



HUI XIAN REIT

匯賢產業信託

Hui Xian Real Estate Investment Trust

*(a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance
(Chapter 571 of the Laws of Hong Kong))*

Stock Code: 87001

2014 Interim Report

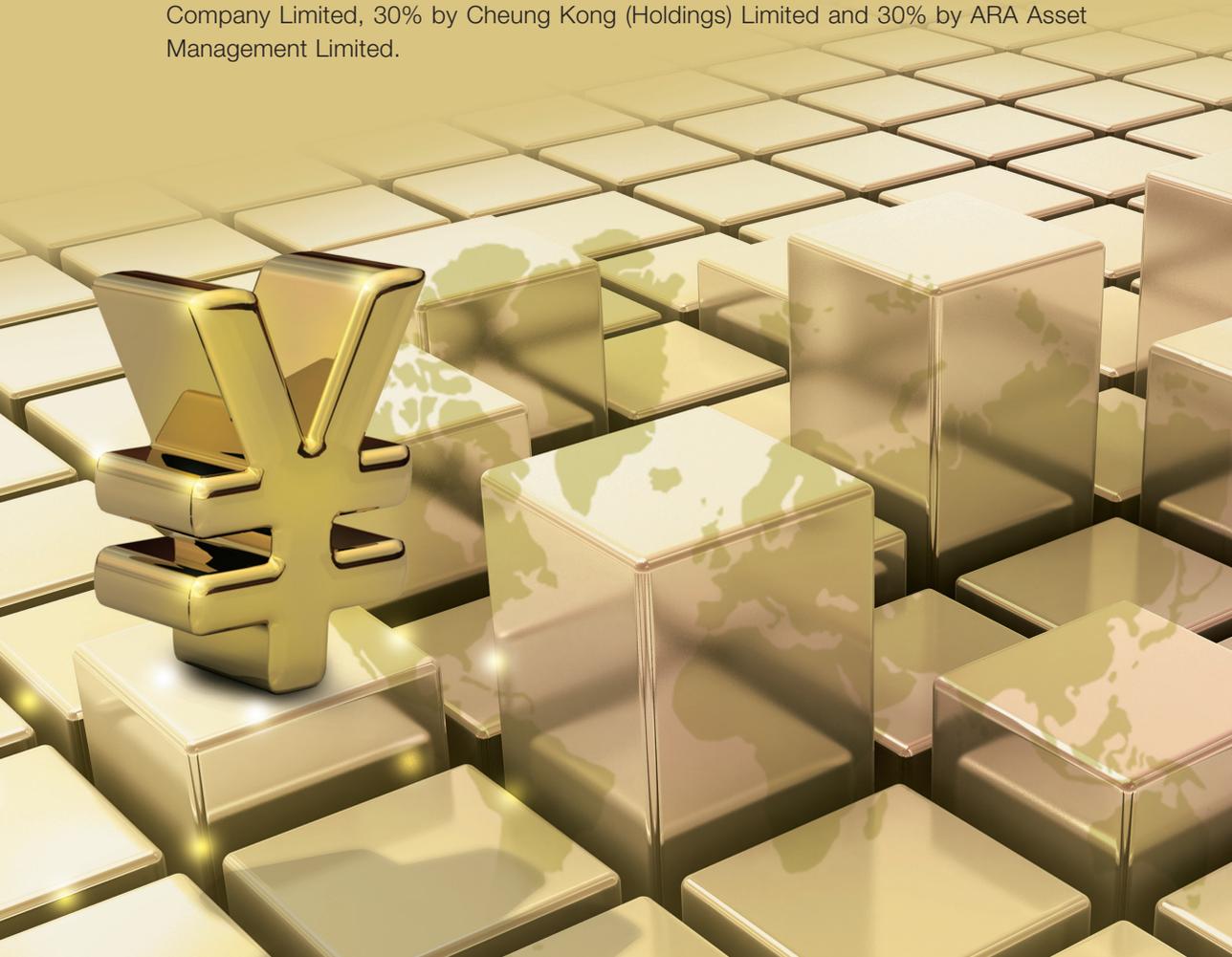


HUI XIAN REIT

Hui Xian Real Estate Investment Trust (“Hui Xian REIT”) (Stock Code: 87001) is a real estate investment trust constituted by a 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.





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Contents

2	Financial Highlights
3	Chairman's Statement
8	Management Discussion and Analysis
18	Corporate Governance
24	Connected Party Transactions
33	Disclosure of Interests
37	Report on Review of Condensed Consolidated Financial Statements
39	Condensed Consolidated Statement of Comprehensive Income
41	Distribution Statement
43	Condensed Consolidated Statement of Financial Position
45	Condensed Consolidated Statement of Changes in Net Assets Attributable to Unitholders and Non-controlling Interest
47	Condensed Consolidated Statement of Cash Flows
48	Notes to the Condensed Consolidated Financial Statements
76	Summary Financial Information
78	Performance Table
79	Investor Calendar
81	Corporate Information
83	Glossary

FINANCIAL HIGHLIGHTS

For the period from 1 January 2014 to 30 June 2014

	Six months ended 30 Jun 2014	Six months ended 30 Jun 2013	Percentage Change
Total Revenue (<i>RMB million</i>)	1,383	1,319	4.9%
Net Property Income (<i>RMB million</i>)	940	870	8.1%
Amount Available for Distribution (<i>RMB million</i>)	663	616	7.6%
Distribution per Unit (<i>RMB</i>)	0.1271	0.1203	5.7%
Annualised Distribution Yield	7.65%⁽¹⁾	6.16% ⁽²⁾	N/A
Payout Ratio	100%	100%	N/A

	As at 30 Jun 2014	As at 31 Dec 2013	Percentage Change
Gross Asset Value (<i>RMB million</i>)	42,054	40,727	3.3%
Net Asset Value Attributable to Unitholders (<i>RMB million</i>)	28,426	27,963	1.7%
Net Asset Value per Unit (<i>RMB</i>)	5.4487	5.4144	0.63%
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 30 June 2014 and the annualised actual distribution amount for the period from 1 January 2014 to 30 June 2014.
- (2) Based on the closing price of the Units on 28 June 2013 and the annualised actual distribution amount for the period from 1 January 2013 to 30 June 2013.

CHAIRMAN'S STATEMENT

I am pleased to report the interim results of Hui Xian REIT for the six months ended 30 June 2014 ("Reporting Period"). The amount available for distribution for the Reporting Period was RMB663 million, a year-on-year increase of 7.6%. Distribution per unit ("DPU") was RMB0.1271, up 5.7% year-on-year. This translated into an annualised distribution yield of 7.65% based on the closing unit price of RMB3.35 on 30 June 2014.

RESULTS AND DISTRIBUTION

Total revenue for the Reporting Period was RMB1,383 million, an increase of 4.9% year-on-year. Net property income ("NPI") was RMB940 million, posting a year-on-year growth of 8.1%. Gross asset value amounted to RMB42,054 million and net asset value attributable to unitholders amounted to RMB28,426 million, representing a 3.3% and a 1.7% growth respectively compared to those as at 31 December 2013.

The amount available for distribution for the Reporting Period was RMB663 million, up by 7.6% over the same period in 2013. 100% of this amount will be distributed to the unitholders of Hui Xian REIT ("Unitholders").

The DPU for the Reporting Period was RMB0.1271, an increase of 5.7% year-on-year. This represented an annualised distribution yield of 7.65% based on the closing price of the Units of RMB3.35 on 30 June 2014.

BUSINESS ENVIRONMENT IN CHINA

China's gross domestic product ("GDP") expanded by 7.5% in the second quarter of 2014, accelerating slightly from the first quarter. Other data also pointed to stabilising growth. Total retail sales of consumer goods in the first half of the year reached RMB12.4 trillion, a year-on-year increase of 12.1%. Industrial production and fixed asset investment rose by 8.8% and 17.3% respectively compared to a year earlier.

BUSINESS REVIEW

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.

CHAIRMAN'S STATEMENT

During the Reporting Period, Hui Xian REIT's retail and office portfolio delivered steady performance while the serviced apartment and hotel sectors continued to face challenges. Total revenue and NPI of Hui Xian REIT's portfolio increased 4.9% and 8.1% year-on-year respectively.

Net Property Income	Jan–Jun 2014 (RMB million)	Jan–Jun 2013 (RMB million)	Percentage Change (%)
Retail	460	426	8.2%
Office	383	328	17.0%
Serviced apartment	31	32	-5.5%
Hotels	66	84	-21.8%
TOTAL	940	870	8.1%

Retail Portfolio

Domestic demand plays a vital role in driving China's economic growth. According to official data, consumption contributed to 52.4% of the country's GDP in the first half of 2014.

Beijing's GDP achieved RMB977 billion in the first half of 2014, up by 7.2% year-on-year. Disposable income per capita of the capital city's urban residents grew 8.9% year-on-year; while retail sales reached RMB427 billion, a rise of 7.5% over the same period last year. Demand for high quality retail space continues to be high in Beijing, particularly in established shopping districts.

Located in the Wangfujing area, The Malls at Oriental Plaza is popular among international and domestic retailers, and it remained virtually fully let throughout the Reporting Period. The Malls continues to refine the tenant mix and enhance the physical environment to ensure the 130,000 square metre shopping mall remains fresh and vibrant.

The retail portfolio's NPI was RMB460 million, representing a growth of 8.2% year-on-year. The average monthly passing rent was RMB1,090 per square metre, up by 7.6% year-on-year. Rental reversion was 11.1%. The average occupancy rate remained high at 99.1%.

Office Portfolio

Commercial activities in Beijing remained strong in the first half of 2014, driving the demand for top quality office space.

Occupying a prime location in the capital city with over 309,000 square metres of Grade A office space, leasing demand for The Tower Offices stayed strong during the Reporting Period. Both the occupancy rate and spot rent recorded growth over the same period in 2013.

The office portfolio's NPI was RMB383 million, an increase of 17.0% year-on-year. The average monthly passing rent reached RMB251 per square metre, representing a year-on-year growth of 11.1%. The average monthly spot rent was RMB274 per square metre, up by 1.8% year-on-year. Rental reversion was 18.6%. The average occupancy rate increased from 91.7% a year ago to 95.5%.

Serviced Apartment Portfolio

During the first half of 2014, leasing demand for well-located luxury serviced apartments in Beijing was stable.

The Tower Apartments at Oriental Plaza provides over 600 fully-furnished units over two blocks. The average occupancy rate in the first half of 2014 was improved to 84.5%. However, NPI dropped 5.5% year-on-year to RMB31 million due to higher operating costs.

Hotel Portfolio

In the first half of 2014, China's hotel industry continued to encounter a difficult operating environment. This was primarily due to the restrictions on luxury spending imposed by the Central Government, which led to the cancellation or scaling down of corporate entertainment and banquets, conferences and government-driven events. It is not expected that this policy will change in the near to medium term. The hotel industry in China remained highly competitive.

Hui Xian REIT's hotel portfolio comprises Grand Hyatt Beijing at Oriental Plaza and Sofitel Shenyang Lido. The combined NPI for the Reporting Period amounted to RMB66 million, a decline of 21.8% year-on-year.

CHAIRMAN'S STATEMENT

Business activities and the MICE (meetings, incentives, conferences and exhibitions) market in Beijing showed signs of recovery in the first half of 2014. Grand Hyatt Beijing's average occupancy rate improved from 49.6% a year ago to 55.5%. However, the average room rate has not yet recovered and was down by 15.4% year-on-year to RMB1,598. Revenue per available room ("RevPAR") was RMB887, a year-on-year decrease of 5.2%.

Shenyang experienced an influx of new upscale hotels in 2013 and the majority of them opened business in the second half of the year, putting further downward pressure on both room rates and occupancy levels. Sofitel Shenyang Lido's average room rate per night was RMB549, a year-on-year decline of 25.3%; RevPAR was RMB182, down by 39.1% year-on-year. The average occupancy rate was 33.1%.

ASSET ENHANCEMENT

Grand Hyatt Beijing's asset enhancement programme continued throughout the first half of 2014 and about two thirds of the 825 hotel rooms have now been refurbished. A renovation programme for Sofitel Shenyang Lido is also underway.

To address the concerns of air quality issue in Beijing, PM2.5 air-purification systems were installed in all eight blocks of The Tower Offices and The Malls. The systems will also be installed in The Tower Apartments and Grand Hyatt Beijing during the third quarter of 2014.

STRONG FINANCIAL POSITION

Hui Xian REIT maintained its prudent financial management practice throughout the Reporting Period. As at 30 June 2014, bank balances and cash on hand amounted to RMB4,596 million and debts amounted to RMB3,883 million. Debts to gross asset value ratio was 9.2%. This allows Hui Xian REIT considerable financial capacity and flexibility to capture growth opportunities should they arise.

OUTLOOK

We are committed to grow Hui Xian REIT through organic growth and strategic acquisitions.

Our focus will be on driving internal growth from the two properties by active asset management and enhancement. We are confident in the prospects of retail and office markets in Beijing, and the hotel industry in China has also showed signs of stabilisation.

We will continue to proactively pursue quality and sustainable yield-accretive investments that can immediately enhance the dividend for the Unitholders and grow our portfolio scale. The current low gearing level gives Hui Xian REIT ample debt headroom for potential acquisitions.

On behalf of the Manager, I would like to express my appreciation to all the Unitholders and the Trustee for their strong support and commitment for Hui Xian REIT.

H L Kam

Chairman

Hui Xian Asset Management Limited

(as manager of Hui Xian Real Estate Investment Trust)

Hong Kong, 23 July 2014

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 five-star hotels: <i>(i) Grand Hyatt Beijing at Oriental Plaza</i> <i>(ii) Sofitel Shenyang Lido</i>	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

In the first half of 2014, Beijing's GDP expanded 7.2% year-on-year to RMB977 billion according to official data. Retail sales totalled RMB427 billion, an increase of 7.5% over the same period last year. Disposable income per capita of Beijing's urban residents was RMB21,635, a rise of 8.9% year-on-year.

The new policy of restrictions on entertainment and hospitality initiated by the Central Government in 2013 continued to affect the retail sales of luxury items and high-end restaurants in China during the Reporting Period.

On the contrary, affordable luxury and mass market brands continued to benefit from the emerging middle class and rising disposable incomes in China. International and domestic retailers are continuing to look for space in prime retail areas of Beijing.

Hui Xian REIT's retail portfolio consists of The Malls at Oriental Plaza, a 130,000 square metre shopping centre in Beijing. NPI of the retail portfolio increased 8.2% year-on-year to RMB460 million, accounting for 49.0% of the total NPI of Hui Xian REIT during the Reporting Period.

Wangfujing area remained one of Beijing's busiest shopping destinations. Leasing demand for The Malls was strong in the first half of 2014 with the average occupancy rate reaching 99.1%. The average monthly passing rent also increased 7.6% year-on-year to RMB1,090 per square metre. Rental reversion was 11.1%.

The Malls features a broad spectrum of goods and services, including fast and high fashion, fast food chains, casual and fine dining restaurants, watches and jewellery, showrooms, banks, personal care stores and a cinema.

To keep abreast of the changing consumer needs, The Malls is constantly adjusting its tenant mix. During the Reporting Period, it introduced a number of new brands, including Daks, Mikimoto and Haagen-Dazs. Some tenants also expanded or upgraded their existing stores. Omega expanded its shop to two levels, occupying approximately 1,000 square metres. This flagship store is the largest Omega Boutique in the world.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, PM2.5 air-purification systems were installed in The Malls with an aim to provide a clean and healthy environment for the shoppers and tenants.

In June 2014, The Malls won “China Daily Asia Pacific Retail Leadership Award” at the 2014 Retail Asia Expo in recognition of its commitment to the region’s retail industry.

Gross Revenue	RMB559 million, +6.0% YoY
Net Property Income	RMB460 million, +8.2% YoY
Average Occupancy Rate	99.1%
Average Monthly Passing Rent	RMB1,090 per square metre, +7.6% YoY
Average Monthly Spot Rent	RMB1,656 per square metre, -1.9% YoY

(2) Office Portfolio

Business activities in Beijing remained strong during the Reporting Period, driving the demand for prime offices. Supply remained limited in the capital city.

Hui Xian REIT’s office portfolio comprises an aggregate of over 309,000 square metres of Grade A office space over eight blocks, known as The Tower Offices at Oriental Plaza. NPI of the office portfolio was RMB383 million, an increase of 17.0% year-on-year. It accounted for 40.7% of the total NPI of Hui Xian REIT.

During the Reporting Period, leasing demand for The Tower Offices remained firm. The average occupancy rate showed an encouraging improvement from 91.7% a year ago to 95.5%. The average monthly passing rent was RMB251 per square metre, an increase of 11.1% year-on-year. The average monthly spot rent was RMB274 per square metre, up by 1.8% over the same period last year. Rental reversion was 18.6%.

The Tower Offices’ existing tenants are from a variety of industries, ranging from finance and banking, accounting, high technology, law, media and advertising, consumer products, to education and government-related organisations. Its wide spread of high quality tenant base helps contribute to the security of rental income.

Asset enhancement works for office lobbies was in good progress. All eight towers are now equipped with PM2.5 air-purification systems as well.

Gross Revenue	RMB502 million, +13.9% YoY
Net Property Income	RMB383 million, +17.0% YoY
Average Occupancy Rate	95.5%
Average Monthly Passing Rent	RMB251 per square metre, +11.1% YoY
Average Monthly Spot Rent	RMB274 per square metre, +1.8% YoY

(3) Serviced Apartment Portfolio

Leasing demand for well-located luxury serviced apartments in Beijing was stable in the first half of 2014. In face of the tightened housing budget seen at many multinational corporations and the ongoing air quality concern, some landlords were more willing to offer rental incentives to compete for new tenants.

Hui Xian REIT's serviced apartment portfolio consists of The Tower Apartments at Oriental Plaza, offering over 600 fully-furnished units in two blocks. The average occupancy rate in the first half of 2014 was improved to 84.5% from 80.8% a year ago. NPI of the serviced apartment portfolio was down by 5.5% year-on-year to RMB31 million. This sector accounted for 3.3% of the total NPI of Hui Xian REIT. The drop of NPI was mainly due to the higher operating and administrative costs compared to the same period last year.

Gross Revenue	RMB64 million, +1.3% YoY
Net Property Income	RMB31 million, -5.5% YoY
Average Occupancy Rate	84.5%

(4) Hotel Portfolio

China's hotel and tourism industry continued to face profound challenges in the first half of 2014. The Central Government's policy of restriction on entertainment and hospitality continued to lead to the cancellation or scaling down of both corporate and government-driven events and entertainment. Competition among the hotels was also very stiff.

Hui Xian REIT's hotel portfolio comprises two five-star hotels: Grand Hyatt Beijing at Oriental Plaza and Sofitel Shenyang Lido. NPI of the two hotels combined was RMB66 million, a 21.8% decrease year-on-year; and this sector contributed about 7.0% of the total NPI of Hui Xian REIT.

Grand Hyatt Beijing, Beijing

Beijing saw its tourist numbers drop 5.8% year-on-year to 2 million visits from January to June 2014 according to Beijing Municipal Bureau of Statistics. Air quality concern and general economic slowdown might be the reasons.

At Grand Hyatt Beijing, the average occupancy rate was up to 55.5% from 49.6% a year ago. The average room rate per night was RMB1,598, a year-on-year decrease of 15.4%. RevPAR was RMB887, down by 5.2% year-on-year.

Grand Hyatt Beijing's meeting, incentive, conference and exhibition ("MICE") business showed signs of improvement during the first half of 2014 with larger event scale and more guest room bookings over the same period last year. The corporations, however, were very price-sensitive and conservative on their travelling budget. Consequently, a higher occupancy rate was achieved by Grand Hyatt Beijing but the average room rate was down compared to the same period in 2013.

To respond to the challenging market conditions, Grand Hyatt Beijing has been launching a range of marketing promotions and developing new channels to attract new customers to the hotel and its restaurants.

The asset enhancement programme progressed well and about two thirds of the hotel rooms have been renovated featuring new designs and upgraded facilities.

Sofitel Shenyang Lido, Shenyang

The market conditions for Shenyang's hotel industry remained very challenging during the Reporting Period. The effects of Central Government's restriction on entertainment and hospitality policy were compounded by the emergence of new supply of high-end hotels in the second half of 2013 right before the 12th National Games, leading to a plummet in both occupancy and room rates. Intense price competition is expected to continue among the upscale hotels in Shenyang.

Sofitel Shenyang Lido's average room rate per night decreased 25.3% year-on-year to RMB549. RevPAR was down by 39.1% year-on-year to RMB182, and the average occupancy rate was 33.1%.

The operating environment is expected to remain broadly similar in the second half of 2014. Against this background, the hotel has been launching aggressive sales activities while containing operating costs; and an asset enhancement programme is also underway.

Gross Revenue	RMB258 million, -10.2% YoY
Net Property Income	RMB66 million, -21.8% YoY
<i>Grand Hyatt Beijing</i>	
• Average occupancy rate	• 55.5%
• Average room rate per night	• RMB1,598, -15.4% YoY
• RevPAR	• RMB887, -5.2% YoY
<i>Sofitel Shenyang Lido</i>	
• Average occupancy rate	• 33.1%
• Average room rate per night	• RMB549, -25.3% YoY
• RevPAR	• RMB182, -39.1% YoY

FINANCIAL REVIEW

Net Property Income

The net property income was RMB940 million for the six months ended 30 June 2014.

Distributions

Distribution Amount

Hui Xian REIT will distribute a total of RMB663 million (“2014 Interim Distribution”) to Unitholders for the six months ended 30 June 2014. The 2014 Interim Distribution represents 100% of Hui Xian REIT’s total amount available for distribution during the period from 1 January 2014 to 30 June 2014 and will be paid in RMB.

Distribution per Unit

The DPU for the period from 1 January 2014 to 30 June 2014 is RMB0.1271 based on the number of outstanding Units on 30 June 2014. This represents an annualised distribution yield of 7.65% based on the closing unit price of RMB3.35 on 30 June 2014.

Closure of Register of Unitholders

The record date for the 2014 Interim Distribution will be 8 August 2014, Friday (“Record Date”). The Register of Unitholders will be closed from 6 August 2014, Wednesday to 8 August 2014, Friday, both days inclusive, during which period no transfer of Units will be registered. The interim distribution is expected to be payable on 25 September 2014, Thursday 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 Interim Distribution, all properly completed transfer forms (accompanied by the relevant Unit certificates) must be lodged for registration with Hui Xian REIT’s Unit Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 5 August 2014, Tuesday.

Debt Positions

In January 2012, Hui Xian Investment, a special purpose vehicle wholly-owned by Hui Xian REIT, drew down an unsecured 3-year term loan of HK\$1,200 million offered by The Hongkong and Shanghai Banking Corporation Limited, Bank of China (Hong Kong) Limited and DBS Bank Ltd. (the “2011 Credit Facility”). The purpose of the 2011 Credit Facility was to finance the general corporate funding needs of the Hui Xian REIT group.

In April 2013, Hui Xian Investment drew down an unsecured 3-year term loan of HK\$1,200 million offered by Bank of China (Hong Kong) Limited, DBS Bank Ltd., Hang Seng Bank Limited and The Bank of East Asia Limited (the “April 2013 Credit Facility”). The purpose of the April 2013 Credit 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 November 2013, Hui Xian Investment drew down an unsecured 3-year term loan of HK\$1,525 million offered by Hang Seng Bank Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, Sumitomo Mitsui Banking Corporation, United Overseas Bank Limited and Chong Hing Bank Limited (the “November 2013 Credit Facility”). The purpose of the November 2013 Credit Facility was to finance the repayment of outstanding loans from Hui Xian Holdings and the general corporate funding needs of the Hui Xian REIT group.

In December 2013, Hui Xian Investment drew down an unsecured term loan of HK\$200 million offered by Bank of East Asia Limited (the “December 2013 Credit Facility”). The purpose of the December 2013 Credit Facility was to finance the general working capital requirement of the Hui Xian REIT group.

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 “2014 Credit Facility”). The purpose of the 2014 Credit Facility was to finance the repayment of outstanding loans from Hui Xian Holdings and the general corporate funding needs of the Hui Xian REIT group.

As at 30 June 2014, the outstanding loan drew down by Hui Xian Investment under a revolving credit facility arrangement with Hui Xian Holdings was fully repaid (31 December 2013: nil).

All facilities under Hui Xian REIT are unsecured and unsubordinated and rank pari passu with all other unsecured and unsubordinated obligations of Hui Xian Investment.

Based on Hui Xian REIT’s net assets attributable to Unitholders of RMB28,426 million as at 30 June 2014 (31 December 2013: RMB27,963 million), Hui Xian REIT’s debts to net asset value ratio stood at 13.7% (31 December 2013: 11.5%). Meanwhile, the debts to gross asset value ratio was 9.2% as at 30 June 2014 (31 December 2013: 7.9%).

Bank Balances and Asset Positions

As at 30 June 2014, Hui Xian REIT’s bank balances and cash amounted to RMB4,596 million (31 December 2013: RMB3,740 million). The bank balances and cash are mainly denominated in RMB. No currency hedge was employed.

MANAGEMENT DISCUSSION AND ANALYSIS

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 30 June 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 RMB30,671 million as at 30 June 2014 (31 December 2013: RMB30,080 million), translating into an increase of 2.0% over the valuation as of 31 December 2013. Together with the hotel and serviced apartment premises, gross property value of BOP was RMB36,373 million as at 30 June 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 (formerly Sheraton Shenyang Lido Hotel). 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.

The hotel premises of Shenyang Lido were valued by American Appraisal at RMB970 million as at 31 December 2013. Gross property value of hotel premises as at 30 June 2014 was RMB937 million (31 December 2013: RMB970 million).

Net Assets Attributable to Unitholders

As at 30 June 2014, net assets attributable to Unitholders amounted to RMB28,426 million (31 December 2013: RMB27,963 million) or RMB5.4487 per Unit, representing a 62.6% premium to the closing unit price of RMB3.35 on 30 June 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 2011 Credit Facility, the April 2013 Credit Facility, the November 2013 Credit Facility, the December 2013 Credit Facility and the 2014 Credit Facility.

Commitments

As at 30 June 2014, except for capital commitment in respect of the asset enhancement programme for the hotels, Hui Xian REIT did not have any significant commitments.

Employees

As at 30 June 2014, BOP, by itself and through its branch, employed a total of approximately 480 employees in the PRC, of which approximately 440 employees performed hotel operation functions and services, and approximately 40 employees handled legal, regulatory and other administrative matters and carried out and provided commercial functions and services, including leasing and some other property management functions and services, other than the hotel operation functions and services.

As at 30 June 2014, Shenyang Lido by itself and through its branch employed a total of approximately 290 employees in the PRC.

Save as disclosed above, Hui Xian REIT is managed by the Manager and did not directly employ any staff as at 30 June 2014.

CORPORATE GOVERNANCE

The Manager was established for the purpose of managing Hui Xian REIT. The Manager is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Manager emphasise a quality board of directors, sound internal control, transparency and accountability to all Unitholders. The Manager has adopted a compliance manual which sets out the key processes, systems and measures applied by the Manager in order to comply with the Trust Deed, the REIT Code and other applicable legislation, rules and regulations. The compliance manual also contains a corporate governance policy which regulates, among others, the activities of the board of directors of the Manager.

Throughout the six months ended 30 June 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 SFO and the Listing Rules.

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 report, Mr. CHEUNG Ling Fung, Tom (chief executive officer and executive director of the Manager), Mr. LEE Chi Kin, Casey (executive director of the Manager), Mr. HUI Tung Keung, Tommy (chief operating officer of the Manager), Ms. LAI Wai Yin, Agnes (chief financial officer of the Manager) and Mr. CHING Sung, Eric (deputy chief investment officer 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 (Cap. 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.

Roles of the Trustee and the Manager

The Trustee and the Manager are independent of each other. The Trustee is primarily responsible under the Trust Deed for the safe custody of the assets of Hui Xian REIT and holds the assets in trust for the benefit of the Unitholders.

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

The Trust Deed was further amended pursuant to special resolutions passed at the extraordinary general meeting of Unitholders held on 5 May 2014. Further details of the amendments are set out in the announcement and circular both dated 31 March 2014 published by the Manager.

Board of Directors of the Manager

The board of directors of the Manager currently comprises nine members (one of whom has appointed an alternate), three of whom are independent non-executive directors ("INEDs").

The Board is responsible for corporate governance and the overall management of the Manager. It establishes goals for the management and monitors the achievement of these goals. The Board is also responsible for the strategic business direction and risk management of Hui Xian REIT. All Board members participate in matters relating to corporate governance, business operations and risks, financial performance and the nomination and review of directors. The Board has established a framework for the management of the Manager and Hui Xian REIT, including a system of internal control and a business risk management process.

CORPORATE GOVERNANCE

The directors of the Manager in the six months ended 30 June 2014 were 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 as Mr. Yin's alternate) (non-executive directors); and Mr. CHENG Hoi Chuen, Vincent, Professor LEE Chack Fan and Dr. CHOI Koon Shum, Jonathan (INEDs).

There were no changes to the composition of the Board or any of its committees in the six months ended 30 June 2014.

Board Committees

The Manager has established the following Board committees:

- (1) Audit Committee, whose role is to monitor and evaluate the effectiveness of the Manager's internal control. It also reviews the quality and reliability of information prepared for inclusion in financial reports and is responsible for the nomination of external auditors and internal auditors, reviewing the adequacy of existing audits in respect of cost, scope and performance, in respect of both the Manager and Hui Xian REIT and its special purpose vehicles;
- (2) Disclosures Committee, which is responsible for reviewing matters relating to the disclosure of information to Unitholders and public announcements; and
- (3) Designated (Finance) Committee, which is responsible for reviewing matters relating to hedging strategies, financing and re-financing arrangements, and transactions involving derivative instruments for hedging purposes.

Conflicts of Interests

All conflicts of interests are managed by the Board in accordance with the articles of association of the Manager and applicable laws, rules and regulations. In general, the Manager ensures that all conflicts of interests relating to Hui Xian REIT are either managed or avoided. The Manager has established the following measures to deal with conflicts of interests issues:

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

Review of the Interim Report

The interim results of Hui Xian REIT for the six months ended 30 June 2014 have been reviewed by the Audit Committee and the interim report has been reviewed by the Disclosures Committee of the Manager in accordance with their respective terms of reference. Hui Xian REIT's condensed consolidated financial statements for the six months ended 30 June 2014 have not been audited but have been reviewed by Messrs. Deloitte Touche Tohmatsu, Certified Public Accountants, Hui Xian REIT's independent auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

Code governing dealings in Units by Directors, or the Manager and interests of the significant holders of Units

The Manager has adopted a Code Governing Dealings in Units by the Directors or the Manager (the "Units Dealing Code") which governs dealings in the Units by the Directors, the Manager as well as certain senior executives, officers or employees of the Manager, subsidiaries of the Manager or the special purpose vehicles of Hui Xian REIT ("Management Persons").

Specific enquiry having been made with each of the Directors, the Manager and the Management Persons, all of them confirmed that they have complied with the required standard set out in the Units Dealing Code in the six months ended 30 June 2014.

Changes in Information of Directors

Mr. LIM Hwee Chiang was appointed a member of the Consultative Committee to the Department of Real Estate, National University of Singapore, with effect from 1 January 2014.

Dr. CHOI Koon Shum, Jonathan has served as the founding chairman of the Hong Kong-Korea Business Council since 9 April 2014. He has also been awarded the Gold Bauhinia Star on 1 July 2014.

Mr. IP Tak Chuen, Edmond resigned as director of ARA Trust Management (Suntec) Limited (manager of Suntec Real Estate Investment Trust) with effect from 17 April 2014.

Mr. PANG Shuen Wai, Nichols ceased to be executive director, capital management, with CITIC Securities International Company Limited on 30 June 2014. He was appointed as a deputy chief executive officer in addition to his executive directorship in CTI Capital Management Limited with effect from 1 July 2014.

Mr. CHENG Hoi Chuen, Vincent was appointed as independent non-executive director and member of both the Audit Committee and the Remuneration Committee of Hutchison Whampoa Limited with effect from 10 July 2014.

New Units Issued

In the six months ended 30 June 2014, (i) an aggregate of 16,844,078 new Units were issued to the Manager as payment of part of the manager's fees; and (ii) an aggregate of 35,644,423 new Units were issued to Unitholders pursuant to the distribution reinvestment arrangement in respect of the final distribution for the period from 1 July 2013 to 31 December 2013.

The total number of Units in issue as at 30 June 2014 was 5,217,013,997 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 are owned and controlled by Hui Xian REIT in the six months ended 30 June 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 30 June 2014.

CONNECTED PARTY TRANSACTIONS

Waivers from Strict Compliance with Certain Requirements under the REIT Code

At the time of authorisation of Hui Xian REIT under section 104 of the SFO in April 2011 and subsequently, waivers from strict compliance with the disclosure and Unitholders' approval requirements under Chapter 8 of the REIT Code in respect of certain connected party transactions involving Hui Xian REIT (the "Waivers") were granted by the SFC. Some of the Waivers were subsequently modified and/or extended, with the approval of Unitholders where required. The terms and conditions pursuant to which the Waivers were granted were disclosed in the 2011 Interim Report of Hui Xian REIT and the announcements dated 10 November 2011, 22 May 2012, 7 May 2013 and 5 May 2014 published by the Manager for Hui Xian REIT.

Throughout the six months ended 30 June 2014, Hui Xian REIT has complied with the relevant terms and conditions of the Waivers.

Connected Party Transactions

Set out below is a summary of the information in respect of the connected party transactions entered into in the six months ended 30 June 2014, other than those transactions that are exempted from disclosure and/or excluded pursuant to the waivers granted by the SFC.

Connected Party Transactions – Income

The following table sets out information on connected party transactions from which Hui Xian REIT derived its income in the six months ended 30 June 2014:

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the six months ended 30 June 2014 <i>RMB'000</i>
北京屈臣氏個人用品連鎖商店有限公司 (Beijing Watson's Personal Care Stores Co., Limited*)	Associated company of a significant holder ¹	Leasing and licensing transaction	1,954
和記環球電訊(廣東)有限公司 (Hutchison Global Communications (Guangdong) Limited*)	Associated company of a significant holder ¹	Leasing and licensing transaction	348
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.*)	Associated company of a significant holder ¹	Leasing and licensing transaction	802
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.*)	Associated company of a significant holder ¹	Leasing and licensing transaction	467

CONNECTED PARTY TRANSACTIONS

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the six months ended 30 June 2014 <i>RMB'000</i>
北京港世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	Associated company of a significant holder ¹	Leasing and licensing transaction	818
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	Associated company of a significant holder ¹	Leasing and licensing transaction	958
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.*)	Associated company of a significant holder ¹	Leasing and licensing transaction	8,083
Cheung Kong (Holdings) Limited Beijing Office	Associated company of a significant holder ¹	Leasing and licensing transaction	42
北京尚乘財策諮詢有限公司 (AMTD Beijing Investment Advisory Co., Ltd*)	Associated company of a significant holder ¹	Leasing and licensing transaction	420

CONNECTED PARTY TRANSACTIONS

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the six months ended 30 June 2014 <i>RMB'000</i>
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	Subsidiary of the Manager	Leasing and licensing transaction	170
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	Associated company of a significant holder ¹	Leasing and licensing transaction	26
Bank of China Limited	Associated company of a significant holder ¹	Leasing and licensing transaction	12,711
東方海外貨櫃航運(中國)有限公司北京分公司 (Orient Overseas Container Line (China) Co., Ltd. Beijing Branch*)	Subsidiary of a controlling entity of a significant holder ²	Leasing and licensing transaction	278
東方海外物流(中國)有限公司北京分公司 (OOCL Logistics (China) Ltd. Beijing Branch*)	Subsidiary of a controlling entity of a significant holder ²	Leasing and licensing transaction	216
Bank of China Limited	Associated company of a significant holder ¹	Interest income on deposits	26,924

CONNECTED PARTY TRANSACTIONS

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the six months ended 30 June 2014 <i>RMB'000</i>
Bank of China (Hong Kong) Limited	Associated company of a significant holder ¹	Interest income on deposits	14,634
Total			68,851

Notes:

- 1 Significant holder being Hui Xian (Cayman Islands) Limited ("Hui Xian Cayman").
- 2 The connected person concerned is a subsidiary of a controlling entity of Hui Xian Cayman.

The terms "associated company", "controlling entity", "holding company" and "significant holder" have the same meanings as they are defined under the REIT Code and SFO.

* The English name is shown for identification purpose only.

Connected Party Transactions – Expenses

The following table sets out information on connected party transactions in which Hui Xian REIT incurred its expenses in the six months ended 30 June 2014:

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Expenses for the six months ended 30 June 2014 <i>RMB'000</i>
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	Associated company of a significant holder ¹	Property management fee	3,792
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	Associated company of a significant holder ¹	Property management fee	5,136
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.*)	Associated company of a significant holder ¹	Internet services fee	168
屈臣氏酒窖(廣州)有限公司 Watson's Wine Cellar (Guangzhou) Company Limited*)	Associated company of a significant holder ¹	Beverage	7

CONNECTED PARTY TRANSACTIONS

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Expenses for the six months ended 30 June 2014 <i>RMB'000</i>
廣州屈臣氏食品飲料有限公司北京飲料分公司 (Guangzhou Watson's Food & Beverages Company Limited Beijing Beverages Branch*)	Associated company of a significant holder ¹	Beverage	202
上海和黃白貓有限公司 (Shanghai Hutchison Whitecat Company Limited*)	Associated company of a significant holder ¹	Cleaning supplies	136
Hutchison Hotel Hong Kong Limited	Associated company of a significant holder ¹	Banquet services	59
中銀保險有限公司北京分公司 (Bank of China Insurance Co., Ltd. Beijing Branch*)	Associated company of a significant holder ¹	Insurance expense	215
中國人壽財產保險股份有限公司北京市分公司 (China Life Property and Casualty Insurance Company Limited Beijing Branch*)	Associated company of a significant holder ¹	Insurance expense	754

CONNECTED PARTY TRANSACTIONS

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Expenses for the six months ended 30 June 2014 <i>RMB'000</i>
Bank of China (Hong Kong) Limited	Associated company of a significant holder ¹	Interest expense on loans	7,977
Hui Xian Holdings Limited	Holding company of a significant holder ¹	Interest expense on loans	1,586
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	Subsidiary of the Manager	Property Manager's fee	17,899
Total			37,931

Notes:

1 Significant holder being Hui Xian Cayman.

* The English name is shown for identification purpose only.

CONNECTED PARTY TRANSACTIONS

Terms and Remuneration of Services provided by the Manager, the Trustee and the Principal Valuer

Pursuant to note 2 to 8.10 of the REIT Code, services provided by the Manager, the Trustee and the principal valuer to Hui Xian REIT as contemplated under the constitutive documents of Hui Xian REIT shall not be deemed connected party transactions. Such services are therefore not disclosed in the above sections. The aggregate amount of fees (in cash and/or units) payable by Hui Xian REIT to the Trustee and to the Manager under the Trust Deed for the six months ended 30 June 2014 were RMB1,822,000 and RMB74,060,000 respectively. Particulars of the services provided by the Trustee and the Manager are set out in notes 1(b) and 1(c) respectively to the Condensed Consolidated Financial Statements of Hui Xian REIT for the six months ended 30 June 2014 on pages 49 to 50 of this Interim Report. For the six months ended 30 June 2014, the fees payable to the former principal valuer, American Appraisal China Limited, were RMB16,000 and the fees payable to the current principal valuer, Knight Frank Petty Limited, were RMB98,000.

DISCLOSURE OF INTERESTS

Interests of Connected Persons

As at 30 June 2014, each of the following persons was a connected person of Hui Xian REIT under the REIT Code and, so far as the Manager is aware, held or was interested in the Units of Hui Xian REIT as follows:

Name	As at 30 June 2014		As at 31 December 2013
	No. of Units held	Percentage of Units held ¹	No. of Units held
Hui Xian (Cayman Islands) Limited ²	1,500,000,000	28.75%	2,190,000,000
Subsidiaries of Cheung Kong (Holdings) Limited ³	615,421,096	11.80%	342,294,809
Subsidiary of Hutchison Whampoa Limited ⁴	288,501,974	5.53%	148,218,019
Subsidiary of Bank of China Limited ⁵	250,165,000	4.80%	148,125,000
Subsidiaries of China Life Insurance (Group) Company ⁶	489,057,000	9.37%	305,551,000
Subsidiary of Orient Overseas (International) Limited ⁷	118,500,000	2.27%	59,250,000
Subsidiary of CITIC Securities International Company Limited ⁸	4,000,000	0.08%	2,000,000
Subsidiary of ARA Asset Management Limited ⁹	8,304,889	0.16%	6,804,889

DISCLOSURE OF INTERESTS

Notes:

The terms associated company, connected person, controlling entity and significant holder are as defined in the REIT Code or the SFO.

1. Based on the total number of Units in issue as at 30 June 2014 of 5,217,013,997 Units.
2. Hui Xian Cayman was a wholly-owned subsidiary of Hui Xian Holdings and a significant holder within the meaning of the REIT Code as at 30 June 2014. Hui Xian Holdings no longer held any Units in Hui Xian REIT since May 2014 (31 December 2013: 60,000,000 Units) (but see its deemed interest under the SFO in paragraph 3(i) below).
3. The subsidiaries being Noblecrown Investment Limited ("Noblecrown") (30 June 2014: 535,789,379 Units and 31 December 2013: 275,262,033 Units), Wisdom Ally Limited ("Wisdom Ally") (30 June 2014: 70,897,335 Units and 31 December 2013: 60,056,794 Units) and Wealth Finder Limited ("Wealth Finder") (30 June 2014: 8,734,382 Units and 31 December 2013: 6,975,982 Units), all being wholly-owned subsidiaries of Cheung Kong (Holdings) Limited ("CKH") and each of them was an associated company of Hui Xian Holdings and Hui Xian Cayman.

Separately, by virtue of the deemed application of Part XV of the SFO and based on information available to the Manager as at 30 June 2014:

- (i) Hui Xian Holdings was taken to be interested in the Units held by Hui Xian Cayman and Noblecrown was taken to be interested in the Units that Hui Xian Holdings was interested in, as Hui Xian Holdings was entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Hui Xian Cayman while Noblecrown was entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Hui Xian Holdings;
- (ii) each of CKH and the intermediate holding companies through which CKH was interested in the share capital of Noblecrown (namely, Cheung Kong (China Property Development) Limited, Cheung Kong China Property Limited, Cheung Kong (China Property) Limited, Cheung Kong Holdings (China) Limited and Cheung Kong Investment Company Limited) was taken to have an interest in the Units that Noblecrown was interested in;
- (iii) Cheung Kong Investment Company Limited, of which Wisdom Ally and Wealth Finder were indirect wholly-owned subsidiaries, was taken to have an interest in the Units held by Wisdom Ally and Wealth Finder respectively;
- (iv) CKH, in view of its interest in the above intermediate holding companies through which Noblecrown was held, in Wisdom Ally, in Wealth Finder and in Hutchison Whampoa Limited ("HWL"), was taken to have an interest in the Units held by Noblecrown, Wisdom Ally, Wealth Finder and HWL (HWL's interests were held through Heathcliff Developments Limited as disclosed in note 4 below); and
- (v) each of Mr. Li Ka-shing, Li Ka-Shing Unity Holdings Limited, Li Ka-Shing Unity Trustee Company Limited; Li Ka-Shing Unity Trustee Corporation Limited and Li Ka-Shing Unity Trustcorp Limited was also taken to have an interest in the same Units in which CKH was interested in.

4. The subsidiary being Heathcliff Developments Limited, an associated company of Hui Xian Holdings and Hui Xian Cayman.
5. The subsidiary being Lucky Star International Holdings Inc., an associated company of Hui Xian Holdings and Hui Xian Cayman.
6. The subsidiaries being Po Lian Enterprises Limited and China Life Insurance (Overseas) Co. Ltd, each of them was an associated company of Hui Xian Holdings and Hui Xian Cayman.
7. The subsidiary being Far Gain Investment Limited, a controlling entity of Hui Xian Holdings.
8. The subsidiary being CSI REITs Investment Management Company Limited, a wholly-owned subsidiary of CITIC Securities International Company Limited, which owned 40% of the voting power at general meetings of the Manager.
9. The subsidiary being ARA Hui Xian (Holdings) Limited, a wholly-owned subsidiary of ARA Asset Management Limited, which owned 30% of the voting power at general meetings of the Manager.

Interests of the Manager

As at 30 June 2014, the Manager held 10,895,826 Units in Hui Xian REIT (31 December 2013: 7,393,826 Units).

DISCLOSURE OF INTERESTS

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

As at 30 June 2014, each of the following persons was a director, senior executive or officer of the Manager and thus a connected person of Hui Xian REIT under the REIT Code and, so far as the Manager is aware, held or was interested in the Units in Hui Xian REIT as follows:

Name	As at 30 June 2014 Number of Units held	As at 31 December 2013 Number of Units held
KAM Hing Lam	673,424¹	649,371 ¹
IP Tak Chuen, Edmond	400,000²	400,000 ²
CHEUNG Ling Fung, Tom	57,013³	54,977 ³
TONG BARNES Wai Che, Wendy	108,609⁴	108,609 ⁴
HUI Tung Keung, Tommy	54,000⁵	27,000 ⁵

Notes:

1. These Units were held by Mr. KAM Hing Lam, chairman and non-executive director of the Manager, as a bare trustee and this is a voluntary disclosure made by Mr. Kam.
2. These Units were held by Mr. IP Tak Chuen, Edmond, non-executive director of the Manager, as beneficial owner.
3. These Units were held by Mr. CHEUNG Ling Fung, Tom, executive director and chief executive officer of the Manager, as beneficial owner.
4. These Units were held by Mrs. TONG BARNES Wai Che, Wendy, deputy chief executive officer of the Manager, as beneficial owner.
5. These Units were held by Mr. HUI Tung Keung, Tommy, chief operating officer of the Manager, as beneficial owner.

Save as disclosed above, the Manager is not aware of any connected persons of Hui Xian REIT holding any units of Hui Xian REIT as at 30 June 2014.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF HUI XIAN ASSET MANAGEMENT LIMITED

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Hui Xian Real Estate Investment Trust (“Hui Xian REIT”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 39 to 75, which comprise the condensed consolidated statement of financial position as of 30 June 2014 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in net assets attributable to unitholders and non-controlling interest, condensed consolidated statement of cash flows and distribution statement for the six months period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. Hui Xian Asset Management Limited as manager of Hui Xian REIT is responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

23 July 2014

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014

	NOTES	2014 RMB million (unaudited)	2013 RMB million (unaudited)
Revenue	5	1,383	1,319
Rental related income	6	28	23
Other income	7	72	33
Increase in fair value of investment properties		590	160
Hotel inventories consumed		(24)	(25)
Staff costs		(54)	(38)
Depreciation and amortisation		(141)	(151)
Other operating expenses	8	(371)	(391)
Finance costs	9	(48)	(41)
Exchange (loss) gain		(24)	14
Manager's fees	10	(74)	(74)
Real estate investment trust expenses	11	(3)	(5)
Profit before taxation and transactions with unitholders		1,334	824
Income tax expense	12	(395)	(262)
Profit for the period, before transactions with unitholders		939	562
Distribution to unitholders		(663)	(616)
Profit (loss) and total comprehensive income (expense) for the period, after transactions with unitholders		276	(54)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014

	NOTES	2014 RMB million (unaudited)	2013 RMB million (unaudited)
Attributable to:			
Non-controlling interest		(6)	(7)
Unitholders		282	(47)
		276	(54)
Basic earnings per unit (RMB)	13	0.1819	0.1117

DISTRIBUTION STATEMENT

For the six months ended 30 June 2014

	2014 <i>RMB million</i> (unaudited)	2013 <i>RMB million</i> (unaudited)
Profit for the period, before transactions with unitholders	939	562
Non-controlling interest	6	7
Profit for the period attributable to unitholders, before transactions with unitholders	945	569
Adjustments (<i>Note (i)</i>):		
Manager's fees	59	59
Deferred tax	155	47
Distributable depreciation and amortisation	74	82
Increase in fair value of investment properties	(590)	(160)
	(302)	28
Distributable income	643	597
Discretionary distributions (<i>Note (ii)</i>):		
Depreciation and amortisation arising from fair value adjustment	10	19
Other cash distributions	10	—
	20	19
Amount available for distribution	663	616
Distributions to unitholders	663	616
Distribution per unit (<i>RMB</i>) (<i>Note (iii)</i>)	0.1271	0.1203

DISTRIBUTION STATEMENT

For the six months ended 30 June 2014

Notes:

(i) Adjustments for the period include:

- (a) For the six months ended 30 June 2014, Manager's fees payable in units of RMB59 million (17,633,404 units estimated to be issued) out of the total Manager's fees of RMB74 million. The difference of RMB15 million are payable in cash.

For the six months ended 30 June 2013, Manager's fees paid and payable in units of RMB59 million out of the total Manager's fees of RMB74 million. The difference of RMB15 million are paid or payable in cash.

- (b) Deferred tax charge of RMB8 million (2013: RMB7 million) in relation to accelerated tax depreciation and deferred tax charge of RMB147 million (2013: RMB40 million) in relation to increase in fair value of investment properties.
- (c) Distributable depreciation and amortisation of the Beijing Oriental Plaza attributable to unitholders of RMB74 million (2013: RMB82 million) represented depreciation and amortisation of RMB106 million (2013: RMB103 million) less capital expenditure of RMB32 million (2013: RMB21 million).
- (d) Increase in fair value of investment properties of RMB590 million (2013: RMB160 million).

In accordance with the Trust Deed, Hui Xian REIT (as defined in Note 1) is required to distribute to unitholders not less than 90% of its distributable income for each financial period and it is the Manager's stated policy to distribute 100% of Hui Xian REIT's annual distributable income for the period from the listing date to 31 December 2011 and the financial year ended 31 December 2012 and thereafter at least 90% of Hui Xian REIT's annual distributable income for each financial year. During the year ended 31 December 2013, the Manager had determined to distribute 100% of Hui Xian's distributable income. For the six months ended 30 June 2014, the Manager has determined to distribute 100% of Hui Xian REIT's distributable income. Pursuant to the Trust Deed, interim/annual distributable income is defined as the amount calculated by the Manager as representing the consolidated profit for the period attributable to unitholders for the relevant financial period/year, as adjusted to eliminate the effects of certain Adjustments (as defined in the Trust Deed) which have been recorded in the consolidated statement of comprehensive income for the relevant financial period/year.

(ii) Discretionary distribution refers to any additional amount (include capital) to be distributed as determined by the Manager pursuant to clause 11.4.2 of the Trust Deed. Discretionary distributions for the period 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 RMB10 million (2013: RMB19 million).
- (2) Other cash distributions of RMB10 million (2013: nil).

(iii) The distribution per unit of RMB0.1271 for six months ended 30 June 2014 is calculated based on Hui Xian REIT's amount available for distribution of RMB662,869,672 over 5,217,013,997 units, representing issued units as at 30 June 2014. The distribution per unit of RMB0.1203 for the six months ended 30 June 2013 was 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.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	NOTES	30.6.2014 RMB million (unaudited)	31.12.2013 RMB million (audited)
Non-current assets			
Investment properties	14	30,671	30,080
Property, plant and equipment	15	2,359	2,417
Land and related costs	16	4,215	4,278
Total non-current assets		37,245	36,775
Current assets			
Hotel inventories	17	25	24
Land and related costs	16	127	128
Trade and other receivables	18	61	60
Bank balances and cash	19	4,596	3,740
Total current assets		4,809	3,952
Total assets		42,054	40,727
Current liabilities			
Trade and other payables	20	436	463
Tenants' deposits		200	220
Tax payable		61	64
Manager's fee payable		74	73
Distribution payable		663	646
Bank loans	21	1,108	157
Total current liabilities		2,542	1,623
Total assets less current liabilities	25	39,512	39,104

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	NOTES	30.6.2014 RMB million (unaudited)	31.12.2013 RMB million (audited)
Non-current liabilities, excluding net assets attributable to unitholders			
Bank loans	21	2,775	3,060
Tenants' deposits		476	424
Deferred tax liabilities		7,556	7,372
<hr/>			
Total non-current liabilities, excluding net assets attributable to unitholders		10,807	10,856
<hr/>			
Total liabilities, excluding net assets attributable to unitholders		13,349	12,479
<hr/>			
Non-controlling interest		279	285
<hr/>			
Net assets attributable to unitholders		28,426	27,963
<hr/>			
Units in issue ('000)	22	5,217,014	5,164,525
<hr/>			
Net asset value per unit (RMB) attributable to unitholders	23	5.4487	5.4144
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The condensed consolidated financial statements on pages 39 to 75 were approved and authorised for issue by the Board of Directors of the Manager on 23 July 2014 and were signed on its behalf by:

CHEUNG Ling Fung, Tom
DIRECTOR

LEE Chi Kin, Casey
DIRECTOR

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND NON-CONTROLLING INTEREST

For the six months ended 30 June 2014

	Issued units <i>RMB million</i>	Retained profits <i>RMB million</i>	Total <i>RMB million</i>	Non- controlling interest <i>RMB million</i>
Net assets as at 1 January 2014 (audited)	26,476	1,487	27,963	285
Units issued for settlement of Manager's fees (<i>Note 22</i>)	60	—	60	—
Units issued pursuant to the distribution reinvestment arrangement in respect of 2013 final distribution (<i>Note 22</i>)	121	—	121	—
	26,657	1,487	28,144	285
Profit for the period, before transactions with unitholders	—	945	945	(6)
Interim distribution payable to unitholders	—	(663)	(663)	—
Total comprehensive income for the period	—	282	282	(6)
Net assets as at 30 June 2014 (unaudited)	26,657	1,769	28,426	279

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO UNITHOLDERS AND NON-CONTROLLING INTEREST

For the six months ended 30 June 2014

	Issued units <i>RMB million</i>	Retained profits <i>RMB million</i>	Total <i>RMB million</i>	Non- controlling interest <i>RMB million</i>
Net assets as at				
1 January 2013 (audited)	26,137	1,777	27,914	417
Units issued for settlement of Manager's fees	57	—	57	—
Units issued pursuant to the distribution reinvestment arrangement in respect of 2012 final distribution	116	—	116	—
	26,310	1,777	28,087	417
Profit for the period, before transactions with unitholders	—	569	569	(7)
Interim distribution payable to unitholders	—	(616)	(616)	—
Total comprehensive expense for the period	—	(47)	(47)	(7)
Net assets as at				
30 June 2013 (unaudited)	26,310	1,730	28,040	410

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

	2014 <i>RMB million</i> (unaudited)	2013 <i>RMB million</i> (unaudited)
Net cash from operating activities	737	646
Net cash from (used in) investing activities	110	(91)
Net cash from (used in) financing activities		
Repayment of loans from a unitholder	(530)	(990)
Distribution payments to unitholders	(525)	(511)
Other financing cash flows	(40)	(37)
Net proceeds from new bank loan raised	636	959
Loans from a unitholder	530	540
	71	(39)
Net increase in cash and cash equivalents	918	516
Cash and cash equivalents at the beginning of the period	3,267	1,863
Cash and cash equivalents at the end of the period, represented by bank balances and cash	4,185	2,379

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 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 (the “SFO”) (Chapter 571 of the Laws of Hong Kong). Hui Xian REIT was established on 1 April 2011 and had not carried on any operation prior to 29 April 2011 (date of listing), and its 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 condensed consolidated financial statements are presented in Renminbi, which is also the functional currency of Hui Xian REIT.

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

(a) Property Manager’s fee

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

1. GENERAL (continued)

(a) Property Manager's fee (continued)

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

(b) Trustee's fees

The Trustee is entitled to receive a one-off inception fee of not more than RMB100,000 and, in each financial year, an annual fee of such amount as is agreed between the Manager and the Trustee from time to time of not more than 0.02% of the fair values of the real estate properties (the "Property Values") as at the end of such financial year (which may be increased without obtaining unitholders' approval to a maximum of 0.06% per annum of the Property Values by giving at least one month's prior written notice to the Manager and the unitholders), subject to a minimum amount of RMB56,000 per month.

(c) Manager's fees

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

Base Fee

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

On 13 January 2014, the Manager has elected to receive 80% (2013: 80%) base fee in units and 20% (2013: 20%) in cash in respect of the financial year ending 31 December 2014.

1. GENERAL (continued)

(c) Manager's fees (continued)

Variable Fee

Under the Trust Deed, the Manager will receive a variable fee ("Variable Fee") of 3% per annum of the NPI of that real estate (before deduction therefrom of the Variable Fee and, where the Property Manager is a subsidiary of the Manager, the Property Manager's fee) provided however that in respect of Beijing Oriental Plaza and as from the date of the Property Manager is appointed pursuant to the Operations Management Agreement and for so long as the Property Manager is a subsidiary of the Manager and with effect from the date on which the Property Manager is appointed, such rate shall be reduced to 2% (instead of 3% as stated above) per annum.

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

On 13 January 2014, the Manager has elected to receive 80% (2013: 80%) variable fee in units and 20% (2013: 20%) in cash in respect of the financial year ending 31 December 2014.

Acquisition Fee

Under the Trust Deed, the Manager will receive an acquisition fee ("Acquisition Fee") from Hui Xian REIT at not exceeding 1% of the acquisition price of any real estate in the form of land acquired directly or indirectly by Hui Xian REIT (prorated if applicable to the proportion of Hui Xian REIT's interest in the real estate acquired). The Acquisition Fee will be paid to the Manager in the form of cash or, at the election of the Manager, entirely in the form of units or partly in cash and partly in the form of units.

No Acquisition Fee is received by the Manager for the six months ended 2014 and 2013.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the HKSE and with Hong Kong Accounting Standard 34 (HKAS 34) “Interim Financial Reporting” and the relevant disclosure requirements set out in Appendix C of the REIT Code issued by the SFC.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 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.

In the current period, the Group has applied, for the first time, the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants.

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 Manager concluded that the application of the above new and revised HKFRSs had 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. |

4. SEGMENT REPORTING (continued)**(a) Segment revenue and results****Six months ended 30 June 2014 (unaudited)**

	The Tower		The Tower		Consolidated RMB million
	The Malls RMB million	Offices RMB million	Apartments RMB million	The Hotels RMB million	
Segment revenue	559	502	64	258	1,383
Segment profit	460	383	31	66	940
Increase in fair value of investment properties					590
Finance costs					(48)
Depreciation and amortisation					(136)
Unallocated income					70
Unallocated expense					(82)
Profit before taxation and transactions with unitholders					1,334

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

4. SEGMENT REPORTING (continued)

(a) Segment revenue and results (continued)

Six months ended 30 June 2013 (unaudited)

	The Malls	The Tower Offices	The Tower Apartments	The Hotels	Consolidated
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Segment revenue	528	440	64	287	1,319
Segment profit	426	328	32	84	870
Increase in fair value of investment properties					160
Finance costs					(41)
Depreciation and amortisation					(146)
Unallocated income					42
Unallocated expense					(61)
Profit before taxation and transactions with unitholders					824

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.

4. SEGMENT REPORTING (continued)**(b) Segment assets**

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

	30.6.2014 <i>RMB million</i> (unaudited)	31.12.2013 <i>RMB million</i> (audited)
The Malls	15,874	15,550
The Tower Offices	14,835	14,566
The Tower Apartments	2,105	2,138
The Hotels	4,827	4,871
Total segment assets	37,641	37,125
Bank balances and cash	4,378	3,558
Other assets	35	44
Consolidated total assets	42,054	40,727

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

4. SEGMENT REPORTING (continued)

(c) Geographical information

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

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

(d) Other segment information

Six months ended 30 June 2014 (unaudited)

	The Malls	The Tower Offices	The Tower Apartments	The Hotels	Segment Total
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	Depreciation of property, plant and equipment	–	1	1	3

Six months ended 30 June 2013 (unaudited)

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

5. REVENUE

	2014 <i>RMB million</i> (unaudited)	2013 <i>RMB million</i> (unaudited)
Gross rental from investment properties	1,061	968
Income from hotel operation	258	287
Income from serviced apartments operation	64	64
Total	1,383	1,319

The gross rental from investment properties includes contingent rents of RMB9 million (2013: RMB10 million).

The direct operating expense from investment properties (includes mainly certain other operating expenses, certain Manager's fees and staff costs) amounting to RMB246 million (2013: RMB237 million).

6. RENTAL RELATED INCOME

	2014 <i>RMB million</i> (unaudited)	2013 <i>RMB million</i> (unaudited)
Service income	20	18
Early termination compensation	5	2
Others	3	3
Total	28	23

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

7. OTHER INCOME

	2014 <i>RMB million</i> (unaudited)	2013 <i>RMB million</i> (unaudited)
Interest income from banks	70	29
Others	2	4
Total	72	33

8. OTHER OPERATING EXPENSES

	2014 <i>RMB million</i> (unaudited)	2013 <i>RMB million</i> (unaudited)
Advertising and promotion	7	9
Audit fee	1	1
Business tax	79	75
Insurance	3	3
Lease agency fee	13	14
Property manager's fee (Note 1(a))	18	14
Property management fees	18	17
Repairs and maintenance	38	42
Other miscellaneous expenses (Note)	80	98
Stamp duty	2	1
Urban land use tax	1	1
Urban real estate tax	56	56
Utilities	55	60
Total	371	391

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

9. FINANCE COSTS

	2014 <i>RMB million</i> (unaudited)	2013 <i>RMB million</i> (unaudited)
Interest expense on unsecured bank loans wholly repayable within five years	46	19
Interest expense on loans from a unitholder	2	22
	48	41

10. MANAGER'S FEES

	2014 <i>RMB million</i> (unaudited)	2013 <i>RMB million</i> (unaudited)
Base Fee (Note 1(c))	55	56
Variable Fee (Note 1(c))	19	18
	74	74

11. REAL ESTATE INVESTMENT TRUST EXPENSES

	2014 <i>RMB million</i> (unaudited)	2013 <i>RMB million</i> (unaudited)
Trustee's fee (Note 1(b))	2	2
Legal and professional fees	1	2
Trust administrative expenses	—	1
	3	5

12. INCOME TAX EXPENSE

	2014 <i>RMB million</i> (unaudited)	2013 <i>RMB million</i> (unaudited)
The income tax expense comprises:		
Current tax		
— PRC Enterprise Income Tax	211	190
Deferred taxation	184	72
	395	262

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 PRC 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 is calculated by dividing the profit for the period attributable to unitholders before transactions with unitholders of RMB945 million (2013: RMB569 million) by 5,195,185,905 units (2013: 5,093,096,532 units) being the weighted average number of units in issue during the period of 5,186,320,492 units (2013: 5,091,159,332 units), plus the weighted average number of units issuable for settlement of Manager's fees for the period from 1 January 2014 to 30 June 2014 of 8,865,413 units (2013: for the period from 1 April 2013 to 30 June 2013 of 1,937,200 units).

14. INVESTMENT PROPERTIES

	30.6.2014 <i>RMB million</i> (unaudited)	31.12.2013 <i>RMB million</i> (audited)
FAIR VALUE		
At the beginning of the period/year	30,080	29,660
Additions	1	8
Increase in fair value recognised in profit or loss	590	412
At the end of the period/year	30,671	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.

14. INVESTMENT PROPERTIES (continued)

- (b) Investment properties were revalued on 30 June 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. The valuations of properties have been principally arrived at by using the income capitalisation approach which is a method of valuation whereby valuation is the sum of capitalised value of the term income and the appropriately deferred reversionary income for the remaining term of the land use rights of the properties. 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 terms of the land use rights of the properties. Capitalisation rates are estimated with reference to the yield generally accepted by the market for comparable properties.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

15. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2014, the Group acquired property, plant and equipment of RMB21 million (2013: RMB18 million).

16. LAND AND RELATED COSTS

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

	30.6.2014 <i>RMB million</i> (unaudited)	31.12.2013 <i>RMB million</i> (audited)
Non-current asset	4,215	4,278
Current asset	127	128
	4,342	4,406

17. HOTEL INVENTORIES

	30.6.2014 <i>RMB million</i> (unaudited)	31.12.2013 <i>RMB million</i> (audited)
Food and beverage	6	5
Other consumables	19	19
	25	24

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

18. TRADE AND OTHER RECEIVABLES

	30.6.2014 <i>RMB million</i> (unaudited)	31.12.2013 <i>RMB million</i> (audited)
Trade receivables	38	29
Deposits and prepayments	9	19
Advance to suppliers	4	2
Interest receivables	9	8
Other receivables	1	2
	61	60

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

	30.6.2014 <i>RMB million</i> (unaudited)	31.12.2013 <i>RMB million</i> (audited)
Less than or equal to 1 month	36	28
1–3 months	1	1
Over 3 months	1	—
	38	29

19. BANK BALANCES AND CASH

	30.6.2014 <i>RMB million</i> (unaudited)	31.12.2013 <i>RMB million</i> (audited)
Cash and cash equivalents	4,185	3,267
Time deposits (with original maturity of more than three months)	411	473
	4,596	3,740

20. TRADE AND OTHER PAYABLES

	30.6.2014 <i>RMB million</i> (unaudited)	31.12.2013 <i>RMB million</i> (audited)
Trade payables	70	84
Rental received in advance	216	197
Others (<i>Note</i>)	150	182
	436	463

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

20. TRADE AND OTHER PAYABLES (continued)

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

	30.6.2014 <i>RMB million</i> (unaudited)	31.12.2013 <i>RMB million</i> (audited)
Less than or equal to 3 months	53	76
Over 3 months	17	8
	70	84

21. BANK LOANS

	30.6.2014 <i>RMB million</i> (unaudited)	31.12.2013 <i>RMB million</i> (audited)
Unsecured term loans	3,909	3,243
Loan front-end fees	(26)	(26)
	3,883	3,217
The maturities of the above bank loans are as follows:		
Within one year	1,108	157
More than one year but not exceeding two years	946	937
More than two years but not exceeding five years	1,829	2,123
	3,883	3,217
Less: Amounts shown under current liabilities	(1,108)	(157)
Amount due after one year	2,775	3,060

21. BANK LOANS (continued)

In relation to the credit facility of HK\$800 million (equivalent to RMB635 million) granted to 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 30 June 2014 was HK\$800 million (equivalent to RMB635 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 RMB158 million) granted to the Group on 19 December 2013 to finance the general working capital requirement of the Group, the total amount of the credit facility utilised by the Group as at 30 June 2014 was HK\$200 million (equivalent to RMB158 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 2014.

In relation to the credit facility of HK\$1,525 million (equivalent to RMB1,210 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 30 June 2014 was HK\$1,525 million (equivalent to RMB1,210 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.

In relation to the credit facility of HK\$1,200 million (equivalent to RMB953 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 30 June 2014 was HK\$1,200 million (equivalent to RMB953 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

21. BANK LOANS (continued)

In relation to the credit facility of HK\$1,200 million (equivalent to RMB953 million) granted to the Group on 29 December 2011 to finance the general corporate funding needs of the Group, the total amount of the credit facility utilised by the Group as at 30 June 2014 was HK\$1,200 million (equivalent to RMB953 million) (31 December 2013: HK\$1,200 million (equivalent to RMB943 million)). It bears interest at floating interest rate of HIBOR plus 2% and is repayable in full in January 2015.

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

22. UNITS IN ISSUE

As at 30 June 2014, Hui Xian REIT had 5,217,013,997 (31 December 2013: 5,164,525,496) issued units.

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

	<i>Number of units</i>	<i>RMB million</i>
Balance at 1 January 2013	5,076,415,649	26,137
Payment of Manager's fees through issuance of new units during the year	21,534,029	86
Units issued pursuant to the distribution reinvestment arrangement in respect of 2012 final and 2013 interim distributions	66,575,818	253
Balance at 31 December 2013	5,164,525,496	26,476
Payment of Manager's fees through issuance of new units during the period	16,844,078	60
Units issued pursuant to the distribution reinvestment arrangement in respect of 2013 final distribution	35,644,423	121
Balance at 30 June 2014	5,217,013,997	26,657

22. UNITS IN ISSUE (continued)

On 20 March 2014, 16,844,078 units at RMB3.56 per unit were issued to the Manager as settlement of Manager's fee for period from 1 July 2013 to 31 December 2013.

On 30 April 2014, 35,644,423 scrip units at an issue price RMB3.38 per unit were issued to unitholders pursuant to the distribution reinvestment arrangement in respect of 2013 final distribution.

23. NET ASSET VALUE PER UNIT ATTRIBUTABLE TO UNITHOLDERS

The net asset value per unit is calculated based on the net assets attributable to unitholders as at 30 June 2014 of RMB28,426 million (31 December 2013: RMB27,963 million) and the total number of 5,217,013,997 units in issue as at 30 June 2014 (31 December 2013: 5,164,525,496 units).

24. NET CURRENT ASSETS

As at 30 June 2014, the Group's net current assets, defined as total current assets less total current liabilities, amounted to RMB2,267 million (31 December 2013: RMB2,329 million).

25. TOTAL ASSETS LESS CURRENT LIABILITIES

As at 30 June 2014, the Group's total assets less current liabilities amounted to RMB39,512 million (31 December 2013: RMB39,104 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

26. CAPITAL COMMITMENTS

	30.6.2014 <i>RMB million</i> (unaudited)	31.12.2013 <i>RMB million</i> (audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	26	24

27. CONNECTED AND RELATED PARTY TRANSACTIONS

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

Name of Connected/Related Party	Notes	1.1.2014 to 30.6.2014 <i>RMB'000</i> (unaudited)	1.1.2013 to 30.6.2013 <i>RMB'000</i> (unaudited)
Rent and rental related income			
北京屈臣氏個人用品連鎖商店有限公司 (Beijing Watson's Personal Care Stores Co., Limited*)	(a)	1,954	1,727
和記環球電訊(廣東)有限公司 (Hutchison Global Communications (Guangdong) Limited*)	(a)	348	347
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.*)	(a) & (h)	802	1,339
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.*)	(a) & (h)	467	1,348
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	(a) & (h)	818	539
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	(a) & (h)	958	661

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

27. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Name of Connected/Related Party	Notes	1.1.2014 to 30.6.2014 RMB'000 (unaudited)	1.1.2013 to 30.6.2013 RMB'000 (unaudited)
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.*)	(a) & (h)	8,083	9,982
Cheung Kong (Holdings) Limited Beijing Office	(a) & (h)	42	33
北京尚乘財策諮詢有限公司 (AMTD Beijing Investment Advisory Co., Ltd.*)	(a) & (h)	420	635
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(b)	170	153
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	(c)	26	N/A
Bank of China Limited	(a)	12,711	10,223
東方海外貨櫃航運(中國)有限公司北京分公司 (Orient Overseas Container Line (China) Co., Ltd. Beijing Branch*)	(d)	278	276
東方海外物流(中國)有限公司北京分公司 (OOCL Logistics (China) Ltd. Beijing Branch*)	(d)	216	216
Interest income from banks			
Bank of China Limited	(a)	26,924	19,643
Bank of China (Hong Kong) Limited	(a)	14,634	3,161
Property management fee			
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	(a) & (h)	3,792	2,616
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	(a) & (h)	5,136	3,873
Internet services fee			
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.*)	(a) & (h)	168	173

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

27. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Name of Connected/Related Party	Notes	1.1.2014 to 30.6.2014 RMB'000 (unaudited)	1.1.2013 to 30.6.2013 RMB'000 (unaudited)
Promotional expenses			
北京屈臣氏個人用品連鎖商店有限公司 (Beijing Watson's Personal Care Stores Co., Limited*)	(a)	—	9
Beverage			
屈臣氏酒窖（廣州）有限公司 (Watson's Wine Cellar (Guangzhou) Company Limited*)	(a)	7	26
北京屈臣氏蒸溜水有限公司 (Beijing Watson's Distilled Water Co., Ltd.*)	(a)	—	40
廣州屈臣氏食品飲料有限公司北京飲料分公司 (Guangzhou Watson's Food & Beverages Company Limited Beijing Beverages Branch*)	(a)	202	130
Cleaning supplies			
上海和黃白貓有限公司 (Shanghai Hutchison Whitecat Company Limited*)	(a)	136	111
Banquet services			
Hutchison Hotel Hong Kong Limited	(a)	59	45
Investment seminar sponsorship			
Metro Broadcast Corporation Limited	(a)	—	78
Insurance expense			
中銀保險有限公司北京分公司 (Bank of China Insurance Co., Ltd. Beijing Branch*)	(a)	215	236
中國人壽財產保險股份公北京分公司 (China Life Property and Casualty Insurance Company Limited Beijing Branch*)	(a)	754	827

27. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Name of Connected/Related Party	Notes	1.1.2014 to 30.6.2014 RMB'000 (unaudited)	1.1.2013 to 30.6.2013 RMB'000 (unaudited)
Interest expense			
Bank of China (Hong Kong) Limited	(a) & (e)	7,977	6,114
Hui Xian Holdings Limited	(f)	1,586	21,793
Trustee's fee			
DB Trustees (Hong Kong) Limited		1,822	1,853
Manager's fees			
Hui Xian Asset Management Limited		74,060	73,529
Property Manager's fee			
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(b)	17,899	14,490
Valuation fee			
Knight Frank Petty Limited	(g)	98	—
American Appraisal China Limited	(g)	16	202

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

27. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Balances with connected and related parties as at 30 June 2014 and 31 December 2013 are as follows:

	Notes	30.6.2014 RMB'000 (unaudited)	31.12.2013 RMB'000 (audited)
Bank loans			
Bank of China (Hong Kong) Limited	(a) & (e)	552,964	546,219
Deposits placed with the Group for the lease of the Group properties			
北京屈臣氏個人用品連鎖商店有限公司 (Beijing Watson's Personal Care Stores Co., Limited*)	(a)	1,092	1,092
和記環球電訊(廣東)有限公司 (Hutchison Global Communications (Guangdong) Limited*)	(a)	176	176
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.*)	(a) & (h)	823	865
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.*)	(a) & (h)	582	632
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	(a) & (h)	409	409
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	(a) & (h)	479	479
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.*)	(a) & (h)	1,139	1,064
北京尚乘財策諮詢有限公司 (AMTD Beijing Investment Advisory Co., Ltd.*)	(a) & (h)	—	298
Cheung Kong (Holdings) Limited Beijing Office	(a) & (h)	21	21
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(b)	85	85
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	(c)	14	10

27. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)*Notes:*

- (a) These companies are associated companies¹ of Hui Xian (Cayman Islands) Limited ("Hui Xian Cayman"), a significant unitholder² of Hui Xian REIT.
- (b) The company is a subsidiary of the Manager.
- (c) The company became an associated company¹ of Hui Xian Cayman, a significant unitholder² of Hui Xian REIT with effect from 12 November 2013.
- (d) These companies are subsidiaries of a controlling entity³ of Hui Xian Cayman, a significant unitholder² of Hui Xian REIT.
- (e) The bank loans represent part of the outstanding bank loans (Note 21) at the end of the reporting period. The interest expense represents the respective interest expense under part of the outstanding bank loans for the period.
- (f) Hui Xian Holdings had granted Hui Xian Investment Limited ("Hui Xian Investment"), a subsidiary of Hui Xian REIT, loans under a revolving credit facility of RMB1,300 million. Hui Xian Investment had drawn down RMB530 million in April 2014 and the loans were fully repaid in May 2014.
- (g) Knight Frank Petty Limited is the principal valuer of Hui Xian REIT for the six months ended 30 June 2014 and American Appraisal China Limited was the principal valuer of Hui Xian REIT for the year ended 31 December 2013.
- (h) These companies are either the Beijing representative office or subsidiaries of Cheung Kong (Holdings) Limited which have significant influence over Hui Xian REIT.

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

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

³ As defined in the SFO, a company is a controlling entity of another company if it has the right to nominate any of the directors of that company.

* The English name is shown for identification purpose only.

SUMMARY FINANCIAL INFORMATION

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

SUMMARY OF CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1.1.2014 to 30.6.2014 <i>RMB million</i>	1.1.2013 to 30.6.2013 <i>RMB million</i>	1.1.2012 to 30.6.2012 <i>RMB million</i>	29.4.2011 to 30.6.2011 <i>RMB million</i>
Revenue				
Gross rental from investment properties	1,061	968	841	271
Income from hotel operation	258	287	405	113
Income from serviced apartments operation	64	64	63	20
	1,383	1,319	1,309	404
Profit before taxation and transactions with unitholders	1,334	824	1,041	219
Income tax expense	(395)	(262)	(312)	(70)
Profit for the period, before transactions with unitholders	939	562	729	149
Profit for the period attributable to unitholders, before transactions with unitholders	945	569	730	149
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Basic earnings per unit	0.1819	0.1117	0.1455	0.0298

SUMMARY OF DISTRIBUTIONS

	1.1.2014 to 30.6.2014 <i>RMB million</i>	1.1.2013 to 30.6.2013 <i>RMB million</i>	1.1.2012 to 30.6.2012 <i>RMB million</i>	29.4.2011 to 30.6.2011 <i>RMB million</i>
Distributions to unitholders	663	616	592	202
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Distribution per unit	0.1271	0.1203	0.1178	0.0403

SUMMARY OF CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30.6.2014 <i>RMB million</i>	31.12.2013 <i>RMB million</i>	31.12.2012 <i>RMB million</i>	31.12.2011 <i>RMB million</i>
Non-current assets	37,245	36,775	37,098	32,931
Current assets	4,809	3,952	2,290	1,064
Total assets	42,054	40,727	39,388	33,995
Current liabilities	2,542	1,623	2,358	1,377
Non-current liabilities, excluding net assets attributable to unitholders	10,807	10,856	8,699	6,646
Total liabilities, excluding net assets attributable to unitholders	13,349	12,479	11,057	8,023
Non-controlling interest	279	285	417	—
Net assets attributable to unitholders	28,426	27,963	27,914	25,972
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Net asset value per unit attributable to unitholders	5.4487	5.4144	5.4988	5.1845

PERFORMANCE TABLE

	Notes	30.6.2014	31.12.2013	31.12.2012	31.12.2011
Net assets attributable to unitholders (<i>RMB million</i>)		28,426	27,963	27,914	25,972
Net asset value per unit attributable to unitholders (<i>RMB</i>)		5.4487	5.4144	5.4988	5.1845
Market capitalisation (<i>RMB million</i>)		17,477	19,935	21,067	17,834
Units issued (<i>units</i>)		5,217,013,997	5,164,525,496	5,076,415,649	5,009,521,491
Debts to net asset value ratio	1	13.7%	11.5%	7.0%	0.8%
Debts to total asset value ratio	2	9.2%	7.9%	5.0%	0.6%

		1.1.2014 to 30.6.2014	1.1.2013 to 31.12.2013	1.1.2012 to 31.12.2012	29.4.2011 to 31.12.2011
Highest traded unit price (<i>RMB</i>)		3.88	4.32	4.26	5.10
Highest premium of the traded unit price to net asset value per unit	3	N/A	N/A	N/A	N/A
Lowest traded unit price (<i>RMB</i>)		3.35	3.70	3.48	2.65
Highest discount of the traded unit price to net asset value per unit		38.5%	31.7%	36.7%	48.9%
Distribution per unit (<i>RMB</i>)		0.1271	0.2455	0.2392	0.1467
Annualised distribution yield per unit	4	7.65%	6.36%	5.76%	N/A

Notes:

1. Debts to net asset value ratio is calculated based on total debts over net assets attributable to unitholders as at the end of the reporting period.
2. Debts to total asset value ratio is calculated based on total debts over total assets as at the end of the reporting period.
3. The highest traded unit price is lower than the net asset value per unit attributable to unitholders at the end of the reporting period. Accordingly, premium of the traded unit price to net asset value per unit has not been recorded.
4. Annualised distribution yield per unit is calculated by dividing the annualised distribution per unit by the closing unit price as at the end of the reporting period.

INVESTOR CALENDAR

Interim results announcement for the six months ended 30 June 2014 announcing, among other information, the interim distribution for the six months ended 30 June 2014 (“2014 Interim Distribution”) and the distribution reinvestment arrangement (“DRA”) ¹	23 July 2014 (Wednesday)
Units quoted ex-2014 Interim Distribution	4 August 2014 (Monday)
Ten consecutive trading days to determine unit price for new units to be issued from scrip distribution under the DRA (“Scrip Units”)	4 August 2014 (Monday) to 15 August 2014 (Friday) (both dates inclusive)
Closure of register of Unitholders (for ascertaining entitlement to the 2014 Interim Distribution)	6 August 2014 (Wednesday) to 8 August 2014 (Friday) (both dates inclusive)
Record date for 2014 Interim Distribution	8 August 2014 (Friday)
Announcement in relation to the DRA	*18 August 2014 (Monday)
Despatch of circular and election form for the DRA	*22 August 2014 (Friday)
Latest time for return of election form for the DRA	by 4:30 p.m., 10 September 2014 (Wednesday) ²
Payment of the 2014 Interim Distribution for cash distribution election	*25 September 2014 (Thursday)

INVESTOR CALENDAR

Despatch of new unit certificates for scrip distribution election	*25 September 2014 (Thursday)
Expected first day of dealings in Scrip Units (subject to the granting of listing approval by the Stock Exchange)	*26 September 2014 (Friday)

1. A distribution reinvestment arrangement is available to eligible Unitholders who may elect to receive the 2014 Interim Distribution for the six months ended 30 June 2014 wholly in cash or in the form of new units or a combination of both. Election form for scrip distribution must be lodged with and received by the Unit Registrar (at its address at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) not later than 4:30 pm on 10 September 2014 (Wednesday)². Please refer to the relevant announcement, circular and election form for details of such distribution reinvestment arrangement. Unitholders should note that any election form arrived or received after the deadline set out on the election form will be treated and taken as invalid.
2. If there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning in force at or at any time prior to 4:30 p.m. on 10 September 2014, the deadline for return of the election form will be changed. Please refer to the circular published by the manager in relation to the DRA for details.

* on or about

CORPORATE INFORMATION

MANAGER

Hui Xian Asset Management Limited
Unit 303
Cheung Kong Center
2 Queen's Road Central
Hong Kong
Tel: (852) 2121 1128
Fax: (852) 2121 1138

BOARD OF DIRECTORS OF THE MANAGER

Chairman and Non-executive Director

KAM Hing Lam

Executive Directors

CHEUNG Ling Fung, Tom
(Chief Executive Officer)
LEE Chi Kin, Casey

Non-executive Directors

IP Tak Chuen, Edmond
LIM Hwee Chiang
YIN Ke (with PANG Shuen Wai, Nichols
as his alternate)

Independent Non-executive Directors

CHENG Hoi Chuen, Vincent
LEE Chack Fan
CHOI Koon Shum, Jonathan

BOARD COMMITTEES

Audit Committee

CHENG Hoi Chuen, Vincent *(Chairman)*
LEE Chack Fan
CHOI Koon Shum, Jonathan
IP Tak Chuen, Edmond
YIN Ke (with PANG Shuen Wai, Nichols
as his alternate)

Disclosures Committee

CHEUNG Ling Fung, Tom *(Chairman)*
IP Tak Chuen, Edmond
LEE Chack Fan

Designated (Finance) Committee

YIN Ke *(Chairman)*
(with PANG Shuen Wai, Nichols
as his alternate)
CHEUNG Ling Fung, Tom
CHOI Koon Shum, Jonathan

COMPANY SECRETARY OF THE MANAGER

MAK Sum Wun, Simmy

TRUSTEE

DB Trustees (Hong Kong) Limited

CORPORATE INFORMATION

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL VALUER

Knight Frank Petty Limited

LEGAL ADVISER

Woo Kwan Lee & Lo

UNIT REGISTRAR

Computershare Hong Kong Investor
Services Limited

17M Floor

Hopewell Centre

183 Queen's Road East, Wanchai,
Hong Kong

Tel: (852) 2862 8555

Fax: (852) 2865 0990

INVESTOR RELATIONS

TONG BARNES Wai Che, Wendy

Tel: (852) 2121 1128

Fax: (852) 2121 1138

Email: info@huixianreit.com

PROPERTY MANAGER

北京匯賢企業管理有限公司

(Beijing Hui Xian Enterprise Services
Limited*)

STOCK CODE

87001

WEBSITE

www.huixianreit.com

* The English name is shown for identification purpose only.

GLOSSARY

Board	the board of directors of the Manager
BOP	北京東方廣場有限公司 (Beijing Oriental Plaza Company Limited*), a Sino-foreign co-operative joint venture established in the PRC
Director(s)	director(s) of the Manager
DPU	distribution per unit
GDP	gross domestic product
Hui Xian BVI	Hui Xian (B.V.I.) Limited
Hui Xian Cayman	Hui Xian (Cayman Islands) Limited
Hui Xian Holdings	Hui Xian Holdings Limited
Hui Xian Investment	Hui Xian Investment Limited
Hui Xian REIT	Hui Xian Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorised under section 104 of the SFO
Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Manager	Hui Xian Asset Management Limited, a company incorporated in Hong Kong and a corporation licensed to carry on the regulated activity of asset management under the SFO
NPI	Net property income
PRC	People's Republic of China

GLOSSARY

REIT Code	Code on Real Estate Investment Trusts
RevPAR	revenue per available room
RMB	Renminbi
SFC	Securities and Futures Commission of Hong Kong
SFO	Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong)
Shenyang Investment BVI	Shenyang Investment (BVI) Limited
Shenyang Investment HK	Shenyang Investment (Hong Kong) Limited
Shenyang Lido	瀋陽麗都商務有限公司 (Shenyang Lido Business Co. Ltd*), a Sino-foreign co-operative joint venture established in the PRC
Stock Exchange	The Stock Exchange of Hong Kong Limited
Trust Deed	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, as may be modified or supplemented from time to time
Trustee	DB Trustees (Hong Kong) Limited, the trustee of Hui Xian REIT
Unit(s)	unit(s) of Hui Xian REIT
Unitholder(s)	any person(s) registered as holding a Unit or Units

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