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Hui Xian Real Estate Investment Trust

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

(Stock Code: 87001)

Managed by Hui Xian Asset Management Limited

匯賢房託管理有限公司

INTERIM RESULTS ANNOUNCEMENT FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2017

HUI XIAN REIT

Hui Xian Real Estate Investment Trust (“Hui Xian REIT”) is a real estate investment trust constituted by a deed of trust entered into on 1 April 2011 between Hui Xian (Cayman Islands) Limited, as settlor of Hui Xian REIT, Hui Xian Asset Management Limited, and DB Trustees (Hong Kong) Limited (“Trustee”) (as amended from time to time) (“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 Company Limited, 30% by Cheung Kong Property Holdings Limited (“CKP”) and 30% by ARA Asset Management Limited which was privatized by a consortium comprising affiliates of Mr. Lim Hwee Chiang, The Straits Trading Company Limited, CKP, Warburg Pincus LLC and AVIC Trust Co. Ltd on 19 April 2017.

The Manager is pleased to announce the interim results of Hui Xian REIT and its special purpose vehicles for the period from 1 January 2017 to 30 June 2017 (“Reporting Period”) as follows:

FINANCIAL HIGHLIGHTS

For the period from 1 January 2017 to 30 June 2017

| | Six months ended 30 Jun 2017 | Six months ended 30 Jun 2016 | Percentage Change |
|---|---|---|--------------------------|
| Total Revenue ⁽¹⁾ (RMB million) | 1,583 | 1,575 | +0.5% |
| Net Property Income ⁽²⁾ (RMB million) | 1,051 | 1,098 | -4.3% |
| Amount Available for Distribution ⁽³⁾ (RMB million) | 761 | 805 | -5.6% |
| Distributions to Unitholders ⁽⁴⁾ (RMB million) | 761 | 781 | -2.6% |
| Distribution per Unit ⁽⁵⁾ (RMB) | 0.1377 | 0.1439 | -4.3% |
| Payout Ratio | 100% | 97% | N/A |
| Annualised Distribution Yield | 8.9%⁽⁶⁾ | 9.1% ⁽⁷⁾ | N/A |

Notes:

- (1) Value-added tax ("VAT") has been introduced to the construction, real estate, financial services and consumer services sectors starting from 1 May 2016 in replacement of business tax. Excluding the impact of VAT reform, total revenue would have grown 4.3% year-on-year.
- (2) The change in real estate tax regulations in Beijing has been effective since 1 July 2016. Excluding the impact of the additional real estate tax provision for Beijing Oriental Plaza, the Net Property Income ("NPI") would have increased 3.3% year-on-year.
- (3) Excluding the impact of the additional real estate tax provision for Beijing Oriental Plaza, the year-on-year growth of amount available for distribution would be 1.9%.
- (4) Excluding the impact of the additional real estate tax provision for Beijing Oriental Plaza, the year-on-year growth of distributions to Unitholders would be 5.1%.
- (5) Excluding the impact of the additional real estate tax provision for Beijing Oriental Plaza, the year-on-year growth of distribution per unit ("DPU") would be 3.3%.
- (6) Based on the closing price of the units of Hui Xian REIT ("Units") on 30 June 2017 and the actual distribution amount for the period from 1 January 2017 to 30 June 2017.
- (7) Based on the closing price of Units on 30 June 2016 and the actual distribution amount for the period from 1 January 2016 to 30 June 2016.

CHAIRMAN'S STATEMENT

Results and Distribution

During the Reporting Period, the total revenue was RMB1,583 million, 0.5% higher than the previous year. Value-added tax ("VAT") has been introduced to the construction, real estate, financial services and consumer services sectors starting from 1 May 2016 in replacement of business tax. As a result, the revenues and expenses in the financial statements were then presented net of VAT. Excluding the impact of VAT reform, total revenue would have grown 4.3% year-on-year.

NPI was RMB1,051 million, a year-on-year drop of 4.3%. The change in real estate tax regulations in Beijing introduced on 1 July 2016, resulting in a tax increase for our flagship asset – Beijing Oriental Plaza, continued to impact Hui Xian REIT's NPI during the first half of 2017. Excluding the impact of the additional real estate tax provision, NPI would have grown by 3.3% year-on-year.

The amount available for distribution for the Reporting Period was RMB761 million, down by 5.6% year-on-year. Excluding the impact of the additional real estate tax provision for Beijing Oriental Plaza, the amount available for distribution would have increased 1.9% year-on-year.

For the Reporting Period, the payout ratio was set at 100%. The distribution per unit (“DPU”) for the Reporting Period was RMB0.1377, a decrease of 4.3% year-on-year. This represented an annualised distribution yield of 8.9% based on the closing unit price of RMB3.11 on 30 June 2017.

Excluding the impact of the additional real estate tax provision for Beijing Oriental Plaza, distributions to Unitholders and DPU would have increased 5.1% and 3.3% year-on-year respectively.

New Acquisition

In January 2017, Hui Xian REIT announced the acquisition of two five-star hotels in western China: a 100% interest in Harbour Plaza Chongqing and a 69% interest in Sheraton Chengdu Lido Hotel. The acquisition has been completed in the first quarter of 2017.

Business Environment in China

According to the National Bureau of Statistics of China, the country’s gross domestic product (“GDP”) increased 6.9% in the first half of 2017. Total retail sales of consumer goods reached RMB17,237 billion, up by 10.4% year-on-year. The per capita disposable income of urban residents grew 6.5% year-on-year to RMB18,322.

The RMB value stabilized during the first half of 2017. The RMB exchange rate against Hong Kong Dollars as at 30 June 2017 has risen by approximately 3%* compared to that as at 31 December 2016.

*Based on the People’s Bank of China RMB rate against Hong Kong Dollars

Business Review

Over the years, Hui Xian REIT’s footprint has expanded from one city to four key cities in China and its areas under management have also increased to over 1.1 million square metres. Hui Xian REIT’s portfolio consists of ten businesses, including two shopping centres, two office developments, two serviced apartment projects and four hotels.

To better present the business, starting this year, we categorised the properties into four segments, namely retail, office, serviced apartment and hotel.

(1) Retail Portfolio

China’s retail industry is currently undergoing a major transformation as a result of rapidly changing consumer behavior and the exponential growth of e-commerce, coupled with the high penetration of smartphones and the low logistics costs. China has become the world’s largest e-commerce market.

According to official statistics, China’s online retail sales of physical goods during the first half of 2017 surged 28.6% year-on-year to RMB2,375 billion, accounting for 13.8% of the total retail sales of consumer goods. The growth of online and mobile shopping continues to hit the traffic and sales at the traditional bricks and mortar stores.

Hui Xian REIT’s retail portfolio consists of two shopping centres at Beijing Oriental Plaza and Chongqing Metropolitan Oriental Plaza. NPI was RMB494 million, a year-on-year decrease of 8.1%. Excluding the impact of the additional real estate tax provision for Beijing Oriental Plaza, NPI would have increased 1.9% year-on-year.

Despite a challenging retail environment, The Malls at Beijing Oriental Plaza continues to be popular among retailers and shoppers due to its strategic location, well-managed tenant profile and heavy footfall. The average occupancy rate in the first half of 2017 was 97.9% compared to 96.0% in the same period of 2016. The average monthly passing rent, however, dropped 7.6% year-on-year to RMB1,162 per square metre, primarily due to the tenant mix.

To lay a foundation for future long-term growth, an intensive asset enhancement and tenant revamp programme at the mall of Chongqing Metropolitan Oriental Plaza continued. During the first half of 2017, the average occupancy rate was 73.5%. The average monthly passing rent was RMB201 per square metre, compared to RMB236 per square metre over the same period in 2016.

(2) Office Portfolio

Hui Xian REIT's office portfolio comprises The Tower Offices at Beijing Oriental Plaza and The Tower at Chongqing Metropolitan Oriental Plaza. The office portfolio's NPI was RMB451 million, a year-on-year decrease of 1.3%. Excluding the impact of the additional real estate tax provision for Beijing Oriental Plaza, NPI would have increased 5.7% year-on-year.

Beijing's office market remained stable in the first half of 2017. Multinational corporations remained cost-conscious and conservative on office expansion while there was a rising leasing demand from domestic companies, particularly the financial, and technology, media, and telecom ("TMT") sectors. Beijing is expected to see an increase in office supply in the coming few years, imposing pressure on rental and occupancy rates.

The Tower Offices at Beijing Oriental Plaza provide over 300,000 square metres of Grade A office space in eight blocks. The average occupancy rate stood 95.2%. The average monthly passing rent was RMB281 per square metre, up by 1.6% over the same period last year. The average monthly spot rent was RMB330 per square metre, a decrease of 2.1% year-on-year. Excluding the impact of VAT reform, the average monthly passing rent and the average monthly spot rent would have increased by 5.6% and 1.1% year-on-year respectively.

Chongqing's office market remained competitive due to escalating new supply. Despite that, The Tower at Chongqing Metropolitan Oriental Plaza remains home to many multinational companies and consulates. The average monthly passing rent was RMB122 per square metre, down by 2.6% year-on-year. Excluding the impact of VAT reform, the average monthly passing rent would have increased by 1.3% year-on-year. The average occupancy rate was 86.0%. Asset enhancement works of the office lobby and façade are near completion. Wu Yi Road, where the office tower is located, has also undergone a major upgrade programme and it has been designated by the Chongqing Government as the future "Wall Street" of Western China to boost development of commercial activities.

(3) Serviced Apartment Portfolio

Demand for well-located serviced apartments across China is growing. To capitalise this opportunity, we have made the strategic decision to convert some hotel rooms in Beijing and Shenyang into furnished serviced apartments for leasing.

We have converted 107 Grand Hyatt Beijing hotel rooms into serviced apartments during the Reporting Period. These units have become part of The Tower Apartments at Beijing Oriental Plaza, and the total apartment inventory was increased from 613 to 720 units. 663 units were being committed for leasing as at 30 June 2017, representing a committed occupancy of 92%. During the first half of 2017, revenue was RMB73 million, up by 6.0% year-on-year. NPI was RMB39 million, an increase of 5.9% year-on-year.

There is a rising demand for serviced apartments in Shenyang, particularly from the expatriate community. We are planning to convert some hotel rooms at Sofitel Shenyang Lido into serviced apartments to target this market.

(4) Hotel Portfolio

Together with the acquisition completed in the first quarter of 2017, Hui Xian REIT's hotel portfolio consisted of four five-star hotels as at 30 June 2017. They are Grand Hyatt Beijing, Sofitel Shenyang Lido, Harbour Plaza Chongqing and Sheraton Chengdu Lido Hotel. The aggregate NPI was RMB67 million, slightly higher than the same period last year.

Subsequent to the initiatives of converting some hotel rooms into serviced apartments, Grand Hyatt Beijing's number of available rooms was reduced from 825 to 718. The average occupancy rate was 68.3%. The number of room nights sold during the Reporting Period was 6.8% higher than the same period in 2016. The average room rate per night, nevertheless, declined by 13.3% year-on-year to RMB1,292. The revenue per available room ("RevPAR") was RMB882, an increase of 6.8% year-on-year.

China's northeastern cities continued to experience slow economic development in the first half of 2017. Sofitel Shenyang Lido's average occupancy rate was 39.9%, while the average room rate per night fell by 8.4% year-on-year to RMB456. The RevPAR was RMB182 compared to RMB208 for the same period last year.

Harbour Plaza Chongqing has been integrated in Hui Xian REIT's portfolio since March 2017. A comprehensive renovation programme has commenced, resulting in a reduction of saleable inventory. The average occupancy rate was 57.5% based on the number of available rooms. The average room rate per night and the RevPAR were RMB380 and RMB219 respectively.

Sheraton Chengdu Lido Hotel has started to contribute to Hui Xian REIT from March 2017. The average occupancy rate was 70.1%; the average room rate was RMB584; and the RevPAR was RMB409.

Strong Financial Position

Hui Xian REIT has continued to adhere to its prudent financial management strategy. As at 30 June 2017, bank balances and cash on hand amounted to RMB7,282 million and total debts amounted to RMB11,376 million. Debts to gross asset value ratio was 23.8%. Hui Xian REIT has sufficient financial capacity to capitalise on new investment opportunities as they arise.

Outlook

Going forward, we will continue to maximise organic growth from Beijing Oriental Plaza, to revamp Chongqing Metropolitan Oriental Plaza, to expand our serviced apartment portfolio as well as to integrate two newly acquired hotels in Chongqing and Chengdu into our growing hotel portfolio.

On behalf of the Manager, I would like to thank all the Unitholders and the Trustee for their continued support of and commitment to Hui Xian REIT.

KAM Hing Lam

Chairman

Hui Xian Asset Management Limited

(as manager of Hui Xian Real Estate Investment Trust)

Hong Kong, 28 July 2017

MANAGEMENT DISCUSSION AND ANALYSIS

PORTFOLIO HIGHLIGHTS

As at 30 June 2017, Hui Xian REIT's portfolio included:

(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 **Beijing Oriental Plaza**;

(2) its investment in Chongqing Overseas Investment Limited, which in turn holds Chongqing Investment Limited. Chongqing Investment Limited owns the entire interest in 重慶大都會東方廣場有限公司 (Chongqing Metropolitan Oriental Plaza Co., Ltd[#]), which is the registered legal owner of the land use rights and building ownership rights of **Chongqing Metropolitan Oriental Plaza** (formerly known as Metropolitan Plaza);

(3) its investment in Shenyang Investment (BVI) Limited ("Shenyang Investment BVI"), which in turn holds Shenyang Investment (Hong Kong) Limited ("Shenyang Investment HK"), the foreign joint venture partner of 瀋陽麗都商務有限公司 (Shenyang Lido Business Co. Ltd[#]) ("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 of **Sofitel Shenyang Lido**;

(4) its investment in Chongqing Hotel Investment Limited, which in turn holds Highsmith (HK) Limited. Highsmith (HK) Limited owns the entire interest in 重慶東廣飯店有限公司 (Chongqing Dongguang Hotel Co., Ltd.[#]), which is the registered legal owner of the land use rights and building ownership rights of **Harbour Plaza Chongqing**; and

(5) its investment in New Sense Resources Limited, which in turn holds Chengdu Investment Limited, the foreign joint venture partner of 成都長天有限公司 (Chengdu Changtian Co., Ltd.[#]) ("Chengdu Changtian"). Chengdu Investment Limited is entitled to 69% interests in Chengdu Changtian, which is a Sino-foreign cooperative joint venture established in the PRC. Chengdu Changtian holds the land use rights and building ownership rights in **Sheraton Chengdu Lido Hotel**.

[#] The English name is shown for identification purpose only

OPERATIONS REVIEW

As stated in the Chairman's Statement, 2017's revenue and NPI figures were continued to be affected by the change of tax policy in China, namely (1) the introduction of the value-added tax ("VAT") from 1 May 2016 to the construction, real estate, financial services and consumer services sectors; and (2) the change of real estate tax regulations in Beijing commencing from 1 July 2016.

- (1) Prior to 1 May 2016, business tax was included in the presentation of revenues in the financial statements. Following the implementation of the new VAT regulations, the revenues and expenses in the financial statements were presented net of VAT. Accordingly, these figures showed a reduction as compared with the period before the implementation of the new tax reform.
- (2) The change in real estate tax regulations in Beijing came into effect on 1 July 2016. Prior to the change, the real estate tax paid by Hui Xian REIT on Beijing Oriental Plaza was charged at the rate of 1.2% of the residual value of the property, regardless of whether the relevant property generated rental income. Since 1 July 2016, the real estate tax payable has been charged on the following basis: (a) for the areas that generate rental income, real estate tax is charged at the rate of 12% of the rental income; and (b) for the areas that do not generate rental income, real estate tax continues to be charged at the rate of 1.2% of the residual value of the relevant property. This has resulted in a tax increase for the areas that generate rental income.

To better present the businesses, starting from 2017, we categorised them into four segments, namely retail, office, serviced apartment and hotel.

(1) Retail Portfolio

Hui Xian REIT's retail portfolio consists of two large-scale shopping centres in Beijing and Chongqing, offering about 220,000 square metres of retail space. Revenue was 657 million, a year-on-year decrease of 1.2%. Excluding the impact of VAT reform, revenue would have grown 2.6%. NPI was RMB494 million, a year-on-year decline of 8.1%. Excluding the impact of the additional real estate tax provision for Beijing Oriental Plaza, NPI would have grown 1.9 % year-on-year.

(i) The Malls at Beijing Oriental Plaza

According to the Beijing Municipal Bureau of Statistics, Beijing's GDP increased 6.8% year-on-year to RMB1,240 billion in the first half of 2017. The city's retail sales of consumer goods grew 5.6% year-on-year to RMB525.7 billion. Disposable income per capita of Beijing's urban residents was up by 9% year-on-year to RMB31,016.

Revenue of The Malls at Beijing Oriental Plaza was up by 1.1% year-on-year to RMB607 million. Excluding the impact of VAT reform, revenue would have increased by 5.0% year-on-year. Its NPI was down by 5.3% year-on-year to RMB473 million, primarily due to the change in real estate tax regulations in Beijing. Excluding the impact of the additional real estate tax provision, NPI would have grown 5.4% year-on-year.

The average monthly passing rent of The Malls was RMB1,162 per square metre, a decrease of 7.6% year-on-year. This was mainly due to the tenant mix. The average occupancy rate increased to 97.9% from 96.0% a year ago.

During the first half of 2017, The Malls welcomed a number of new retailers, such as Brooks Brothers, FABIANA FILIPPI, Joma, Replay, Sketchers, Will's and a number of new restaurants.

The Malls is well connected by public transportation networks and has direct access to Beijing's subway Lines 1 and 5. The extension works for subway Line 8 has also begun with a new stop close to The Malls.

(ii) The Mall at Chongqing Metropolitan Oriental Plaza

During the first half of 2017, Chongqing's GDP and retail sales increased 10.5% and 11.7% respectively compared to the same period in 2016.

Chongqing Metropolitan Oriental Plaza is currently undergoing an extensive asset enhancement initiative and tenant mix refinement during the Reporting Period. The average monthly passing rent was RMB201 per square metre and the average occupancy rate was 73.5%.

(2) Office Portfolio

Hui Xian REIT's office portfolio is made up of The Tower Offices at Beijing Oriental Plaza and The Tower at Chongqing Metropolitan Oriental Plaza. Revenue was RMB603 million, slightly over the previous year. Excluding the impact of VAT reform, revenue would have grown 3.8% year-on-year. NPI was RMB451 million, a decrease of 1.3% year-on-year. Excluding the impact of the additional real estate tax provision for Beijing Oriental Plaza, NPI would have increased 5.7% year-on-year.

(i) The Tower Offices at Beijing Oriental Plaza

Beijing's office market remained stable during the Reporting Period. Multinational corporations have become more conservative in regards to office expansion plans. Leasing demand from the domestic companies, especially those from the financial and TMT industries, was on the rise. In the coming few years, Beijing is expected to see an increase in new office supply, putting pressure on rentals and occupancy levels.

The Tower Offices at Beijing Oriental Plaza, consisting of eight Grade A office towers (total GFA: about 300,000 square metres), generates a stable revenue income from a diversified tenant base across a variety of industries, including finance and banking, accounting, high technology, legal, pharmaceutical, media and advertising as well as consumer products; there are also education and professional institutions, and government-related organisations.

Revenue of The Tower Offices was RMB570 million, up by 0.9% year-on-year. Excluding the impact of VAT reform, revenue would have grown 4.7% year-on-year. NPI was RMB432 million, slightly down by 0.8% year-on-year. Excluding the impact of real estate tax provision, NPI would have increased 6.5% year-on-year.

The average monthly passing rent of The Tower Offices was RMB281 per square metre, an increase of 1.6% year-on-year. The average monthly spot rent was RMB330 per square metre, down by 2.1% year-on-year. Excluding the impact of VAT reform, the average monthly passing rent and the average monthly spot rent would have increased by 5.6% and 1.1% year-on-year respectively. Rental reversion was 12.6%, and the average occupancy rate was 95.2%.

(ii) The Tower at Chongqing Metropolitan Oriental Plaza

Chongqing's office market remained competitive during the Reporting Period and the continual influx of new supply is likely to exert downward pressure on the occupancy and rental rates.

Strategically located in the Jiefangbei Central Business District of Chongqing, The Tower at Chongqing Metropolitan Oriental Plaza is a Grade A office building which is home to five consulates and a number of multinational corporations across different industries, including insurance and financial services, electronics, logistics and healthcare. The Tower's revenue was down by 12.8% year-on-year to RMB33 million; NPI declined by 10.0% year-on-year to RMB19 million. The average occupancy rate was 86.0%. The average monthly passing rent and the monthly spot rent were RMB122 and RMB120 respectively.

The Tower's asset enhancement programme, including the renovation of the lobby and façade, is near completion. Wu Yi Road, where The Tower Office's entrance is located, has also undergone a major upgrade programme and has been designated by the Chongqing Government as the future "Wall Street" of Western China to boost development of commercial activities.

(3) Serviced Apartment Portfolio

Hui Xian REIT's serviced apartment portfolio comprises The Tower Apartments at Beijing Oriental Plaza and the apartment units at Sofitel Shenyang Lido. Revenue was RMB73 million, up by 6.0% year-on-year. Excluding the impact of VAT reform, revenue would have grown 10.6% year-on-year. NPI was RMB39 million, an increase of 5.9% year-on-year. Excluding the impact of the additional real estate tax provision for Beijing Oriental Plaza, NPI would have increased 7.0% year-on-year.

With the demand for upscale serviced apartments growing in key cities of China, Hui Xian REIT is planning to expand its serviced apartment portfolio by converting some of the hotel rooms into furnished serviced apartments for leasing.

107 Grand Hyatt Beijing hotel rooms were being converted into serviced apartments in phases, which have become part of The Tower Apartments at Beijing Oriental Plaza. The total apartment inventory was increased from 613 to 720. 663 units were being committed for leasing as at 30 June 2017, representing a committed occupancy of 92%.

Leasing demand for serviced apartments in Shenyang is rising, particularly from the expatriate community. We are planning to convert some hotel rooms at Sofitel Shenyang Lido into serviced apartments to target this market.

(4) Hotel Portfolio

Hui Xian REIT's hotel portfolio includes four five-star hotels: Grand Hyatt Beijing at Beijing Oriental Plaza, Sofitel Shenyang Lido (70% interests), Harbour Plaza Chongqing and Sheraton Chengdu Lido Hotel (69% interests). The latter two hotels were acquired in the first quarter of 2017.

Revenue was RMB250 million, up by 5.0% year-on-year. Excluding the impact of VAT reform, revenue would have increased 8.3% year-on-year. NPI was RMB67 million, slightly higher than last year.

(i) Grand Hyatt Beijing, Beijing

Foreign tourist arrivals in Beijing continued to drop, down by 5.3% year-on-year to 1.9 million during the first half of 2017 according to the Beijing Municipal Bureau of Statistics. The hotel industry in Beijing remained competitive.

As 107 of the hotel rooms were being converted into serviced apartments, Grand Hyatt Beijing's room inventory was decreased to 718, and the average occupancy rate was 68.3%. The average room rate per night was down by 13.3% year-on-year to RMB1,292. RevPAR increased by 6.8% year-on-year to RMB882.

(ii) Sofitel Shenyang Lido, Shenyang

In the first half of 2017, China's northeastern cities continued to experience slow economic development. Sofitel Shenyang Lido's average occupancy rate was 39.9% while the average room rate per night was down by 8.4% year-on-year to RMB456. The RevPAR was RMB182 compared to RMB208 over the same period last year.

(iii) Harbour Plaza Chongqing

The acquisition of Harbour Plaza Chongqing was completed in the first quarter of 2017. The hotel is now undergoing a renovation programme and the saleable inventory was reduced. The average occupancy rate was 57.5% based on the number of available rooms. The average room rate per night and the RevPAR were RMB380 and RMB219 respectively.

(iv) Sheraton Chengdu Lido Hotel

69% interest of Sheraton Chengdu Lido Hotel was acquired by Hui Xian REIT in March 2017. The average occupancy rate was 70.1%; the average room rate was RMB584; and the RevPAR was RMB409.

FINANCIAL REVIEW

Net Property Income

The net property income was RMB1,051 million for the six months ended 30 June 2017.

Distributions

Distribution Amount

Hui Xian REIT will distribute a total of RMB761 million ("2017 Interim Distribution") to Unitholders for the six months ended 30 June 2017. The 2017 Interim Distribution represents 100% of Hui Xian REIT's total amount available for distribution during the period from 1 January 2017 to 30 June 2017 and will be paid in RMB. The distribution amount includes certain profit elements in the capital nature of Hui Xian REIT. The amount of capital nature items is RMB173 million.

Distribution per Unit

The DPU for the period from 1 January 2017 to 30 June 2017 is RMB0.1377 based on the number of outstanding Units on 30 June 2017. This represents an annualised distribution yield of 8.9% based on the closing unit price of RMB3.11 on 30 June 2017.

Closure of Register of Unitholders

The record date for the 2017 Interim Distribution will be 16 August 2017, Wednesday ("Record Date"). The Register of Unitholders will be closed from 14 August 2017, Monday to 16 August 2017, Wednesday, both days inclusive, during which period no transfer of Units will be registered. The interim distribution is expected to be payable on 28 September 2017, 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 2017 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 11 August 2017, Friday.

Debt Positions

In February 2017 and March 2017, Hui Xian Investment drew down a new unsecured 3-year term loan of HK\$1,000 million offered by Hang Seng Bank Limited and United Overseas Bank Limited. The purpose of the facility was to finance the general corporate funding requirements of the Hui Xian REIT group, including but not limited to the funding for repayment of any amounts outstanding under existing loan facilities and financing acquisitions of the Hui Xian REIT group.

In April 2017, Hui Xian Investment drew down an unsecured 3-year term loan of HK\$800 million offered by China Construction Bank (Asia) Corporation Limited and Hang Seng Bank Limited. The purpose of the facility was to refinance the credit facility granted by the same lenders in May 2014.

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

As at 30 June 2017, Hui Xian REIT's total debts amounted to RMB11,376 million (31 December 2016: RMB10,816 million). Based on Hui Xian REIT's net assets attributable to Unitholders of RMB26,511 million as at 30 June 2017 (31 December 2016: RMB26,439 million), Hui Xian REIT's debts to net asset value ratio increased to 42.9% (31 December 2016: 40.9%). Meanwhile, the debts to gross asset value ratio was 23.8% as at 30 June 2017 (31 December 2016: 23.0%).

Bank Balances and Asset Positions

As at 30 June 2017, Hui Xian REIT's bank balances and cash amounted to RMB7,282 million (31 December 2016: RMB7,072 million). The bank balances and cash are mainly denominated in RMB. No currency hedge was employed.

Hui Xian REIT is indirectly interested in a 131,344 square metre shopping mall, eight blocks of Grade A office, three blocks of serviced apartments towers and an 718-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 Beijing Oriental Plaza. Hui Xian REIT's interests in Beijing 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 Beijing Oriental Plaza.

D&P China (HK) Limited ("D&P China") valued the eight blocks of office towers, the shopping mall and car parking spaces at RMB29,562 million as at 30 June 2017 (31 December 2016: RMB29,711 million), translating into a decrease of 0.5% over the valuation as of 31 December 2016. Together with the hotel and serviced apartment premises, gross property value of BOP was RMB34,684 million as at 30 June 2017, as compared to RMB34,930 million as at 31 December 2016.

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

Knight Frank Petty Limited ("Knight Frank") valued the hotel premises of Shenyang Lido at RMB870 million as at 31 December 2016 while gross property value of hotel premises as at 30 June 2017 was RMB732 million (31 December 2016: RMB764 million).

Hui Xian REIT also indirectly owns the entire interest of Chongqing Metropolitan Oriental Plaza, a 164,360 square metre integrated commercial property development comprising a shopping mall and a Grade A office building. Chongqing Metropolitan Oriental Plaza is located at the Jiefangbei, Yuzhong District, Chongqing, which is a well-established central business district.

As at 30 June 2017, the shopping mall, office building and car parking spaces were valued by D&P China at RMB3,770 million (31 December 2016: RMB3,942 million). Gross property value of the properties as at 30 June 2017 was RMB3,727 million (31 December 2016: RMB3,931 million).

On 28 February 2017, Hui Xian REIT completed its acquisition of all issued shares of Highsmith (HK) Limited, which in turn indirectly owns the entire interest of Harbour Plaza Chongqing, a 38-storey hotel tower of 52,238 square metre. It is located in adjacent to Chongqing Metropolitan Oriental Plaza.

Knight Frank valued the hotel premises of Harbour Plaza Chongqing at RMB442 million as at 31 October 2016. Gross property value of hotel premises as at 30 June 2017 was RMB394 million.

On 8 March 2017, Hui Xian REIT completed its acquisition of 69% interest in Sheraton Chengdu Lido Hotel through acquisition of Chengdu Investment Limited. It is a 37-storey hotel tower of 56,550 square metre located to the north of the landmark Tianfu Plaza, Chengdu city centre.

Knight Frank valued the hotel premises of Sheraton Chengdu Lido Hotel at RMB720 million as at 31 October 2016. Gross property value of hotel premises as at 30 June 2017 was RMB703 million.

Net Assets Attributable to Unitholders

As at 30 June 2017, net assets attributable to Unitholders amounted to RMB26,511 million (31 December 2016: RMB26,439 million) or RMB4.7997 per Unit, representing a 54.3% premium to the closing unit price of RMB3.11 on 30 June 2017 (31 December 2016: RMB4.8403 per Unit, representing a 54.1% premium to the closing unit price of RMB3.14 on 30 December 2016).

Pledge of Assets

Hui Xian REIT does not pledge its properties to any financial institutions or banks. The Trustee (as trustee of Hui Xian REIT) and certain special purpose vehicles of Hui Xian REIT provide guarantees for the credit facilities of the Group.

Commitments

As at 30 June 2017, Hui Xian REIT did not have any significant commitments.

Employees

As at 30 June 2017, Hui Xian REIT, by subsidiaries and through its branches, employed a total of 1,359 employees in Hong Kong and the PRC; of these, 1,336 employees performed hotel operation functions and services, and 23 employees handled legal, regulatory and other administrative matters and provided commercial functions and services, including leasing and some other property management functions and services, other than the hotel operation functions and services.

Save as disclosed above, Hui Xian REIT is managed by the Manager and did not directly employ any staff as at 30 June 2017.

CORPORATE GOVERNANCE

With the objectives of establishing and maintaining high standards of corporate governance, certain policies and procedures with built-in checks and balances have been put in place. In particular, the Manager has adopted, and revised from time to time, a compliance manual which sets out the key processes, systems and measures the Manager will apply in order to comply with the Trust Deed, the Code on Real Estate Investment Trusts ("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 2017, both the Manager and Hui Xian REIT have in material terms complied with the provisions of the compliance manual, the corporate governance policy, the Trust Deed, the REIT Code and applicable provisions of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO") and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Authorisation Structure

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

The Trustee, DB Trustees (Hong Kong) Limited, is registered as a trust company under Section 77 of the Trustee Ordinance (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.

Review of the Interim Results

The interim results of Hui Xian REIT for the six months ended 30 June 2017 have been reviewed by the Audit Committee and Disclosures Committee of the Manager in accordance with their respective terms of reference.

New Units Issued

In the six months ended 30 June 2017, (i) 18,591,696 new Units were issued to the Manager as payment of part of the Manager's fees; and (ii) 42,707,695 new Units were issued to Unitholders who elected scrip distribution pursuant to the distribution reinvestment arrangement in respect of the final distribution for the period from 1 July 2016 to 31 December 2016.

The total number of Units in issue as at 30 June 2017 was 5,523,493,330 Units.

Buy-Back, Sale or Redemption of Units

There was no buy-back, sale or redemption of the Units of Hui Xian REIT by the Manager on behalf of Hui Xian REIT or any of the special purpose vehicles that were owned and controlled by Hui Xian REIT in the six months ended 30 June 2017.

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 2017.

Issuance of the Interim Report 2017

The interim report of Hui Xian REIT for the six months ended 30 June 2017 will be published on the respective websites of the Stock Exchange at www.hkexnews.hk and Hui Xian REIT at www.huixianreit.com, and will be sent to Unitholders on or before 30 August 2017.

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

Hong Kong, 28 July 2017

As at the date of this announcement, the Directors of the Manager are Mr. KAM Hing Lam (Chairman and non-executive Director); Mr. CHEUNG Ling Fung, Tom and Mr. LEE Chi Kin, Casey (executive Directors); Mr. IP Tak Chuen, Edmond, Mr. LIM Hwee Chiang and Mr. YIN Ke (non-executive Directors); and Mr. CHENG Hoi Chuen, Vincent, Professor LEE Chack Fan and Dr. CHOI Koon Shum, Jonathan (independent non-executive Directors).

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2017

| | <u>NOTES</u> | <u>2017</u> RMB million (unaudited) | <u>2016</u> RMB million (unaudited) |
|---|--------------|---|---|
| Revenue | 5 | 1,583 | 1,575 |
| Other income | 6 | 135 | 107 |
| Fair value gain from top-up amount asset | 20 | - | 2 |
| Decrease in fair value of investment properties | | (361) | (334) |
| Gain on bargain purchase on acquisition of subsidiaries | 19(a) | 85 | - |
| Hotel inventories consumed | | (20) | (20) |
| Staff costs | | (71) | (57) |
| Depreciation and amortisation | | (164) | (142) |
| Other operating expenses | 7 | (418) | (376) |
| Finance costs | 8 | (130) | (109) |
| Exchange gain (loss) | | 339 | (190) |
| Manager's fees | 9 | (88) | (84) |
| Real estate investment trust expenses | 10 | (8) | (4) |
| Profit before taxation and transactions with unitholders | | 882 | 368 |
| Income tax expense | 11 | (242) | (205) |
| Profit for the period, before transactions with unitholders | | 640 | 163 |
| Distribution to unitholders | | (761) | (781) |
| Loss and total comprehensive expense for the period, after transactions with unitholders | | (121) | (618) |
| Profit for the period, before transactions with unitholders attributable to: | | | |
| Non-controlling interests | | (7) | (7) |
| Unitholders | | 647 | 170 |
| | | 640 | 163 |
| Basic earnings per unit (RMB) | 12 | 0.1178 | 0.0315 |

FINANCIAL INFORMATION

DISTRIBUTION STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

| | <u>2017</u> RMB million (unaudited) | <u>2016</u> RMB million (unaudited) |
|--|--|--|
| Profit for the period, before transactions with unitholders | 640 | 163 |
| Non-controlling interests | <u>7</u> | <u>7</u> |
| Profit for the period attributable to unitholders, before transactions with unitholders | <u>647</u> | <u>170</u> |
| Adjustments (<i>Note (i)</i>): | | |
| Manager's fees | 58 | 59 |
| Deferred tax | (27) | (71) |
| Distributable depreciation and amortisation | 106 | 106 |
| Decrease in fair value of investment properties | 361 | 334 |
| Net unrealised exchange gain on bank loans and loan front-end fee | (342) | - |
| Gain on bargain purchase on acquisition of subsidiaries | (85) | - |
| Fair value gain from top-up amount asset | <u>-</u> | <u>(2)</u> |
| | <u>71</u> | <u>426</u> |
| Distributable income | <u>718</u> | <u>596</u> |
| Additional items (<i>Note (ii)</i>): | | |
| Depreciation and amortisation arising from fair value adjustment | 20 | 10 |
| Net unrealised exchange loss on bank loans and loan front-end fee | - | 190 |
| Other cash distributions | <u>23</u> | <u>9</u> |
| | <u>43</u> | <u>209</u> |
| Amount available for distribution | <u>761</u> | <u>805</u> |
| Payout ratio (<i>Note (iii)</i>) | 100% | 97% |
| Distributions to unitholders | <u>761</u> | <u>781</u> |
| Distribution per unit (<i>RMB</i>) (<i>Note (iv)</i>) | <u>0.1377</u> | <u>0.1439</u> |

FINANCIAL INFORMATION

Notes:

(i) *Adjustments for the period include:*

- (a) *For the six months ended 30 June 2017, Manager's fees payable in units of RMB58 million (18,673,626 units estimated to be issued) out of the total Manager's fees of RMB88 million. The difference of RMB30 million is paid and payable in cash.*

For the six months ended 30 June 2016, Manager's fees payable in units of RMB59 million out of the total Manager's fees of RMB84 million. The difference of RMB25 million was payable in cash.

- (b) *Deferred tax charge of RMB11 million (2016: RMB13 million) in relation to accelerated tax depreciation and deferred tax credit of RMB38 million (2016: RMB84 million) in relation to change in fair value of investment properties.*
- (c) *Distributable depreciation and amortisation of the Beijing Oriental Plaza attributable to unitholders of RMB106 million (2016: RMB106 million) represented depreciation and amortisation of RMB106 million (2016: RMB106 million) less zero capital expenditure (2016: nil).*
- (d) *Decrease in fair value of investment properties of RMB361 million (2016: RMB334 million).*
- (e) *Net unrealised exchange loss on bank loans and loan front-end fee for the six months ended 30 June 2016 is shown in Note (ii)(2) below. For the six months ended 30 June 2017, there was a net unrealised exchange gain on bank loans and loan front-end fee of RMB342 million.*
- (f) *Gain on bargain purchase on acquisition of subsidiaries of RMB85 million (Note 19(a)) (2016: nil).*
- (g) *Fair value gain from top-up amount asset of RMB2 million for the six months ended 30 June 2016.*

Pursuant to the Trust Deed, interim/annual distributable income is defined as the amount calculated by the Manager as representing the consolidated profit attributable to unitholders for the relevant financial 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) *Additional items refer to any additional amount (include capital) to be (deducted) distributed as determined by the Manager pursuant to clause 11.4.1 of the Trust Deed. Additional items for the period include:*

- (1) *Depreciation and amortisation attributable to unitholders arising from fair value adjustment upon acquisition of Shenyang Lido Business Co. Ltd, Chongqing Dongguang Hotel Co., Ltd. (formerly known as Harbour Plaza Chongqing Co. Ltd.) ("Chongqing Hotel Company") and Chengdu Changtian Co., Ltd. totalling RMB20 million (2016: RMB10 million).*
- (2) *Net unrealised exchange loss on bank loans and loan front-end fee of RMB190 million for the six months ended 30 June 2016.*
- (3) *Other cash distributions of RMB23 million (2016: RMB9 million).*

(iii) *In accordance with the Trust Deed, Hui Xian REIT is required to distribute to unitholders not less than 90% of its distributable income for each financial period.*

Distributions to unitholders for the six months period ended 30 June 2017 represent a payout ratio of 100% (2016: 97%) of Hui Xian REIT's distributable income for the period.

(iv) *The distribution per unit of RMB0.1377 for the six months ended 30 June 2017 is calculated based on 100% of Hui Xian REIT's amount available for distribution of RMB760,535,258 over 5,523,493,330 units, representing issued units as at 30 June 2017. The distribution per unit of RMB0.1439 for the six months ended 30 June 2016 was calculated based on 97% of Hui Xian REIT's amount available for distribution of RMB805,569,982 over 5,428,677,596 units, representing issued units as at 30 June 2016.*

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

| | <u>NOTES</u> | <u>30.6.2017</u> RMB million (unaudited) | <u>31.12.2016</u> RMB million (audited) |
|--|--------------|--|---|
| Non-current assets | | | |
| Investment properties | 13 | 33,151 | 33,534 |
| Property, plant and equipment | 14 | 2,458 | 2,041 |
| Land and related costs | 15 | 4,525 | 3,974 |
| Goodwill | 19(b) | 2 | - |
| Total non-current assets | | <u>40,136</u> | <u>39,549</u> |
| Current assets | | | |
| Hotel inventories | | 27 | 26 |
| Land and related costs | 15 | 170 | 130 |
| Trade and other receivables | 16 | 129 | 163 |
| Bank balances and cash | | <u>7,282</u> | <u>7,072</u> |
| Total current assets | | <u>7,608</u> | <u>7,391</u> |
| Total assets | | <u>47,744</u> | <u>46,940</u> |
| Current liabilities | | | |
| Trade and other payables | 17 | 427 | 526 |
| Tenants' deposits | | 275 | 300 |
| Tax payable | | 55 | 101 |
| Manager's fee payable | | 83 | 81 |
| Distribution payable | | 761 | 718 |
| Bank loans | 18 | <u>5,535</u> | <u>893</u> |
| Total current liabilities | | <u>7,136</u> | <u>2,619</u> |
| Total assets less current liabilities | 23 | <u>40,608</u> | <u>44,321</u> |
| Non-current liabilities, excluding net assets attributable to unitholders | | | |
| Bank loans | 18 | 5,841 | 9,923 |
| Tenants' deposits | | 486 | 466 |
| Deferred tax liabilities | | <u>7,411</u> | <u>7,250</u> |
| Total non-current liabilities, excluding net assets attributable to unitholders | | <u>13,738</u> | <u>17,639</u> |
| Total liabilities, excluding net assets attributable to unitholders | | <u>20,874</u> | <u>20,258</u> |
| Non-controlling interests | | <u>359</u> | <u>243</u> |
| Net assets attributable to unitholders | | <u>26,511</u> | <u>26,439</u> |
| Units in issue ('000) | | <u>5,523,493</u> | <u>5,462,194</u> |
| Net asset value per unit (RMB) attributable to unitholders | 21 | <u>4.7997</u> | <u>4.8403</u> |

FINANCIAL INFORMATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

1. GENERAL

Hui Xian Real Estate Investment Trust ("Hui Xian REIT") is a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Hui Xian REIT was established on 1 April 2011 and had not carried on any operation prior to 29 April 2011 (date of listing), and its units were listed on The Stock Exchange of Hong Kong Limited (the "HKSE") since that date. Hui Xian REIT is governed by the Deed of Trust constituting Hui Xian REIT dated 1 April 2011 as amended by four supplemental deeds dated 24 May 2013, 16 May 2014, 28 May 2015 and 19 May 2017 (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 controlled entities (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.

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 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016, except as described below.

FINANCIAL INFORMATION

3. SIGNIFICANT ACCOUNTING POLICIES - continued

In the current period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants.

| | |
|-----------------------|--|
| Amendments to HKAS 7 | Disclosure Initiative |
| Amendments to HKAS 12 | Recognition of Deferred Tax Assets for Unrealised Losses |
| Amendments to HKFRSs | Amendments to HKFRS 12 included in Annual Improvements to HKFRSs 2014 - 2016 Cycle |

The Manager concluded that the application of the above amendments to HKFRSs had no material impact on the amounts reported and/or disclosures set out in the condensed consolidated financial statements but the application may have impact on disclosure in the consolidated financial statements for the year ending 31 December 2017.

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:

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

Hui Xian REIT completed two acquisitions of hotels as set out in note 19 during the six months ended 30 June 2017. The Manager has revised the reportable segments and Hui Xian REIT's internal reporting according to the nature of business operations at each property as shown above. The previous operating and reportable segment of "The Chongqing Property" segment has been reallocated to the segments of "Malls" and "Offices". As a result of the changes to reportable segments and segment presentation, the segment revenue and results and other segment information for the six months ended 30 June 2016 and segment assets as at 31 December 2016 has been re-presented to conform to the revised presentation.

FINANCIAL INFORMATION

4. SEGMENT REPORTING - continued

(a) Segment revenue and results

Six months ended 30 June 2017 (unaudited)

| | <u>Malls</u> RMB million | <u>Offices</u> RMB million | <u>Apartments</u> RMB million | <u>Hotels</u> RMB million | <u>Consolidated</u> RMB million |
|--|--------------------------------|----------------------------------|-------------------------------------|---------------------------------|---------------------------------------|
| Segment revenue | <u>657</u> | <u>603</u> | <u>73</u> | <u>250</u> | <u>1,583</u> |
| Segment profit | <u>494</u> | <u>451</u> | <u>39</u> | <u>67</u> | <u>1,051</u> |
| Decrease in fair value of investment properties | | | | | (361) |
| Finance costs | | | | | (130) |
| Depreciation and amortisation | | | | | (159) |
| Gain on bargain purchase on acquisition of subsidiaries | | | | | 85 |
| Unallocated income and gain | | | | | 472 |
| Unallocated expense | | | | | (76) |
| Profit before taxation and transactions with unitholders | | | | | <u>882</u> |

Six months ended 30 June 2016 (unaudited and restated)

| | <u>Malls</u> RMB million | <u>Offices</u> RMB million | <u>Apartments</u> RMB million | <u>Hotels</u> RMB million | <u>Consolidated</u> RMB million |
|--|--------------------------------|----------------------------------|-------------------------------------|---------------------------------|---------------------------------------|
| Segment revenue | <u>665</u> | <u>603</u> | <u>69</u> | <u>238</u> | <u>1,575</u> |
| Segment profit | <u>537</u> | <u>457</u> | <u>37</u> | <u>67</u> | <u>1,098</u> |
| Decrease in fair value of investment properties | | | | | (334) |
| Finance costs | | | | | (109) |
| Depreciation and amortisation | | | | | (138) |
| Increase in fair value of top-up amount asset | | | | | 2 |
| Unallocated income | | | | | 103 |
| Unallocated expense and loss | | | | | (254) |
| Profit before taxation and transactions with unitholders | | | | | <u>368</u> |

Segment profit represents the profit earned by each segment without allocation of the changes in fair value of investment properties and top-up amount asset, gain on bargain purchase on acquisition of subsidiaries, certain Manager's fees and real estate investment trust expenses, certain depreciation and amortisation expenses, certain other operating expenses, exchange gain (loss) and certain other income that are not directly related to each segmental activities and finance costs. This is the measure reported to the Manager for the purposes of resource allocation and performance assessment.

FINANCIAL INFORMATION

4. SEGMENT REPORTING - continued

(b) Segment assets

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

| | <u>30.6.2017</u> RMB million (unaudited) | <u>31.12.2016</u> RMB million (audited and restated) |
|---------------------------|---|---|
| Malls | 17,479 | 17,892 |
| Offices | 15,845 | 15,813 |
| Apartments | 2,424 | 1,938 |
| Hotels | 4,863 | 4,307 |
| Total segment assets | 40,611 | 39,950 |
| Bank balances and cash | 7,048 | 6,884 |
| Other assets | 85 | 106 |
| Consolidated total assets | <u>47,744</u> | <u>46,940</u> |

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

(c) Geographical information

All of the Group's revenue is derived from activities and customers located in the PRC and the Group's non-current assets are all located in Beijing, Chongqing, Shenyang and Chengdu, 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 2017 (unaudited)

| | <u>Malls</u> RMB million | <u>Offices</u> RMB million | <u>Apartments</u> RMB million | <u>Hotels</u> RMB million | <u>Consolidated</u> RMB million |
|---|--------------------------------|----------------------------------|-------------------------------------|---------------------------------|---------------------------------------|
| Depreciation of property, plant and equipment | 1 | 1 | 1 | 2 | 5 |

FINANCIAL INFORMATION

4. SEGMENT REPORTING - continued

(d) Other segment information- continued

Six months ended 30 June 2016 (unaudited)

| | <u>Malls</u> RMB million | <u>Offices</u> RMB million | <u>Apartments</u> RMB million | <u>Hotels</u> RMB million | <u>Consolidated</u> RMB million |
|--|--------------------------------|----------------------------------|-------------------------------------|---------------------------------|---------------------------------------|
| Depreciation of property, plant and equipment | 1 | 1 | 1 | 1 | 4 |

5. REVENUE

| | <u>2017</u> RMB million (unaudited) | <u>2016</u> RMB million (unaudited) |
|---|---|---|
| Gross rental from investment properties | 1,193 | 1,237 |
| Income from hotel operation | 250 | 238 |
| Income from serviced apartments operation | 73 | 69 |
| Rental related income | 67 | 31 |
| Total revenue | 1,583 | 1,575 |

The gross rental from investment properties includes contingent rents of RMB5 million (2016: RMB7 million).

The direct operating expense from investment properties (includes mainly certain other operating expenses, certain Manager's fees and staff costs) amounting to RMB316 million (2016: RMB274 million).

6. OTHER INCOME

| | <u>2017</u> RMB million (unaudited) | <u>2016</u> RMB million (unaudited) |
|----------------------------|---|---|
| Interest income from banks | 132 | 102 |
| Government subsidies | 1 | 4 |
| Others | 2 | 1 |
| Total | 135 | 107 |

FINANCIAL INFORMATION

7. OTHER OPERATING EXPENSES

| | <u>2017</u> RMB million (unaudited) | <u>2016</u> RMB million (unaudited) |
|--|---|---|
| Advertising and promotion | 10 | 10 |
| Audit fee | 1 | 1 |
| Business tax | - | 62 |
| Insurance | 3 | 3 |
| Lease agency fee | 14 | 15 |
| Property manager's fee | 22 | 25 |
| Property management fees | 37 | 38 |
| Repairs and maintenance | 35 | 34 |
| Other miscellaneous expenses (<i>Note</i>) | 82 | 70 |
| Stamp duty | 2 | 1 |
| Urban land use tax | 2 | 1 |
| Urban real estate tax | 150 | 62 |
| Utilities | 51 | 51 |
| Value added tax and surcharges | 9 | 3 |
| | <u>418</u> | <u>376</u> |

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

8. FINANCE COSTS

| | <u>2017</u> RMB million (unaudited) | <u>2016</u> RMB million (unaudited) |
|--|---|---|
| Interest expense on unsecured bank loans | <u>130</u> | <u>109</u> |

9. MANAGER'S FEES

| | <u>2017</u> RMB million (unaudited) | <u>2016</u> RMB million (unaudited) |
|-----------------|---|---|
| Base Fee | 61 | 61 |
| Variable Fee | 22 | 23 |
| Acquisition Fee | 5 | - |
| | <u>88</u> | <u>84</u> |

FINANCIAL INFORMATION

10. REAL ESTATE INVESTMENT TRUST EXPENSES

| | <u>2017</u> RMB million (unaudited) | <u>2016</u> RMB million (unaudited) |
|-------------------------------------|--|--|
| Trustee's fee | 2 | 2 |
| Legal and professional fees | 5 | 1 |
| Public relations - related expenses | 1 | 1 |
| | <u>8</u> | <u>4</u> |

11. INCOME TAX EXPENSE

| | <u>2017</u> RMB million (unaudited) | <u>2016</u> RMB million (unaudited) |
|-----------------------------------|--|--|
| The income tax expense comprises: | | |
| Current tax | | |
| - PRC Enterprise Income Tax | 236 | 242 |
| - Withholding tax | - | 61 |
| Deferred taxation | 6 | (98) |
| | <u>242</u> | <u>205</u> |

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

PRC Enterprise Income Tax was provided at the applicable enterprise income tax rate of 25% on the estimated assessable profits of Hui Xian REIT'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.

12. EARNINGS PER UNIT

The earnings per unit is calculated by dividing the profit for the period attributable to unitholders before transactions with unitholders of RMB647 million (2016: RMB170 million) by 5,489,340,542 units (2016: 5,403,295,133 units) being the weighted average number of units in issue during the period of 5,479,952,144 units (2016: 5,393,954,206 units), plus the weighted average number of units issuable for settlement of Manager's fees for the period from 1 January 2017 to 30 June 2017 of 9,388,398 units (2016: for the period from 1 January 2016 to 30 June 2016 of 9,340,927 units).

FINANCIAL INFORMATION

13. INVESTMENT PROPERTIES

| | <u>30.6.2017</u> RMB million (unaudited) | <u>31.12.2016</u> RMB million (audited) |
|---|---|--|
| FAIR VALUE | | |
| At the beginning of the period/year | 33,534 | 34,060 |
| Additions | 10 | 33 |
| Decrease in fair value recognised in profit or loss | (361) | (450) |
| Transferred to property, plant and equipment | (3) | (27) |
| Transferred to land and related costs | (29) | (82) |
| At the end of the period/year | <u>33,151</u> | <u>33,534</u> |

- (a) The Group's investment properties held under operating leases are located in Beijing and Chongqing, the PRC under medium-term leases and are measured using the fair value model.
- (b) Investment properties were revalued on 30 June 2017 and 31 December 2016 by D&P China (HK) Limited and Knight Frank Petty Limited, independent valuers with appropriate professional qualifications and experiences in the valuation of similar properties in the relevant locations respectively.

14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group acquired property, plant and equipment of RMB492 million through acquisitions of subsidiaries (Note 19). The Group also acquired other property, plant and equipment of RMB11 million (2016: RMB5 million) and an amount of RMB3 million (2016: RMB16 million) was transferred from investment properties.

Items of plant and equipment with a net book value of RMB2 million were disposed of during the six months ended 30 June 2017 (2016: nil).

15. LAND AND RELATED COSTS

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

| | <u>30.6.2017</u> RMB million (unaudited) | <u>31.12.2016</u> RMB million (audited) |
|-------------------|---|--|
| Non-current asset | 4,525 | 3,974 |
| Current asset | 170 | 130 |
| | <u>4,695</u> | <u>4,104</u> |

During the six months ended 30 June 2017, an amount of RMB29 million (2016: RMB45 million) was transferred from investment properties.

FINANCIAL INFORMATION

16. TRADE AND OTHER RECEIVABLES

| | <u>30.6.2017</u> RMB million (unaudited) | <u>31.12.2016</u> RMB million (audited) |
|---|---|--|
| Trade receivables | 39 | 44 |
| Deposits and prepayments | 9 | 19 |
| Advance to suppliers | 27 | 19 |
| Interest receivables | 39 | 25 |
| Top-up amount receivable (<i>Note 20</i>) | - | 42 |
| Other receivables | 15 | 14 |
| | <u>129</u> | <u>163</u> |

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

| | <u>30.6.2017</u> RMB million (unaudited) | <u>31.12.2016</u> RMB million (audited) |
|-------------------------------|---|--|
| Less than or equal to 1 month | 28 | 35 |
| 1 - 3 months | 6 | 2 |
| Over 3 months | 5 | 7 |
| | <u>39</u> | <u>44</u> |

17. TRADE AND OTHER PAYABLES

| | <u>30.6.2017</u> RMB million (unaudited) | <u>31.12.2016</u> RMB million (audited) |
|----------------------------|---|--|
| Trade payables | 65 | 73 |
| Rental received in advance | 223 | 218 |
| Others (<i>Note</i>) | 139 | 235 |
| | <u>427</u> | <u>526</u> |

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

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

| | <u>30.6.2017</u> RMB million (unaudited) | <u>31.12.2016</u> RMB million (audited) |
|--------------------------------|---|--|
| Less than or equal to 3 months | 51 | 45 |
| Over 3 months | 14 | 28 |
| | <u>65</u> | <u>73</u> |

FINANCIAL INFORMATION

18. BANK LOANS

| | <u>30.6.2017</u> RMB million (unaudited) | <u>31.12.2016</u> RMB million (audited) |
|----------------------|---|--|
| Unsecured term loans | 11,434 | 10,891 |
| Loan front-end fees | (58) | (75) |
| | <u>11,376</u> | <u>10,816</u> |

The maturities of the above bank loans are as follows:

| | | |
|--|---------------------|--------------|
| Within one year | 5,535 | 893 |
| More than one year but not exceeding two years | 1,899 | 6,399 |
| More than two years but not exceeding five years | 3,942 | 3,524 |
| | 11,376 | 10,816 |
| Less: Amounts shown under current liabilities | (5,535) | (893) |
| Amount due after one year | <u>5,841</u> | <u>9,923</u> |

In relation to the credit facility of HK\$1,000 million (equivalent to RMB868 million) granted to the Group on 9 January 2017 to finance the general corporate funding requirements of the Group, including but not limited to the funding for repayment of any amounts outstanding under existing loan facilities and financing acquisitions of subsidiaries by Hui Xian REIT, the total amount of the credit facility utilised by the Group as at 30 June 2017 was HK\$1,000 million (equivalent to RMB868 million). It bears interest at floating interest rate of Hong Kong Interbank Offered Rate ("HIBOR") plus 0.85% and is repayable in full in February 2020.

In relation to the credit facility of HK\$800 million (equivalent to RMB694 million) granted to the Group on 27 April 2017 to refinance the credit facility granted by the same lenders in May 2014, the total amount of the credit facility utilised by the Group as at 30 June 2017 was HK\$800 million (equivalent to RMB694 million) (31 December 2016: HK\$800 million (equivalent to RMB716 million)). It bears interest at floating interest rate of HIBOR plus 0.80% per annum and is repayable in full in May 2020.

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

FINANCIAL INFORMATION

19. ACQUISITIONS OF SUBSIDIARIES

During the six months ended 30 June 2017, Hui Xian REIT acquired Highsmith (HK) Limited ("Highsmith HK") and its subsidiaries ("Highsmith HK Group") and Chengdu Investment Limited ("Chengdu Investment") and its subsidiaries ("Chengdu Investment Group"), detailed information is illustrated below:

- (a) On 28 February 2017, the Group completed the acquisition of Harbour Plaza Chongqing through acquisition of the entire issued share capital of Highsmith HK from Highsmith Limited, which was indirectly wholly-owned by Cheung Kong Property Holdings Limited ("Cheung Kong Property"), a connected and related party of the Group, at a consideration of RMB256 million. Highsmith HK holds the entire equity interests in Chongqing Hotel Company which operates Harbour Plaza Chongqing. This transaction has been accounted for as business combination using acquisition accounting. Upon completion of the acquisition, Highsmith HK became a wholly-owned subsidiary of the Group. After re-assessment by the Manager, the provisional fair value of net identifiable assets exceeded the purchase consideration, resulting in a bargain purchase gain of RMB85 million. The Manager considers that the gain is resulted from an attractive consideration after negotiations between the Group and Cheung Kong Property.

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

| | RMB million |
|---|-------------|
| Property, plant and equipment | 97 |
| Land and related costs | 312 |
| Trade and other receivables, deposits and prepayments | 4 |
| Inventories | 1 |
| Bank balances and cash | 9 |
| Trade and other payables | (8) |
| Deferred tax liabilities | (74) |
| Total | 341 |
| Gain on bargain purchase on acquisition of subsidiaries | 85 |
| Consideration, satisfied by cash | 256 |

| | RMB million |
|--|-------------|
| Net cash outflow arising on acquisition: | |
| Consideration paid in cash | 256 |
| Less: bank balances and cash acquired | (9) |
| Total | 247 |

FINANCIAL INFORMATION

19. ACQUISITIONS OF SUBSIDIARIES - continued

(a) - continued

Included in profit for the period, before transactions with unitholders is a profit of RMB76 million (including the gain on bargain purchase of RMB85 million) attributable to the business combination of the Highsmith HK Group. Revenue for the period includes RMB13 million generated from Highsmith HK Group.

If the above acquisition had been completed on 1 January 2017, the Group's total revenue for the period would have been RMB1,589 million, and profit for the period, before transactions with unitholders would have been RMB634 million. The pro forma information is for illustration purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2017, nor is it intended to be a projection of future results.

Acquisition-related costs amounting to RMB5 million have been excluded from the consideration transferred and have been recognised as expense in the current period, are included in "other operating expenses" and "manager's fees" on the face of the condensed consolidated statement of comprehensive income.

- (b) On 8 March 2017, the Group completed the acquisition of 69% interest in Sheraton Chengdu Lido Hotel through acquisition of the entire issued share capital of Chengdu Investment from Yick Ho Limited, which was indirectly wholly-owned by Cheung Kong Property, a connected and related party of the Group, at a consideration of RMB276 million. Chengdu Investment is the foreign joint venture party of Chengdu Changtian Co. Ltd. ("Chengdu Changtian"), a sino-foreign co-operative joint venture enterprise established in the PRC which operates Sheraton Chengdu Lido Hotel. The transaction has been accounted for as business combination using acquisition accounting. Upon completion of the acquisition, Chengdu Changtian became a non-wholly owned subsidiary controlled by the Group.

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

| | RMB million |
|---|-------------|
| Property, plant and equipment | 395 |
| Land and related cost | 327 |
| Trade and other receivables, deposits and prepayments | 3 |
| Inventories | 1 |
| Bank balances and cash | 29 |
| Trade and other payables | (15) |
| Loans from a connected party | (262) |
| Deferred tax liabilities | (81) |
| Total | 397 |
| Non-controlling interests | (123) |
| Goodwill arising on acquisition | 2 |
| Consideration, satisfied by cash | 276 |

FINANCIAL INFORMATION

19. ACQUISITIONS OF SUBSIDIARIES - continued

(b) - continued

Simultaneous with completion of the acquisition, the Group purchased the loans owed by Chengdu Changtian to a connected and related party of the Group, Huge Grace Enterprises Limited ("Huge Grace"), which is indirectly wholly-owned by Cheung Kong Property, with principal amount together with after tax accrued interests totaled to approximately HK\$295 million (equivalent to RMB262 million).

The non-controlling interests recognised at the acquisition dates in respect of the acquisitions for the six months ended 30 June 2017 were measured by reference to the proportionate share of fair values of the acquirees' net assets at the acquisition dates and amounted to RMB397 million.

| | RMB million |
|--|-------------------|
| Net cash outflow arising on acquisition: | |
| Consideration paid in cash | 276 |
| Less: bank balances and cash acquired | <u>(29)</u> |
| Total | <u><u>247</u></u> |

Included in profit for the period, before transactions with unitholders is a loss of RMB1 million attributable to the business combination of the Chengdu Investment Group. Revenue for the period includes RMB26 million generated from Chengdu Investment Group.

If the above acquisition had been completed on 1 January 2017, the Group's total revenue for the period would have been RMB1,598 million, and profit for the period, before transactions with unitholders would have been RMB639 million. The pro forma information is for illustration purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2017, nor is it intended to be a projection of future results.

Acquisition-related costs amounting to RMB6 million have been excluded from the consideration transferred and have been recognised as expense in the current period, are included in "other operating expenses" and "manager's fees" on the face of the condensed consolidated statement of comprehensive income.

In determining the pro-forma profit of the Group had Highsmith HK Group and Chengdu Investment Group been acquired at the beginning of the current period, the Manager has calculated depreciation/amortisation of plant and equipment and land and related costs acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements.

FINANCIAL INFORMATION

19. ACQUISITIONS OF SUBSIDIARIES - continued

The fair values of the property, plant and equipment and land and related costs of Highsmith HK Group and Chengdu Investment Group at the respective dates of acquisition have been arrived at on the basis of valuations carried out on the respective dates by D&P China (HK) Limited, a firm of independent and qualified professional valuers. The valuations of the property, plant and equipment and land and related costs were principally based on income approach by the projection of a series of periodic cash flows generated from the hotel operations of Highsmith HK Group and Chengdu Investment Group.

The Manager considers that the acquisitions offer a good opportunity to expand the properties investment portfolio of Hui Xian REIT, which are expected to bring in returns to the unitholders in the long run.

Highsmith Limited, Yick Ho Limited and Huge Grace are associated companies of Hui Xian (Cayman Islands) Limited ("Hui Xian Cayman"), a significant unitholder of Hui Xian REIT and are subsidiaries of Cheung Kong Property.

20. TOP-UP AMOUNT ASSET

On 2 March 2015, the Group completed the acquisition of Metropolitan Oriental Plaza through acquisition of the entire equity interest in Chongqing Investment Limited ("Chongqing Investment"). Pursuant to the agreement, Cheerjoy Limited ("Cheerjoy") and Joinpower Holdings Ltd. ("Joinpower") as the vendors have guaranteed the Group that the Chongqing Company's Total Income (as defined in the agreement) shall not be less than RMB299.28 million per annum ("Guaranteed Income Level") in respect of five financial years ending 31 December 2015, 2016, 2017, 2018 and 2019 ("Relevant Period"). The total top-up amount is subject to a maximum amount of RMB100 million for the Relevant Period.

The top-up amount received from Cheerjoy and Joinpower in respect of the twelve months ended 31 December 2016, which represents the shortfall of the Total Income and Guaranteed Income Level of the Chongqing Company, was RMB42 million. As at 31 December 2016, the total amount receivable in respect of the financial year ended 31 December 2015 and 2016 has reached the maximum amount of RMB100 million and accordingly the top-up amount asset had no value as at 31 December 2016.

Top-up amount asset was accounted for as a financial derivative and was measured at fair value at 31 December 2016. The Group applied a valuation model that has taken into account the expected future cash flows based on market rents and discount rate. A fair value gain of RMB2 million was credited to the condensed consolidated statement of comprehensive income during the six months ended 30 June 2016.

Cheerjoy and Joinpower are associated companies of Hui Xian Cayman, a significant unitholder of Hui Xian REIT and are subsidiaries of Cheung Kong Property.

FINANCIAL INFORMATION

21. NET ASSET VALUE PER UNIT ATTRIBUTABLE TO UNITHOLDERS

The net asset value per unit is calculated based on the net assets attributable to unitholders as at 30 June 2017 of RMB26,511 million (2016: RMB26,439 million) and the total number of 5,523,493,330 units in issue as at 30 June 2017 (2016: 5,462,193,939 units).

22. NET CURRENT ASSETS

As at 30 June 2017, the Group's net current assets, defined as total current assets less total current liabilities, amounted to RMB472 million (2016: RMB4,772 million).

23. TOTAL ASSETS LESS CURRENT LIABILITIES

As at 30 June 2017, the Group's total assets less current liabilities amounted to RMB40,608 million (2016: RMB44,321 million).