6% premium to the closing unit price of RMB 3.56 as at 31 December 2011.

Pledge of Assets

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

Hui Xian REIT and its subsidiaries will provide guarantees for the New Facility of HK\$1,200 million.

Commitments

As at 31 December 2011, Hui Xian REIT did not have any significant commitments.

Employees

As at 31 December 2011, BOP, by itself and through its branch, employed a total of approximately 260 employees in the PRC, of which approximately 120 employees perform hotel operation functions and services, and approximately 140 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

On 10 November 2011, the Trustee (as trustee of Hui Xian REIT) and Yick Ho Limited, an indirect wholly-owned subsidiary of Cheung Kong (Holdings) Limited, entered into the sale and purchase agreement pursuant to which Yick Ho has conditionally agreed to sell, and the Trustee (as trustee of Hui Xian REIT) has conditionally agreed to purchase, the entire issued share capital of, and shareholder's loans owing at Completion by, Shenyang Investment (BVI) Limited (“**Shenyang BVI**”) at a Consideration of RMB 980 million. Upon such transfer becoming effective, Shenyang Investment BVI, through its direct wholly-owned subsidiary will be entitled to 70% of the distributions of 瀋陽麗都商務有限公司 (Shenyang Lido Business Co., Ltd. (for identification purposes only)). The transfer was subsequently completed on 1 January 2012.

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 authorised by the SFC under section 116 of the SFO to conduct the regulated activity of asset management. As at the date of this announcement, the Manager has 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. PANG Shuen Wai, Nichols and Mr. LEE Chi Kin.

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 in material terms complied with the provisions of the REIT Code, the Trust Deed, the relevant provisions and requirements of the SFO and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited which are applicable to Hui Xian REIT.

Review of Annual Results

The annual results of Hui Xian REIT for the Reporting Period 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 31 December 2011 is 5,009,521,491 Units.

New Units Issued

Other than the issue of an aggregate of 9,521,491 new units to the Manager as payment of part of manager's fees, there were no new units of the Hui Xian REIT issued during the Reporting Period.

Purchase, Sale or Redemption of Units

During the Reporting Period, there was no repurchase, sale or redemption of the units of Hui Xian REIT by the Manager on behalf of Hui Xian REIT or any of the special purpose vehicles that are owned and controlled by Hui Xian REIT.

Public Float

As far as the Manager is aware, more than 25% of the issued and outstanding units of Hui Xian REIT were held in public hands as at 31 December 2011.

Annual General Meeting of Unitholders

It is proposed that the 2011 Annual General Meeting ("2011 AGM") of Hui Xian REIT will be held on Tuesday, 22 May 2012 and the notice of 2011 AGM will be published and issued to the Unitholders in due course.

Issuance of Annual Report 2011

The Annual Report of Hui Xian REIT for the Reporting Period will be published on the websites of Hong Kong Exchanges and Clearing Limited and Hui Xian REIT and will be dispatched or sent to Unitholders on or before Monday, 30 April 2012.

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

Hong Kong, 1 March 2012

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. Pang Shuen Wai, Nichols (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).

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 29 APRIL 2011 (DATE OF LISTING) TO 31 DECEMBER 2011

	<u>NOTES</u>	RMB million
Revenue	4	1,588
Rental related income	5	41
Other income	6	6
Increase in fair value of investment properties	13	360
Hotel inventories consumed		(38)
Staff costs		(55)
Depreciation and amortisation		(141)
Other operating expenses	7	(470)
Finance costs	8	(6)
Manager's fee	9	(89)
Real estate investment trust expenses	10	(18)
		<hr/>
Profit before taxation and transactions with unitholders		1,178
Income tax expense	11	(359)
		<hr/>
Profit for the period, before transactions with unitholders		819
Distribution to unitholders		(735)
		<hr/>
Surplus of profit and total comprehensive income for the period, after transactions with unitholders		84
		<hr/>
Income available for distribution to unitholders		735
		<hr/>
Basic earnings per unit (RMB)	12	0.1637
		<hr/>

FINANCIAL STATEMENTS

DISTRIBUTION STATEMENT

FOR THE PERIOD FROM 29 APRIL 2011 (DATE OF LISTING) TO 31 DECEMBER 2011

	RMB million
Profit for the period, before transactions with unitholders	819
Adjustments:	
Manager's fee	54
Depreciation and amortisation	141
Deferred tax	81
Increase in fair value of investment properties	(360)
Income available for distribution (note (i))	735
Distributions to unitholders (note (ii))	
- Interim distribution paid	202
- Distributions payable	533
	735
Distribution per unit (RMB) (note (ii))	0.1467
Interim 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, i.e. 29 April 2011, to 30 June 2011. The first distribution has been paid on 15 September 2011. Hui Xian REIT's initial distribution policy is that two distributions will be made in respect of each year, being distributions with respect to the six months ending 30 June and 31 December.

Notes:

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

- (a) *Manager's fee paid and payable in units of RMB54 million (9,521,491 units issued (Note 23(i)) and 5,820,537 units estimated to be issued) out of the total Manager's fee of RMB89 million (the difference of RMB35 million are paid or payable in cash).*
- (b) *Deferred tax credit of RMB9 million in relation to accelerated tax depreciation and deferred tax charge of RMB90 million in relation to revaluation of investment properties.*
- (c) *Depreciation and amortisation of the Group's properties of RMB141 million.*
- (d) *Increase in fair value of investment properties of RMB360 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.

FINANCIAL STATEMENTS

DISTRIBUTION STATEMENT

FOR THE PERIOD FROM 29 APRIL 2011 (DATE OF LISTING) TO 31 DECEMBER 2011

Notes: - continued

- (ii) *The distribution per unit of RMB0.1467 for the period from 29 April 2011 (date of listing) to 31 December 2011 is calculated based on Hui Xian REIT's income available for distribution of RMB734,796,372 over 5,009,521,491 units, representing issued units as at 31 December 2011. 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 RMB201,500,000 over 5,000,000,000 units, representing issued units as at 30 June 2011. The first distribution of RMB201,500,000 for the period from the listing date to 30 June 2011 has been paid on 15 September 2011 and the remaining distribution will be paid to unitholders on 4 May 2012.*
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FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

	<u>NOTES</u>	RMB million
Non-current assets		
Investment properties	13	26,860
Property, plant and equipment	14	1,961
Land and related costs	15	4,110
Total non-current assets		32,931
Current assets		
Hotel inventories	16	20
Land and related costs	15	114
Trade and other receivables	17	47
Bank balances and cash	18	883
Total current assets		1,064
Total assets		33,995
Current liabilities		
Trade and other payables	19	330
Tenants' deposits		221
Tax payable		57
Manager's fee payable		34
Distribution payable		533
Loan from an unitholder	20	202
Total current liabilities		1,377
Total assets less current liabilities		32,618
Non-current liabilities, excluding net assets attributable to unitholders		
Tenants' deposits		269
Deferred tax liabilities	21	6,377
Total non-current liabilities, excluding net asset attributable to unitholders		6,646
Total liabilities, excluding net assets attributable to unitholders		8,023
Net assets attributable to unitholders		25,972
Units in issue ('000)	23	5,009,521
Net asset value per unit (RMB) attributable to unitholders	24	5.1845

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

FOR THE PERIOD FROM 29 APRIL 2011 (DATE OF LISTING) TO 31 DECEMBER 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	(345)	-	(345)
Units issued for settlement of manager's fees (Note 23)	33	-	33
	<u>25,888</u>	<u>-</u>	<u>25,888</u>
Profit for the period, before transactions with unitholders	-	819	819
Distribution to unitholders			
- Interim distribution paid	-	(202)	(202)
- Distribution payable	-	(533)	(533)
	<u>-</u>	<u>84</u>	<u>84</u>
Total comprehensive income for the period	-	84	84
Net assets attributable to unitholders as at 31 December 2011	<u>25,888</u>	<u>84</u>	<u>25,972</u>

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM 29 APRIL 2011 (DATE OF LISTING) TO 31 DECEMBER 2011

	<u>NOTES</u>	RMB million
Operating activities		
Profit before taxation		1,178
Adjustments for:		
Depreciation of property, plant and equipment		65
Amortisation of land and related costs		76
Fair value change on investment properties		(360)
Interest income		(5)
Finance costs		6
Manager's fee settled by issuing units	23	33
Operating cash flows before movements in working capital		993
Increase in hotel inventories		(1)
Increase in trade and other receivables		(2)
Increase in trade and other payables		43
Increase in tenants' deposits		26
Increase in Manager's fee payable		34
Cash generated from operations		1,093
Income tax paid		(274)
Net cash from operating activities		819
Investing activities		
Acquisition of a business	22	259
Purchase of property, plant and equipment		(7)
Interest received		5
Net cash from investing activities		257
Financing activities		
Proceeds from issue of new units		12,052
Issue costs paid		(332)
Interest paid		(6)
Distributions payment to unitholders		(202)
Repayment of bank borrowings		(200)
Loan advanced from an unitholder		202
Repayment of amount due to an unitholder	(a)	(11,707)
Net cash used in financing activities		(193)
Net increase in cash and cash equivalents		883
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period, represented by bank balances and cash		883

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 have been used for repaying the Indebtedness (defined in Note 23) immediately on 29 April 2011 (date of listing).

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 29 APRIL 2011 (DATE OF LISTING) TO 31 DECEMBER 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 29 April 2011 (date of listing). Hui Xian REIT commenced operation on 29 April 2011 and its units are listed on The Stock Exchange of Hong Kong Limited since that date. This financial report covers the period from 29 April 2011 (date of listing) to 31 December 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 ("RMB"), which is also the functional currency of Hui Xian REIT.

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. Historical cost is generally based on fair value of the consideration given in exchange for goods.

FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES - continued

(b) Basis of consolidation

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

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

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

FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES - continued

(c) Potential impact arising from recently issued accounting standards

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

Amendments to HKFRS 7	Disclosures - Transfers of Financial Assets ¹ Disclosures - Offsetting Financial Assets and Financial Liabilities ² Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
HKFRS 9	Financial Instruments ³
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosure of Interests in Other Entities ²
HKFRS 13	Fair Value Measurement ²
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income ⁵
Amendments to HKAS 12	Deferred Tax - Recovery of Underlying Assets ⁴
HKAS 19 (as revised in 2011)	Employee Benefits ²
HKAS 27 (as revised in 2011)	Separate Financial Statements ²
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ²
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ⁶
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine ²

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

² Effective for annual periods beginning on or after 1 January 2013.

³ Effective for annual periods beginning on or after 1 January 2015.

⁴ Effective for annual periods beginning on or after 1 January 2012.

⁵ Effective for annual periods beginning on or after 1 July 2012.

⁶ Effective for annual periods beginning on or after 1 January 2014.

FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Amendments to HKAS 12 Deferred Tax - Recovery of Underlying Assets

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 fair value model in accordance with HKAS 40 *Investment Property*. As at 31 December 2011, the deferred tax arising from the revaluation of the properties amounted to RMB4,249 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 fair value model.

The amendments to HKAS 12 are effective for annual periods beginning on or after 1 January 2012.

The Manager anticipates that the application of the other new or revised HKFRSs will have no material impact on the results and the financial position of the Group.

FINANCIAL STATEMENTS

3. 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>602</u>	<u>485</u>	<u>82</u>	<u>419</u>	<u>1,588</u>
Segment profit	<u>496</u>	<u>368</u>	<u>41</u>	<u>158</u>	<u>1,063</u>
Finance costs					(6)
Depreciation and amortisation					(125)
Unallocated income					366
Unallocated expense					(120)
Profit before taxation and transactions with unitholders					1,178
Income tax expense					(359)
Profit for the period, before transactions with unitholders					<u>819</u>

The accounting policies of the operating segments are the same as the accounting policies described in Note 2. Segment profit represents the profit earned by each segment without allocation of the increase in fair value of investment properties, certain administrative staff costs, certain depreciation and amortisation, certain other operating expenses that are not directly related to each segmental business, other income, finance costs, Manager's fee and real estate investment trust expenses. This is the measure reported to the Manager for the purposes of resource allocation and performance assessment.

FINANCIAL STATEMENTS

3. SEGMENT REPORTING - continued

(b) Segment assets

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

	As at 31 December 2011 RMB million
The Malls	14,642
The Tower Offices	12,263
The Tower Apartments	2,272
The Hotel	3,984
	<hr/>
Total segment assets	33,161
Bank balances and cash	798
Other assets	36
	<hr/>
Consolidated assets	33,995

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

(c) Geographical information

All of the Group's revenue is derived from activities and customers located in the PRC and the Group's non-current assets are all located in Beijing, 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	5	2	1	8	16

FINANCIAL STATEMENTS

4. REVENUE

RMB million

Gross rental from investment properties	1,087
Income from hotel operation	419
Income from serviced apartments operation	82
Total	<u>1,588</u>

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

The direct operating expense from investment properties (includes depreciation of property, plant and equipment, other operating expenses and staff costs) amounting to RMB264 million for the period from 29 April 2011 (date of listing) to 31 December 2011.

5. RENTAL RELATED INCOME

RMB million

Service income	30
Forfeited tenant deposits	5
Others	6
Total	<u>41</u>

6. OTHER INCOME

Amount mainly represents bank interest income.

7. OTHER OPERATING EXPENSES

RMB million

Advertising and promotion	7
Audit fee	1
Business tax	90
Insurance	4
Lease agency fee	16
Property manager's fees	12
Property management fees	26
Repairs and maintenance	52
Other miscellaneous expenses	121
Stamp duty	1
Urban land use tax	2
Urban real estate tax	69
Utilities	69
	<u>470</u>

FINANCIAL STATEMENTS

8. FINANCE COSTS

RMB million

Interest expense on secured bank loans wholly repayable within five years	5
Interest expense on loan from an unitholder	1
	<hr/>
	6
	<hr/> <hr/>

9. MANAGER'S FEE

RMB million

Base fee	67
Variable fee	22
	<hr/>
	89
	<hr/> <hr/>

10. REAL ESTATE INVESTMENT TRUST EXPENSES

RMB million

Trustee's fee	2
Legal and professional fees	11
Public relations - related expenses	1
Trust administrative expenses	3
Others	1
	<hr/>
	18
	<hr/> <hr/>

11. INCOME TAX EXPENSE

RMB million

The income tax expense comprises:

Current tax - PRC Enterprise Income Tax	246
Deferred taxation (Note 21)	113
	<hr/>
	359
	<hr/> <hr/>

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.

FINANCIAL STATEMENTS

11. INCOME TAX EXPENSE - continued

The Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law also required withholding tax to be levied on distribution of profits earned by a PRC entity to non-PRC tax residents for profits generated after 1 January 2008. The applicable withholding tax rate is 5% as approved by the relevant tax authorities in the PRC pursuant to double taxation arrangement between Hong Kong and the PRC. As at 31 December 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	1,178
Tax at the applicable income tax rate of 25%	295
Tax effect of expenses not deductible for tax purpose	32
Deferred tax on undistributed earnings of a PRC subsidiary	32
Tax charge for the period	359

12. EARNINGS PER UNIT

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

13. INVESTMENT PROPERTIES

	RMB million
FAIR VALUE	
Addition arising from business combination (Note 22) on 29 April 2011	26,500
Increase in fair value of investment properties	360
At 31 December 2011	26,860

FINANCIAL STATEMENTS

13. INVESTMENT PROPERTIES - continued

- (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 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 properties was principally arrived by using the income capitalisation approach which is a method of valuation whereby valuation is the sum of capitalised value of the term income and the appropriately deferred reversionary income for the remaining term of the land use rights of the property. The capitalised value of the term income is derived by capitalising the rental income derived from existing tenancies for their respective unexpired terms of contractual tenancies, while the capitalised value of reversionary income is derived by capitalising the current market rents for the remaining term of the land use rights of the property. Capitalisation rates are estimated with reference to the yield generally accepted by the market for comparable properties.

14. PROPERTY, PLANT AND EQUIPMENT

	<u>Buildings</u>		<u>Plant and</u>	<u>Others</u>	<u>Total</u>
	<u>Hotel</u>	<u>Serviced</u>	<u>machinery</u>		
	RMB million	apartments	RMB million	RMB million	RMB million
COST					
Addition arising from business combination at 29 April 2011 (Note 22)	1,207	578	145	89	2,019
Additions for the period	-	-	-	7	7
Disposals for the period	-	-	-	(2)	(2)
At 31 December 2011	<u>1,207</u>	<u>578</u>	<u>145</u>	<u>94</u>	<u>2,024</u>
ACCUMULATED DEPRECIATION					
At 29 April 2011	-	-	-	-	-
Provided for the period	27	13	9	16	65
Eliminated on disposals	-	-	-	(2)	(2)
At 31 December 2011	<u>27</u>	<u>13</u>	<u>9</u>	<u>14</u>	<u>63</u>
CARRYING AMOUNTS					
At 31 December 2011	<u>1,180</u>	<u>565</u>	<u>136</u>	<u>80</u>	<u>1,961</u>

FINANCIAL STATEMENTS

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, the PRC are held under medium-term leases.

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	4,110
Current asset	114
	<hr/>
	4,224
	<hr/>

16. HOTEL INVENTORIES

	RMB million
Food and beverage	4
Other consumables	16
	<hr/>
	20
	<hr/>

17. TRADE AND OTHER RECEIVABLES

	RMB million
Trade receivables	26
Deposits and prepayments	15
Advance to suppliers	4
Other receivables	2
	<hr/>
	47
	<hr/>

FINANCIAL STATEMENTS

17. TRADE AND OTHER RECEIVABLES - continued

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

	RMB million
Less than or equal to 1 month	24
1 - 3 months	<u>2</u>
	<u>26</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 RMB4 million as at 31 December 2011 which were past due less than or equal to 3 months at the reporting date on which the Group did not provide for doubtful debts as there were no significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral over these balances. The average age of these past due receivables for the period is 34 days at 31 December 2011.

Trade and other receivables are denominated in RMB.

18. BANK BALANCES AND CASH

	RMB million
Cash at bank and in hand	473
7 days notice bank deposits	<u>410</u>
	<u>883</u>

Average interest rate per annum is as follows:

Bank deposits	
- 7 days notice	<u>1.49%</u>

Bank balances and cash are denominated in the following currencies:

	RMB million
RMB	870
Hong Kong Dollars ("HK\$")	6
United States Dollars ("US\$")	<u>7</u>
	<u>883</u>

FINANCIAL STATEMENTS

19. TRADE AND OTHER PAYABLES

RMB million

Trade payables	54
Rental received in advance	147
Others	<u>129</u>
Total	<u><u>330</u></u>

Trade and other payables are denominated in the following currencies:

RMB million

HK\$	12
RMB	301
US\$	<u>17</u>
	<u><u>330</u></u>

20. LOAN FROM AN UNITHOLDER

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

21. DEFERRED TAX LIABILITIES

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

	Accelerated tax <u>depreciation</u> RMB million	Fair value of investment <u>properties</u> RMB million	Withholding tax on retained profit 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
(Credit) charge to profit or loss (Note 11)	<u>(9)</u>	<u>90</u>	<u>32</u>	<u>113</u>
At 31 December 2011	<u><u>1,995</u></u>	<u><u>4,249</u></u>	<u><u>133</u></u>	<u><u>6,377</u></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 RMB11,707 million for consideration of RMB14,148 million satisfied by issuance of 2,700,000,000 units. This acquisition has been accounted for using the acquisition method. Hui Xian BVI is an investment holding company and indirectly owns Beijing Oriental Plaza Co., Ltd which engages in property investment and hotel and serviced suites operations in Beijing, the PRC.

Consideration transferred

RMB million

Units issued	14,148
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The fair value of 2,700,000,000 units of Hui Xian REIT, determined using the offer price of RMB5.24 per unit amounted to RMB14,148 million in total.

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 payables	(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 valuation 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

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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 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 shares of Hui Xian BVI ("Hui Xian BVI Share") and interests in the amount owing by Hui Xian BVI to Hui Xian Cayman immediately prior to the 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 was satisfied by the issuance of 2,700,000,000 Units to Hui Xian Cayman.

After the 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.

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

	<u>Number of units</u>	<u>RMB million</u>
Units issued for business combination (Note 22)	2,700,000,000	14,148
Units issued for initial offering	2,300,000,000	12,052
Units issue costs	-	(345)
Payment of Manager's fee through issuance of new units during the period (note (i))	9,521,491	33
Balance at 31 December 2011	<u>5,009,521,491</u>	<u>25,888</u>

Note:

(i) Details of units issued during the period as payment of Manager's fee are as follows:

<u>Issue date</u>	<u>Payment of the Manager's fee for the period</u>	<u>Average price per unit determined based on Trust Deed RMB</u>	<u>Aggregate issue price RMB million</u>	<u>Number of units issued</u>
8 September 2011	29 April 2011 - 30 June 2011	3.87	13	3,503,434
31 October 2011	1 July 2011 - 30 September 2011	3.29	20	6,018,057
			<u>33</u>	<u>9,521,491</u>

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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 5,009,521,491 units in issue as at 31 December 2011.

25. NET CURRENT LIABILITIES

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