



**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

INTERIM REPORT  
2018

东方新天地第五街  
5TH STREET

## **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 (as manager of Hui Xian REIT), and DB Trustees (Hong Kong) Limited (“Trustee”) (as amended, modified or supplemented 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 indirectly owned as to 70% by CK Asset Holdings Limited and 30% by ARA Asset Management Limited.



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# FINANCIAL HIGHLIGHTS

For the period from 1 January 2018 to 30 June 2018 (“Reporting Period”)

	Six months ended 30 Jun 2018	Six months ended 30 Jun 2017	Percentage Change
Total Revenue (RMB million)	<b>1,594</b>	1,583	+0.7%
Net Property Income (RMB million)	<b>1,035</b>	1,051	-1.5%
Amount Available for Distribution (RMB million)	<b>804</b>	761	+5.7%
Distributions to Unitholders (RMB million)	<b>804</b>	761	+5.7%
Distribution per Unit (RMB)	<b>0.1414</b>	0.1377	+2.7%
Payout Ratio	<b>100%</b>	100%	N/A
Annualised Distribution Yield	<b>8.9%<sup>(1)</sup></b>	8.9% <sup>(2)</sup>	N/A

Notes:

- (1) Based on the closing price of the units of Hui Xian REIT (“Units”) on 29 June 2018 and the actual distribution amount for the period from 1 January 2018 to 30 June 2018.
- (2) Based on the closing price of Units on 30 June 2017 and the actual distribution amount for the period from 1 January 2017 to 30 June 2017.

# CHAIRMAN'S STATEMENT

## RESULTS AND DISTRIBUTION

During the Reporting Period, the total revenue was RMB1,594 million (2017: RMB1,583 million). Net property income ("NPI") amounted to RMB1,035 million (2017: RMB1,051 million).

The Distributions to Unitholders for the Reporting Period was RMB804 million, an increase of 5.7% year-on-year. The distribution per unit ("DPU") was RMB0.1414, up 2.7% over the same period last year. This represented an annualised distribution yield of 8.9% based on the closing unit price of RMB3.19 on 29 June 2018.

## BUSINESS ENVIRONMENT IN CHINA

The first half of 2018 was marked by rising trade tensions and conflicts, protectionism and mounting geopolitical concerns, creating uncertainties in the global economy.

The impact of the US-China trade war on China and its currency, Renminbi, has yet to fully surface. In the first half of 2018, the country's gross domestic product ("GDP") grew by 6.8% year-on-year according to the National Bureau of Statistics of China. Disposable income per capita was RMB14,063, up 8.7%. Total retail sales of consumer goods increased 9.4% to RMB18,002 billion.

## BUSINESS REVIEW

Against a backdrop of economic uncertainty, Hui Xian REIT's business continues to progress steadily. Its portfolio comprises office towers, shopping centres, serviced apartments and hotels across four key cities in China, and its floor area under management is over 1.1 million square metres.

### (1) Office Portfolio

Hui Xian REIT's office portfolio consists of two office developments, namely The Tower Offices at Beijing Oriental Plaza and The Tower at Chongqing Metropolitan Oriental Plaza. During the Reporting Period, NPI was RMB477 million, a year-on-year increase of 5.6%.

Beijing's office market has shown resilience during the first half of 2018. Leasing demand continued to be driven by domestic companies, particularly those in the financial, and technology, media, and telecom ("TMT") sectors.

The Tower Offices at Beijing Oriental Plaza maintained a high occupancy rate of 96.0% (2017: 95.2%). Average monthly passing rent was RMB292 per square metre, an increase of 3.9%. Average monthly spot rent was RMB332, similar to last year's level.

Chongqing's office market continued to be highly competitive due to the escalating new supply. Located at Jiefangbei Central Business District ("CBD"), The Tower at Chongqing Metropolitan Oriental Plaza recorded an average occupancy rate of 92.3% (2017: 86.0%), while average monthly passing rent was RMB117 per square metre (2017: RMB122 per square metre).

## CHAIRMAN'S STATEMENT

### **(2) Retail Portfolio**

China's retail market remains competitive. New supply of shopping centres, consolidation of retail brands and the Central Government's ongoing anti-extravagance campaign continue to bring challenges to the retail leasing market. Rapid expansion of e-commerce poses further threats to brick-and-mortar stores. The country's online retail sales of physical goods surged 29.8% in the first half of 2018 to RMB3,128 billion, accounting for 17.4% of the total retail sales of consumer goods.

Hui Xian REIT's retail portfolio consists of two shopping centres at Beijing Oriental Plaza and Chongqing Metropolitan Oriental Plaza. NPI decreased 9.0% year-on-year to RMB450 million.

Despite the challenging market conditions, The Malls at Beijing Oriental Plaza continues to be popular among retailers and shoppers for its prime location in Wangfujing and high footfall.

In the face of strong headwinds, The Malls proactively seeks freshness and diversity to appeal to the growing young affluent consumers in China. Having successfully recruited two new electric vehicle flagship centres, a high-end supermarket and a number of food and beverage outlets, occupancy rate was maintained at a high level of 97.2% (2017: 97.9%). Average monthly passing rent, however, was down by 3.1% to RMB1,126 per square metre, as the renewals and new lettings were signed at a relatively lower rate than that of prior years.

In the first half of 2018, the comprehensive asset enhancement and tenant revamp programme continued at Chongqing Metropolitan Oriental Plaza mall. During the Reporting Period, occupancy rate was 85.2% (2017: 73.5%) and average monthly passing rent was RMB166 per square metre (2017: RMB201 per square metre).

### **(3) Serviced Apartment Portfolio**

In Beijing, leasing demand for well-managed downtown serviced apartments continues to rise. To capture this business opportunity, 107 Grand Hyatt Beijing hotel rooms were converted into furnished serviced apartments in 2017, becoming part of The Towers Apartment at Beijing Oriental Plaza. Occupancy rate grew to 92.8% from 85.7% a year ago. NPI has achieved a strong growth of 21.3% to RMB47 million.

### **(4) Hotel Portfolio**

As at 30 June 2018, Hui Xian REIT's hotel portfolio consisted of four five-star hotels located in four cities in China: Grand Hyatt Beijing, Sheraton Chengdu Lido Hotel, Sofitel Shenyang Lido and Harbour Plaza Chongqing. The aggregate NPI was down by 7.7% year-on-year to RMB61 million, primarily impacted by the asset enhancement programmes at two of the hotels.

Both Sofitel Shenyang Lido and Harbour Plaza Chongqing are currently undergoing renovation. With a portion of room inventory being unavailable for sale during this renovation period, their business performances were affected. Sofitel Shenyang Lido's occupancy rate and average room rate per night were down to 28.8% and RMB446 respectively. Harbour Plaza Chongqing's occupancy rate dropped to 40.1% and average room rate per night was down to RMB375.

Sheraton Chengdu Lido Hotel and Grand Hyatt Beijing delivered satisfactory performance during the Reporting Period. Revenue and NPI of Sheraton Chengdu Lido Hotel were increased over the previous year. Average room rate per night was RMB562 and occupancy rate was 70.3%. Revenue per available room ("RevPAR") was RMB395.

Grand Hyatt Beijing recorded satisfactory growth in revenue and NPI. The number of rooms sold in the first half of 2018 was 9.4% higher than that of the same period last year. Occupancy rate was 74.8%, compared to 68.3% a year ago, while average room rate per night was RMB1,240 (2017: RMB1,292). RevPAR was RMB928, an increase of 5.1%.

### **STRONG FINANCIAL POSITION**

Hui Xian REIT continues to adhere to its prudent financial management strategy. As at 30 June 2018, bank balances and cash on hand amounted to RMB6,995 million and total debts amounted to RMB10,384 million. Debts to gross asset value ratio was 22.0%. Hui Xian REIT is well-placed to capitalise on investment opportunities as they arise.

### **OUTLOOK**

2018 is a year of transition and transformation for Hui Xian REIT. A series of asset enhancement initiatives are underway.

At Beijing Oriental Plaza, riding on the success of The Tower Apartments, we plan to further capitalise on this opportunity by converting more hotel rooms into serviced apartment units for leasing.

The asset enhancement programme at Sofitel Shenyang Lido has made good progress. Renovation work to convert several floors of hotel rooms into serviced apartments is near completion. With a portfolio of 134 serviced apartment units, a serviced apartment division will be launched in the second half of 2018 under the brand "The Residences at Sofitel Shenyang Lido", offering a new level of comfort and privacy for guests with a dedicated entrance, lobby and lifts. Renovation of hotel rooms is also expected to be completed by the end of 2018.

## CHAIRMAN'S STATEMENT

In Chongqing, we aim to replicate the success of Beijing Oriental Plaza by integrating the retail, office and hotel businesses into a comprehensive mixed-use project. Renovation at the mall is taking shape and the tenant revamp programme also is progressing well. The hotel is currently undergoing an extensive asset enhancement programme. In March 2018, Hui Xian REIT announced that it had signed an agreement to engage Hyatt to manage the renovated hotel and slated to be relaunched as a Hyatt hotel in early 2019. The complex, to be named as "Chongqing Oriental Plaza", will become Hui Xian REIT's second project under the Oriental Plaza brand.

We are confident that the ongoing asset management and enhancement initiatives would enable Hui Xian REIT's portfolio to stay competitive, maintain steady growth and provide Unitholders with a stable and sustainable distribution.

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

**H L KAM**

*Chairman*

**Hui Xian Asset Management Limited**

*(as manager of Hui Xian Real Estate Investment Trust)*

Hong Kong, 27 July 2018

# MANAGEMENT DISCUSSION AND ANALYSIS

## PORTFOLIO HIGHLIGHTS

As at 30 June 2018, 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<sup>#</sup>) ("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 turns 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<sup>#</sup>), which holds 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<sup>#</sup>) ("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 Oriental Plaza Hotel Co., Ltd <sup>#</sup>), which holds 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.<sup>#</sup>) ("Chengdu Changtian"). Chengdu Investment Limited is entitled to 69% interest 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

^ Previously translated as Chongqing Dongguang Hotel Co., Ltd.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OPERATIONS REVIEW

#### (1) Office Portfolio

Hui Xian REIT's office portfolio consists of (i) The Tower Offices at Beijing Oriental Plaza and (ii) The Tower at Chongqing Metropolitan Oriental Plaza. During the Reporting Period, revenue increased 6.2% year-on-year to RMB640 million. NPI was up by 5.6% year-on-year to RMB477 million.

#### (i) *The Tower Offices at Beijing Oriental Plaza*

During the Reporting Period, Beijing's office market remained stable. Domestic companies, especially those from the financial and TMT industries, continued to be key drivers of leasing demand. Multinational corporations have become conservative in regards to office expansion plans.

Consisting of eight towers of over 300,000 square metres of Grade A office space, The Tower Offices at Beijing Oriental Plaza provide stable rental income from a diversified tenant base across different 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 RMB606 million, up by 6.2% year-on-year. NPI was RMB456 million, an increase of 5.7% year-on-year. Average monthly passing rent was RMB292 per square metre, up 3.9% over the previous year. Average monthly spot rent was RMB332 per square metre. Rental reversion was 5.5%. Average occupancy rate was 96.0%.

#### (ii) *The Tower at Chongqing Metropolitan Oriental Plaza*

Chongqing's office market remained competitive during the Reporting Period due to the continual influx of new supply, thus both rental and occupancy rates were under pressure.

Strategically located in the heart of Jiefangbei CBD, The Tower at Chongqing Metropolitan Oriental Plaza is home to a number of consulates as well as multinational and domestic corporations from a wide array of industries, including insurance and financial services, electronics, logistics and healthcare. Among new tenants are ZWILLING, Bosch Appliances and Nutricia. Existing tenants, such as Mitsubishi and Kuehne + Nagel, have also expanded their offices.

The Tower's revenue grew by 6.7% year-on-year to RMB34 million. NPI was up by 4.8% year-on-year to RMB21 million. Average occupancy rate has increased to 92.3% (2017: 86.0%). Average monthly passing rent and the monthly spot rent were RMB117 per square metre (2017: RMB122 per square metre) and RMB119 per square metre (2017: RMB120 per square metre) respectively.

## (2) Retail Portfolio

Hui Xian REIT's retail portfolio comprises two large-scale shopping centres in Beijing and Chongqing, providing about 220,000 square metres of retail space. During the Reporting Period, revenue fell by 8.0% year-on-year to RMB605 million. NPI dropped 9.0% year-on-year to RMB450 million.

### (i) *The Malls at Beijing Oriental Plaza*

Beijing's GDP increased 6.8% year-on-year to RMB1,405 billion in the first half of 2018 according to the Beijing Municipal Bureau of Statistics. Retail sales of consumer goods increased 4.4% to RMB540 billion. Disposable income per capita of Beijing's urban residents grew 8.8% to RMB33,743.

Revenue of The Malls at Beijing Oriental Plaza was RMB559 million (2017: RMB607 million). NPI was RMB427 million (2017: RMB473 million). Average monthly passing rent was RMB1,126 per square metre, a decrease of 3.1% year-on-year. Average occupancy rate was 97.2%.

In the first half of 2018, The Malls welcomed a number of new brands, such as Emporio Armani, Kate Spade New York, GIADA, Hush Puppies, OSIM and Bruno Caffe and Easyond. Occupying 2,100 square metres, Easyond is the first high-end supermarket in Wangfujing district offering a wide range of imported goods.

### (ii) *The Mall at Chongqing Metropolitan Oriental Plaza*

In the first quarter of 2018, Chongqing's GDP grew 7.0% year-on-year to RMB466 billion. Disposable income per capita of its urban residents was up by 8.6% year-on-year to RMB10,196. Retail sales of consumer goods during the first five months of 2018 increased 10.5% year-on-year.

Chongqing Metropolitan Oriental Plaza mall is currently undergoing a large-scale asset enhancement programme, including a modern interior and exterior facelift, and further enhancement of its connectivity with the adjacent office tower and hotel.

Average monthly passing rent was RMB166 per square metre and average occupancy rate was 85.2%. We continued to refine the tenant mix and a variety of new tenants from the fashion and accessories, food and beverage, health and fitness, games and entertainment, beauty services and education sectors were recruited to the shopping centre.

## (3) Serviced Apartment Portfolio

There is an increasing demand for high quality and well-located serviced apartments in Beijing.

Hui Xian REIT's serviced apartment portfolio comprises The Tower Apartments at Beijing Oriental Plaza, offering 720 apartment units for leasing. During the Reporting Period, revenue increased 12.6% year-on-year to RMB83 million. NPI grew 21.3% year-on-year to RMB47 million. Average occupancy rate rose to 92.8% (2017: 85.7%).

## MANAGEMENT DISCUSSION AND ANALYSIS

### **(4) Hotel Portfolio**

Hui Xian REIT's hotel portfolio has four five-star hotels: Grand Hyatt Beijing at Beijing Oriental Plaza, Sheraton Chengdu Lido Hotel (69% interest), Sofitel Shenyang Lido (70% interest) and Harbour Plaza Chongqing. The aggregate revenue was RMB266 million, an increase of 6.7% year-on-year. NPI was RMB61 million, down by 7.7% year-on-year.

#### **(i) Sofitel Shenyang Lido, Shenyang (70% interest)**

The ongoing asset enhancement programme at Sofitel Shenyang Lido has affected its revenue and occupancy level. Average occupancy rate and average room rate per night were 28.8% and RMB446 respectively.

#### **(ii) Harbour Plaza Chongqing**

Harbour Plaza Chongqing's average occupancy rate was 40.1% and average room rate per night was RMB375. In March 2018, Hui Xian REIT announced that it has engaged Hyatt to manage this hotel after the extensive renovation is completed. Scheduled to relaunch in early 2019, the Hyatt-managed hotel will become an integral part of Chongqing Oriental Plaza.

#### **(iii) Sheraton Chengdu Lido Hotel (69% interest)**

Average occupancy rate of Sheraton Chengdu Lido Hotel was 70.3% and average room rate was RMB562. RevPAR was RMB395.

#### **(iv) Grand Hyatt Beijing, Beijing**

According to the Beijing Municipal Bureau of Statistics, the capital city's tourist arrivals during the first half of 2018 increased 2.9% year-on-year to 1.9 million.

Average occupancy rate of the 718-room Grand Hyatt Beijing was 74.8%, up from 68.3% a year ago. Average room rate per night fell 4.0% year-on-year to RMB1,240. RevPAR increased 5.1% year-on-year to RMB928.

## **FINANCIAL REVIEW**

### **Net Property Income**

The net property income was RMB1,035 million for the six months ended 30 June 2018.

### **Distributions**

#### **Distribution Amount**

Hui Xian REIT will distribute a total of RMB804 million ("2018 Interim Distribution") to Unitholders for the six months ended 30 June 2018. The 2018 Interim Distribution represents 100% of Hui Xian REIT's total amount available for distribution during the period from 1 January 2018 to 30 June 2018 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 RMB289 million (2017: RMB173 million).

### ***Distribution per Unit***

The interim DPU for the period from 1 January 2018 to 30 June 2018 is RMB0.1414 based on the number of outstanding Units on 30 June 2018. This represents an annualised distribution yield of 8.9% based on the closing unit price of RMB3.19 on 29 June 2018.

### **Closure of Register of Unitholders**

The record date for the 2018 Interim Distribution will be 15 August 2018, Wednesday (“Record Date”). The Register of Unitholders will be closed from 13 August 2018, Monday to 15 August 2018, Wednesday, both days inclusive, during which period no transfer of Units will be registered. The interim distribution is expected to be payable on 27 September 2018, 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 2018 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 10 August 2018, Friday.

### **Debt Positions**

In March 2018, Hui Xian Investment drew down an unsecured 3-year term loan of HK\$5,000 million offered by Bank of China (Hong Kong) Limited, China Construction Bank (Asia) Corporation Limited, Hang Seng Bank Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, DBS Bank Ltd. and The Hongkong and Shanghai Banking Corporation Limited. The purpose of the facility was to refinance the credit facility granted by the same lenders in December 2014.

In June 2018, Hui Xian Investment fully prepaid an unsecured 5-year term loan of HK\$800 million which was drawn down in July 2016. The participating bank involved Sumitomo Mitsui Banking Corporation, Bank of China Limited Macau Branch and Mega International Commercial Bank Co., Ltd. Together with the fair value gain on relevant derivative financial instrument, the net exchange gain realised from the bank loan and loan front-end fee was approximately RMB39 million.

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.

## MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2018, Hui Xian REIT's total debts amounted to RMB10,384 million (31 December 2017: RMB10,969 million). Based on Hui Xian REIT's net assets attributable to Unitholders of RMB26,813 million as at 30 June 2018 (31 December 2017: RMB26,783 million), Hui Xian REIT's debts to net asset value ratio improved to 38.7% (31 December 2017: 41.0%). Meanwhile, the debts to gross asset value ratio was 22.0% as at 30 June 2018 (31 December 2017: 23.0%).

### Bank Balances and Asset Positions

As at 30 June 2018, Hui Xian REIT's bank balances and cash amounted to RMB6,995 million (31 December 2017: RMB7,401 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 centre, eight blocks of Grade A office, three serviced apartment towers and a 718-room five-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 centre and car parking spaces at RMB29,617 million as at 30 June 2018 (31 December 2017: RMB29,551 million), translating into an increase of 0.2% over the valuation as of 31 December 2017. Together with the hotel and serviced apartment premises, gross property value of BOP was RMB34,537 million as at 30 June 2018, as compared to RMB34,574 million as at 31 December 2017.

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

D&P China valued the hotel premises of Shenyang Lido at RMB850 million as at 31 December 2017 while gross property value of hotel premises as at 30 June 2018 was RMB678 million (31 December 2017: RMB700 million).

Hui Xian REIT indirectly owns the entire interest of Chongqing Metropolitan Oriental Plaza, a 164,360 square metre integrated commercial property development comprising a shopping centre and a Grade A office building. Chongqing Metropolitan Oriental Plaza is located at the Jiefangbei CBD, Yuzhong District, Chongqing.

As at 30 June 2018, the shopping centre, office building and car parking spaces were valued by D&P China at RMB3,684 million (31 December 2017: RMB3,692 million). Gross property value of the properties as at 30 June 2018 was RMB3,640 million (31 December 2017: RMB3,630 million).

## MANAGEMENT DISCUSSION AND ANALYSIS

Hui Xian REIT indirectly owns the entire interest 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 adjacent to Chongqing Metropolitan Oriental Plaza.

D&P China valued the hotel premises of Harbour Plaza Chongqing at RMB421 million as at 31 December 2017. Gross property value of hotel premises as at 30 June 2018 was RMB385 million (31 December 2017: RMB382 million).

Hui Xian REIT also indirectly owns 69% interest of Sheraton Chengdu Lido Hotel through Chengdu Investment Limited. It is a 37-storey hotel tower of 56,350 square metre located to the north of the landmark Tianfu Plaza, Chengdu city centre.

D&P China valued the hotel premises of Sheraton Chengdu Lido Hotel at RMB722 million as at 31 December 2017. Gross property value of hotel premises as at 30 June 2018 was RMB677 million (31 December 2017: RMB691 million).

### Net Assets Attributable to Unitholders

As at 30 June 2018, net assets attributable to Unitholders amounted to RMB26,813 million (31 December 2017: RMB26,783 million) or RMB4.7148 per Unit, representing a 47.8% premium to the closing unit price of RMB3.19 on 29 June 2018 (31 December 2017: RMB4.7943 per Unit, representing a 52.2% premium to the closing unit price of RMB3.15 on 29 December 2017).

### 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 2018, except for capital commitment in respect of the asset enhancement programmes for Sofitel Shenyang Lido, Chongqing Metropolitan Oriental Plaza and Harbour Plaza Chongqing, Hui Xian REIT did not have any significant commitments.

### Employees

As at 30 June 2018, Hui Xian REIT, by subsidiaries and through its branches, employed a total of 1,394 employees in Hong Kong and the PRC; of which, 1,367 employees performed hotel operation functions and services, and 27 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 2018.

# 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 and revised from time to time 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 2018, 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 (chief operating officer and executive director of the Manager), Ms. LAI Wai Yin, Agnes (chief financial officer and executive director of the Manager), Mr. CHING Sung, Eric (deputy chief investment officer of the Manager) and 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.

## 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 interest of the Unitholders.

## Board of Directors of the Manager

The Board of Directors of the Manager currently comprises nine members, 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.

The Directors of the Manager in the six months ended 30 June 2018 were Mr. KAM Hing Lam (chairman and non-executive director); Mr. CHEUNG Ling Fung, Tom, Mr. LEE Chi Kin, Casey and Ms. LAI Wai Yin Agnes (executive directors); Mr. IP Tak Chuen, Edmond and Mr. LIM Hwee Chiang (non-executive directors); and Mr. CHENG Hoi Chuen, Vincent, Professor LEE Chack Fan and Dr. CHOI Koon Shum, Jonathan (independent non-executive directors).

Save as (i) Mr. YIN Ke resigned as a non-executive director, a member of the Audit Committee and a member and the Chairman of the Designated (Finance) Committee of the Manager with effect from 8 January 2018; (ii) Ms. LAI Wai Yin, Agnes was appointed as an executive director with effect from 8 January 2018; and (iii) Mr. IP Tak Chuen, Edmond, a non-executive director, was appointed as a member and the Chairman of the Designated (Finance) Committee, with effect from 8 January 2018, there were no changes to the composition of the Board or any of its committees in the six months ended 30 June 2018.

### 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.

## CORPORATE GOVERNANCE

### 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 2018 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 2018 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 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 2018.

### **Changes in Information of Directors**

Mr. YIN Ke resigned as a non-executive director and member of the Audit Committee and member and the Chairman of the Designated (Finance) Committee of the Manager with effect from 8 January 2018.

Ms. LAI Wai Yin, Agnes was appointed as an executive director of the Manager with effect from 8 January 2018.

Mr. CHENG Hoi Chuen, Vincent has ceased to be an independent non-executive director of China Minsheng Banking Corp., Ltd. with effect from 15 June 2018.

Dr. CHOI Koon Shum, Jonathan has been appointed as the Chairman of Guangdong-HK-Macao Bay Area Entrepreneurs Union. He has been appointed as a Standing Committee member of the Chinese People's Political Consultative Conference of the People's Republic of China and has ceased to be a Deputy Director of The Committee of Education, Science, Culture, Health and Sports.

### **New Units Issued**

In the six months ended 30 June 2018, (i) 16,608,424 new Units were issued to the Manager as payment of part of the Manager's fees; and (ii) 84,030,526 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 2017 to 31 December 2017.

The total number of Units in issue as at 30 June 2018 was 5,687,051,439 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 2018.

### **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 2018.

# CONNECTED PARTY TRANSACTIONS

## CONNECTED PARTY TRANSACTIONS AND RELATED WAIVERS

### 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 from time to time thereafter, 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 issued by the Manager from time to time. Throughout the six months ended 30 June 2018, 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 2018, other than those transactions that are exempted from disclosure and/or excluded pursuant to the REIT Code or 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 for the six months ended 30 June 2018:

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the six months ended 30 June 2018 RMB'000
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 significant holders <sup>1</sup>	Leasing and licensing transaction	4
重慶屈臣氏個人用品商店有限公司 (Chongqing Watson's Personal Care Stores Co., Limited*)	Associated company of significant holders <sup>1</sup>	Leasing and licensing transaction	13
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.*)	Associated company of significant holders <sup>1</sup>	Leasing and licensing transaction	499

## 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 2018 <i>RMB'000</i>
Cheung Kong (Holdings) Limited Beijing Office	Associated company of significant holders <sup>1</sup>	Leasing and licensing transaction	8
長實 (中國) 投資有限公司 (CKH (China) Investment Co., Limited*)	Associated company of significant holders <sup>1</sup>	Leasing and licensing transaction	74
北京雷霆萬鈞網絡科技有限責任公司 (Beijing Lei Ting Wan Jun Network Technology Limited*)	Associated company of significant holders <sup>1</sup>	Leasing and licensing transaction	788
北京雷霆無極網絡科技有限公司 (Beijing Lei Ting Wu Ji Network Technology Company Limited*)	Associated company of significant holders <sup>1</sup>	Leasing and licensing transaction	525
北京雷系科技發展有限公司 (Beijing Lahiji Technology Development Limited*)	Associated company of significant holders <sup>1</sup>	Leasing and licensing transaction	678
北京幻劍書盟科技發展有限公司 (Beijing Huan Jian Shu Meng Network Technology Limited*)	Associated company of significant holders <sup>1</sup>	Leasing and licensing transaction	35
諾定 (中國) 投資有限公司 (TOM.COM (China) Investment Limited*)	Associated company of significant holders <sup>1</sup>	Leasing and licensing transaction	35
香港 TOM 集團國際有限公司北京代表處 (TOM Group International Limited Beijing Representative Office*)	Associated company of significant holders <sup>1</sup>	Leasing and licensing transaction	24

## 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 2018 RMB'000
森棟乙 (北京) 科技有限公司 (Ceng Dong Yi (Beijing) Technology Company Limited*)	Associated company of significant holders <sup>1</sup>	Leasing and licensing transaction	35
CK Asset Holdings Limited	Associated company of significant holders <sup>1</sup>	Leasing and licensing transaction	40
和記黃埔地產 (重慶兩江新區) 有限公司 (Hutchison Whampoa Properties (Chongqing Liangjiangxinqu) Limited*)	Associated company of significant holders <sup>1</sup>	Leasing and licensing transaction	206
和記黃埔地產 (重慶南岸) 有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	Associated company of significant holders <sup>1</sup>	Leasing and licensing transaction	1,582
和記黃埔地產 (重慶經開園) 有限公司 (Hutchison Whampoa Properties (Chongqing Jingkaiyuan) Limited*)	Associated company of significant holders <sup>1</sup>	Leasing and licensing transaction	211
和記黃埔地產管理有限公司重慶分公司 (Hutchison Whampoa Property Management Limited Chongqing Branch*)	Associated company of significant holders <sup>1</sup>	Leasing and licensing transaction	16
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.*)	Associated company of significant holders <sup>1</sup>	Leasing and licensing transaction	206
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.*)	Associated company of significant holders <sup>1</sup>	Leasing and licensing transaction	341

## 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 2018 <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 significant holders <sup>1</sup>	Leasing and licensing transaction	896
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	Associated company of significant holders <sup>1</sup>	Leasing and licensing transaction	956
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	Associated company of significant holders <sup>1</sup>	Leasing and licensing transaction	33
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	237
德意志銀行(中國)有限公司重慶分行 (Deutsche Bank (China) Co., Ltd Chongqing Branch*)	Associated company of the Trustee <sup>2</sup>	Leasing and licensing transaction	560
Bank of China Limited	Associated company of a significant holder <sup>4</sup>	Leasing and licensing transaction	14,370
香港貿易發展局 (The Hong Kong Trade Development Council*)	Associate of a director of Manager <sup>3</sup>	Leasing and licensing transaction	181
香港貿易發展局北京辦事處 (The Hong Kong Trade Development Council Beijing Office)	Associate of a director of Manager <sup>3</sup>	Leasing and licensing transaction	100

## 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 2018 <i>RMB'000</i>
長江基建集團有限公司 (CK Infrastructure Holdings Limited*)	Associated company of significant holders <sup>1</sup>	Hotel room revenue	3
廣州屈臣氏個人用品商店有限公司 (Guangzhou Watson's Personal Care Stores Ltd.*)	Associated company of significant holders <sup>1</sup>	Hotel room revenue	1
和記地產集團有限公司 (Hutchison Property Group Limited*)	Associated company of significant holders <sup>1</sup>	Hotel room revenue	1
和記黃埔地產管理有限公司重慶分公司 (Hutchison Whampoa Property Management Limited Chongqing Branch*)	Associated company of significant holders <sup>1</sup>	Hotel room revenue	54
和記黃埔地產(重慶南岸)有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	Associated company of significant holders <sup>1</sup>	Hotel room revenue	— <sup>^</sup>
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.*)	Associated company of significant holders <sup>1</sup>	Hotel room revenue	5
香港貿易發展局成都辦事處 (The Hong Kong Trade Development Council Chengdu Office*)	Associate of a director of Manager <sup>3</sup>	Hotel room revenue	118
復旦大學 (Fudan University*)	Associate of a director of Manager <sup>3</sup>	Hotel room revenue	— <sup>^</sup>

## 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 2018 <i>RMB'000</i>
Bank of China Limited	Associated company of a significant holder <sup>4</sup>	Hotel room revenue	84
中銀國際證券股份有限公司 (BOC International (China) Co., Limited*)	Associated company of a significant holder <sup>4</sup>	Hotel room revenue	2
香港鐵路有限公司 (MTR Corporation Limited*)	Associate of a director of Manager <sup>7</sup>	Hotel room revenue	6
中國民生銀行股份有限公司 (China Minsheng Banking Corp., Limited*)	Associate of a director of Manager <sup>7</sup>	Hotel room revenue	3
國壽投資控股有限公司 (China Life Investment Holding Company Limited*)	Associated company of a significant holder <sup>6</sup>	Hotel room revenue	1
上海和黃白貓有限公司 (Shanghai Hutchison Whitecat Company Limited*)	Associated company of significant holders <sup>1</sup>	Food & beverages and other hotel income	1
武漢屈臣氏個人用品商店有限公司 (Wuhan Watson's Personal Care Stores Co., Limited*)	Associated company of significant holders <sup>1</sup>	Food & beverages and other hotel income	1
和記黃埔地產(重慶兩江新區)有限公司 (Hutchison Whampoa Properties (Chongqing Liangjiangxinqu) Limited*)	Associated company of significant holders <sup>1</sup>	Food & beverages and other hotel income	26

## 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 2018 <i>RMB'000</i>
和記黃埔地產(重慶南岸)有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	Associated company of significant holders <sup>1</sup>	Food & beverages and other hotel income	114
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.*)	Associated company of significant holders <sup>1</sup>	Food & beverages and other hotel income	3
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	Associated company of significant holders <sup>1</sup>	Food & beverages and other hotel income	61
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	Associated company of significant holders <sup>1</sup>	Food & beverages and other hotel income	69
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	Associated company of significant holders <sup>1</sup>	Food & beverages and other hotel income	3
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	Subsidiary of Manager	Food & beverages and other hotel income	118
Bank of China Limited	Associated company of a significant holder <sup>4</sup>	Food & beverages and other hotel income	30
中銀國際證券股份有限公司 (BOC International (China) Co., Ltd.*)	Associated company of a significant holder <sup>4</sup>	Food & beverages and other hotel income	1
中國文化產業投資基金管理有限公司 (China Cultural Industry Investment Fund Management Co., Ltd.*)	Associated company of a significant holder <sup>4</sup>	Food & beverages and other hotel income	1

## 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 2018 <i>RMB'000</i>
復旦大學 (Fudan University)	Associate of a director of Manager <sup>3</sup>	Food & beverages and other hotel income	3
中國民生銀行股份有限公司 (China Minsheng Banking Corp., Limited*)	Associate of a director of Manager <sup>7</sup>	Food & beverages and other hotel income	8
國壽投資控股有限公司 (China Life Investment Holding Company Limited*)	Associated company of a significant holder <sup>6</sup>	Food & beverages and other hotel income	3
大連達達房地產開發有限公司 (Dalian Dalian Property Development Co., Ltd.*)	Associate of directors of significant holders <sup>5</sup>	Food & beverages and other hotel income	9
Bank of China Limited	Associated company of a significant holder <sup>4</sup>	Interest Income	4,420
Bank of China (Hong Kong) Limited	Associate of a director of Manager <sup>3</sup> and Associated company of a significant holder <sup>4</sup>	Interest Income	17
Hui Xian Asset Management Limited	Manager	Reimbursement of staff cost	472
<b>Total</b>			<b>28,291</b>

Notes:

- 1 Significant holders being Noblecrown Investment Limited ("Noblecrown") and Heathcliff Developments Limited ("Heathcliff").
- 2 Trustee being DB Trustees (Hong Kong) Limited.

## CONNECTED PARTY TRANSACTIONS

- 3 Associates of Dr. CHOI Koon Shum, Jonathan, being the independent non-executive director of Hui Xian Asset Management Limited (“Manager”).
- 4 These companies are holding companies or associated companies of Lucky Star International Holdings Inc. (“Lucky Star”), a significant holder of Hui Xian REIT, and these companies are subsidiaries or associated companies of Bank of China Limited.
- 5 An associate of (i) Mr. KAM Hing Lam who is director of Noblecrown and Heathcliff; (ii) Mr. IP Tak Chuen, Edmond who is director of Noblecrown; (iii) Mr. CHUNG Sun Keung, Davy who is director of Noblecrown and (iv) Mr. CHOW Wai Kam, Raymond who is director of Heathcliff. Noblecrown and Heathcliff are significant holders of Hui Xian REIT.
- 6 The company is an associated company of Po Lian Enterprises Limited (“Po Lian”), a significant holder of Hui Xian REIT, and is a subsidiary or an associated company of China Life Insurance (Group) Company.
- 7 Associates of Mr. CHENG Hoi Chuen, Vincent, being the independent non-executive director of Manager. Mr. CHENG ceased to be an independent non-executive director of China Minsheng Banking Corp. Limited with effect from 15 June 2018.

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.
- ^ Transaction amount is greater than zero and smaller than RMB500.

## CONNECTED PARTY TRANSACTIONS

### Connected Party Transactions – Expenses

The following table sets out information on connected party transactions in which Hui Xian REIT incurred its expenses for the six months ended 30 June 2018:

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Expenses for the six months ended 30 June 2018 <i>RMB'000</i>
Joinpower Holdings Ltd	Associated company of significant holders <sup>1</sup>	Reversal of warranty claims	768
Cheerjoy Limited	Associated company of significant holders <sup>1</sup>	Reversal of warranty claims	768
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	Associated company of significant holders <sup>1</sup>	Property management fee	9,437
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	Associated company of significant holders <sup>1</sup>	Property management fee	10,651
家利物業管理(深圳)有限公司 (Cayley Property Management (Shenzhen) Limited*)	Associated company of significant holders <sup>1</sup>	Property management fee	10,724
海逸酒店管理有限公司 (Harbour Plaza Hotel Management Limited*)	Associated company of significant holders <sup>1</sup>	Property management fee	180
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.*)	Associated company of significant holders <sup>1</sup>	Internet services fee	469

## 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 2018 RMB'000
廣州屈臣氏食品飲料有限公司 北京飲料分公司 (Guangzhou Watson's Food and Beverages Company Limited Beijing Beverages Branch*)	Associated company of significant holders <sup>1</sup>	Beverages	188
上海和黃白貓有限公司 (Shanghai Hutchison Whitecat Company Limited*)	Associated company of significant holders <sup>1</sup>	Cleaning supplies	614
Harbour Grand Hong Kong Catering Limited	Associated company of significant holders <sup>1</sup>	Hotel services	154
海逸酒店企業有限公司 (Harbour Plaza Hotel Enterprises Limited*)	Associated company of significant holders <sup>1</sup>	Trademark license fee	18
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 <sup>4</sup>	Insurance expenses	203
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 <sup>3</sup>	Insurance expenses	709
中國人壽財產保險股份有限公司 重慶市分公司 (China Life Property and Casualty Insurance Company Limited Chongqing Branch*)	Associated company of a significant holder <sup>3</sup>	Insurance expenses	95

## 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 2018 <i>RMB'000</i>
Bank of China (Hong Kong) Limited	Associated company of a significant holder <sup>4</sup> and Associate of a director of Manager <sup>5</sup>	Interest expenses	27,334
Bank of China Limited Macau Branch	Associated company of a significant holder <sup>4</sup>	Interest expenses	2,960
The Hongkong and Shanghai Banking Corporation Limited	Associate of a director of a significant holder <sup>2</sup>	Interest expenses	8,641
Bank of China Limited	Associated company of a significant holder <sup>4</sup>	Bank charges and agency fee	1,766
Bank of China (Hong Kong) Limited	Associated company of a significant holder <sup>4</sup> and Associate of a director of Manager <sup>5</sup>	Bank charges and agency fee	53
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	36,387
D&P China (HK) Limited	Principal Valuer	Title verification service fee	25
<b>Total</b>			<b>112,144</b>

## CONNECTED PARTY TRANSACTIONS

### Notes:

1. Significant holders being Noblecrown Investment Limited (“Noblecrown”) and Heathcliff Developments Limited (“Heathcliff”).
  2. An associate of Mr. LI Tzar Kuoi, Victor, who is a director of Noblecrown, a significant holder of Hui Xian REIT.
  3. These companies are holding companies or associated companies of Po Lian Enterprises Limited (“Po Lian”) a significant holder of Hui Xian REIT, and are subsidiaries or associated companies of China Life Insurance (Group) Company.
  4. These companies are holding companies or associated companies of Lucky Star International Holdings Inc. (“Lucky Star”), a significant holder of Hui Xian REIT, and these companies are subsidiaries or associated companies of Bank of China Limited.
  5. Associates of Dr. CHOI Koon Shum, Jonathan, being the independent non-executive director of Hui Xian Asset Management Limited, the Manager.
- \* The English name is shown for identification purpose only.  
^ Transaction amount is greater than zero and smaller than RMB500.

### **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 2018 were RMB2,006,000 and RMB71,876,000 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 Consolidated Financial Statements of Hui Xian REIT for the six months ended 30 June 2018 on pages 44 to 46 of this Interim Report. For the six months ended 30 June 2018, the valuation fee payable to the principal valuer, D&P China (HK) Limited, was RMB223,000.

# DISCLOSURE OF INTERESTS

## Interests of Connected Persons

Based on the information available to the Manager as at 30 June 2018, 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 2018	
	No. of Units held	Percentage of Units held <sup>1</sup>
Hui Xian (Cayman Islands) Limited <sup>2</sup>	0	0.00%
Other subsidiaries of CK Asset Holdings Limited (“CKAH”) <sup>3</sup>	1,849,285,675	32.52%
Subsidiary of Bank of China Limited <sup>4</sup>	74,062,500	1.30%
Subsidiaries of China Life Insurance (Group) Company <sup>5</sup>	865,406,000	15.22%
The Hongkong and Shanghai Banking Corporation Limited <sup>6</sup>	1,486,584	0.026%
Subsidiary of ARA Asset Management Limited <sup>7</sup>	198	0%
Subsidiary of Orient Overseas (International) Limited <sup>8</sup>	—	—%

Notes:

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

- Based on the total number of 5,687,051,439 Units in issue as at 30 June 2018.
- Hui Xian (Cayman Islands) Limited (“Hui Xian Cayman”) held 375,000,000 Units during the period from 1 January 2018 to 21 May 2018. Hui Xian Cayman was a wholly-owned subsidiary of Hui Xian Holdings Limited (“Hui Xian Holdings”), which was a subsidiary of CK Asset Holdings Limited (“CKAH”) as at 30 June 2018. Please refer to Hui Xian Holding’s deemed interest under the SFO in paragraph 3(i) below.
- These subsidiaries of CKAH were Noblecrown Investment Limited (“Noblecrown”) (held 1,077,798,832 Units as at 30 June 2018), Wisdom Ally Limited (“Wisdom Ally”) (held 149,105,959 Units as at 30 June 2018), Wealth Finder Limited (“Wealth Finder”) (held 29,940,442 Units as at 30 June 2018), Heathcliff Developments Limited (“Heathcliff Developments”) (held 579,738,788 Units as at 30 June 2018) and Hui Xian Asset Management Limited (“Manager”) (held 12,701,654 Units as at 30 June 2018). All these companies were significant holders of Hui Xian REIT.

Separately, by virtue of the deemed application of Part XV of the SFO and based on information available to the Manager:

- during the period from 1 January 2018 to 21 May 2018, 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;

## DISCLOSURE OF INTERESTS

- (ii) as at 30 June 2018, each of CKAH and the intermediate holding companies through which CKAH was interested in the share capital of Noblecrown and Heathcliff Developments (namely, Mighty State Limited, Novel Trend Holdings Limited, Paola Holdings Limited and Burgeon Force Limited) was taken to have an interest in the Units that Noblecrown and Heathcliff Developments were interested in;
  - (iii) as at 30 June 2018, Noblecrown, of which Wisdom Ally, Wealth Finder and the Manager were its subsidiaries, was taken to have an interest in the Units held by Wisdom Ally, Wealth Finder and the Manager respectively; and
  - (iv) as at 30 June 2018, CKAH, in view of its interest in the above intermediate holding companies through which Noblecrown and Heathcliff Developments were held, was taken to have an interest in the Units held by Wisdom Ally, Wealth Finder and the Manager.
4. The subsidiary is Lucky Star International Holdings Inc., being a significant holder of Hui Xian REIT.
  5. The subsidiaries were (i) China Life Insurance (Overseas) Co. Ltd and (ii) Po Lian Enterprises Limited, being significant holders of Hui Xian REIT.
  6. The Hongkong and Shanghai Banking Corporation Limited was an associate of Mr. LI Tzar Kuoi, Victor who was a director of Noblecrown, a significant holder of Hui Xian REIT.
  7. The subsidiary being ARA Hui Xian (Holdings) Limited, a wholly-owned subsidiary of ARA Asset Management Holdings PTE Limited, which owned 30% of the voting power at general meetings of the Manager.
  8. The subsidiary was Far Gain Investment Limited ("Far Gain"), a controlling entity of Hui Xian Holdings and Hui Xian Cayman, which were in turn significant holders of Hui Xian REIT during the period from 1 January 2018 to 21 May 2018. After 21 May 2018, Far Gain ceased to be a connected person of Hui Xian REIT when Hui Xian Cayman and Hui Xian Holdings ceased to be significant holders of Hui Xian REIT, and therefore Orient Overseas (International) Limited and its subsidiaries and/or associates ceased to be connected person(s) of Hui Xian REIT. As at 21 May 2018, Far Gain held 24,230,000 Units.

## Interests of the Manager

As at 30 June 2018, the Manager held 12,701,654 Units in Hui Xian REIT.

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

As at 30 June 2018, 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:

<b>Name</b>	<b>As at 30 June 2018 Number of Units held</b>
KAM Hing Lam	<b>831,073<sup>1</sup></b>
IP Tak Chuen, Edmond	<b>1,100,000<sup>2</sup></b>
CHEUNG Ling Fung, Tom	<b>79,383<sup>3</sup></b>
TONG BARNES Wai Che, Wendy	<b>142,856<sup>4</sup></b>

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.

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 2018.

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



**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 35 to 79, which comprise the condensed consolidated statement of financial position as of 30 June 2018 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in net assets attributable to unitholders and non-controlling interests, condensed consolidated statement of cash flows and distribution statement for the six-month period then ended, and certain explanatory notes. The 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

27 July 2018

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2018

	NOTES	2018 RMB million (unaudited)	2017 RMB million (unaudited)
Revenue	5	<b>1,594</b>	1,583
Other income	6	<b>147</b>	135
Increase (decrease) in fair value of investment properties		<b>55</b>	(361)
Inventories consumed		<b>(23)</b>	(20)
Staff costs		<b>(85)</b>	(71)
Depreciation and amortisation		<b>(179)</b>	(164)
Other operating expenses	7	<b>(435)</b>	(418)
Finance costs	8	<b>(135)</b>	(130)
Exchange (loss) gain		<b>(95)</b>	339
Fair value gain on derivative financial instrument		<b>22</b>	—
Manager's fees	9	<b>(72)</b>	(88)
Real estate investment trust expenses	10	<b>(4)</b>	(8)
Gain on bargain purchase on acquisition of subsidiaries	22(a)	<b>—</b>	85
Profit before taxation and transactions with unitholders		<b>790</b>	882
Income tax expense	11	<b>(286)</b>	(242)
Profit for the period, before transactions with unitholders		<b>504</b>	640
Distribution to unitholders		<b>(804)</b>	(761)
Loss for the period after transactions with unitholders		<b>(300)</b>	(121)
Other comprehensive income:			
Item that will not be reclassified to profit or loss			
Gain on revaluation of land and related costs upon transfer to investment properties		<b>10</b>	—
Total comprehensive expense for the period		<b>(290)</b>	(121)
Profit for the period, before transactions with unitholders attributable to:			
Non-controlling interests		<b>(14)</b>	(7)
Unitholders		<b>518</b>	647
		<b>504</b>	640
Basic earnings per unit (RMB)	12	<b>0.0921</b>	0.1178

## Distribution Statement

For the six months ended 30 June 2018

	2018 RMB million (unaudited)	2017 RMB million (unaudited)
Profit for the period, before transactions with unitholders	504	640
Non-controlling interests	14	7
Profit for the period attributable to unitholders, before transactions with unitholders	518	647
Adjustments (Note (i)):		
Manager's fees	50	58
Deferred tax	23	(27)
Distributable depreciation and amortisation	106	106
(Increase) decrease in fair value of investment properties	(55)	361
Net unrealised exchange gain on bank loans and loan front-end fee	—	(342)
Gain on bargain purchase on acquisition of subsidiaries	—	(85)
	124	71
Distributable income	642	718
Additional items (Note (ii)):		
Depreciation and amortisation arising from fair value adjustment	26	20
Net unrealised exchange loss on bank loans and loan front-end fee	88	—
Net realised exchange gain on bank loan and loan front-end fee	23	—
Other cash distributions	25	23
	162	43
Amount available for distribution	804	761
Payout ratio (Note (iii))	100%	100%
Distributions to unitholders	804	761
Distribution per unit (RMB) (Note (iv))	0.1414	0.1377

## DISTRIBUTION STATEMENT

For the six months ended 30 June 2018

### Notes:

(i) Adjustments for the period include:

- (a) For the six months ended 30 June 2018, Manager's fees payable in units of RMB50 million (15,821,730 units estimated to be issued) out of the total Manager's fees of RMB72 million. The difference of RMB22 million is payable in cash.

For the six months ended 30 June 2017, Manager's fees payable in units of RMB58 million out of the total Manager's fees of RMB88 million. The difference of RMB30 million was payable in cash.

- (b) Deferred tax charge of RMB7 million (2017: RMB11 million) in relation to accelerated tax depreciation and deferred tax charge of RMB16 million (2017: deferred tax credit of RMB38 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 (2017: RMB106 million) represented depreciation and amortisation of RMB106 million (2017: RMB106 million) less zero capital expenditure (2017: nil).
- (d) Increase in fair value of investment properties of RMB55 million (2017: Decrease in fair value of RMB361 million).
- (e) Net unrealised exchange gain on bank loans and loan front-end fee of RMB342 million for the six months ended 30 June 2017.
- (f) Gain on bargain purchase on acquisition of subsidiaries of RMB85 million for the six months ended 30 June 2017 (Note 22(a)).

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 Oriental Plaza Hotel Co., Ltd. ("Chongqing Hotel Company") (formerly known as Harbour Plaza Chongqing Co. Ltd.) and Chengdu Changtian Co., Ltd. totalling RMB26 million (2017: RMB20 million).
- (2) Net unrealised exchange loss on bank loans and loan front-end fee of RMB88 million for the six months ended 30 June 2018.
- (3) Net realised exchange gain on bank loan and loan front-end fee of RMB23 million for the six months ended 30 June 2018.
- (4) Other cash distributions of RMB25 million (2017: RMB23 million).

## DISTRIBUTION STATEMENT

For the six months ended 30 June 2018

*Notes: (continued)*

- (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 2018 represent a payout ratio of 100% (2017: 100%) of Hui Xian REIT's distributable income for the period.

- (iv) The distribution per unit of RMB0.1414 for the six months ended 30 June 2018 is calculated based on 100% of Hui Xian REIT's amount available for distribution of RMB804,265,161 over 5,687,051,439 units, representing issued units as at 30 June 2018. The distribution per unit of RMB0.1377 for the six months ended 30 June 2017 was 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.

# Condensed Consolidated Statement of Financial Position

As at 30 June 2018

	NOTES	<b>30.6.2018</b> <b>RMB million</b> <b>(unaudited)</b>	31.12.2017 RMB million (audited)
<b>Non-current assets</b>			
Investment properties	13	<b>33,085</b>	32,981
Property, plant and equipment	14	<b>2,344</b>	2,408
Land and related costs	15	<b>4,380</b>	4,484
Goodwill	22(b)	<b>2</b>	2
Total non-current assets		<b>39,811</b>	39,875
<b>Current assets</b>			
Inventories	16	<b>28</b>	28
Land and related costs	15	<b>174</b>	172
Trade and other receivables	17	<b>134</b>	133
Bank balances and cash	18	<b>6,995</b>	7,401
Total current assets		<b>7,331</b>	7,734
<b>Total assets</b>		<b>47,142</b>	47,609
<b>Current liabilities</b>			
Trade and other payables	19	<b>465</b>	495
Tenants' deposits		<b>299</b>	292
Tax payable		<b>112</b>	46
Manager's fee payable		<b>72</b>	72
Distribution payable		<b>804</b>	728
Bank loans	20	<b>1,852</b>	5,009
Total current liabilities		<b>3,604</b>	6,642
<b>Total assets less current liabilities</b>		<b>43,538</b>	40,967

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	NOTES	30.6.2018 RMB million (unaudited)	31.12.2017 RMB million (audited)
<b>Non-current liabilities, excluding net assets attributable to unitholders</b>			
Bank loans	20	8,532	5,960
Tenants' deposits		482	490
Deferred tax liabilities		7,375	7,384
Total non-current liabilities, excluding net assets attributable to unitholders		16,389	13,834
<b>Total liabilities, excluding net assets attributable to unitholders</b>			
		19,993	20,476
Non-controlling interests		336	350
<b>Net assets attributable to unitholders</b>			
Units in issue ('000)	21	5,687,051	5,586,412
Net asset value per unit (RMB) attributable to unitholders	23	4.7148	4.7943

The condensed consolidated financial statements on pages 35 to 79 were approved and authorised for issue by the Board of Directors of the Manager on 27 July 2018 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 Interests

For the six months ended 30 June 2018

	NOTES	Net assets attributable to unitholders RMB million	Non- controlling interests RMB million	Total RMB million
Net assets as at 1 January 2018 (audited)		<b>26,783</b>	<b>350</b>	<b>27,133</b>
Units issued for settlement of Manager's fees	21	<b>51</b>	—	<b>51</b>
Units issued pursuant to the distribution reinvestment arrangement in respect of 2017 final distribution	21	<b>255</b>	—	<b>255</b>
Profit for the period, before transactions with unitholders		<b>518</b>	<b>(14)</b>	<b>504</b>
Interim distribution payable to unitholders		<b>(804)</b>	—	<b>(804)</b>
Other comprehensive income for the period		<b>10</b>	—	<b>10</b>
<b>Net assets as at 30 June 2018 (unaudited)</b>		<b>26,813</b>	<b>336</b>	<b>27,149</b>
Net assets as at 1 January 2017 (audited)		26,439	243	26,682
Units issued for settlement of Manager's fees		57	—	57
Units issued pursuant to the distribution reinvestment arrangement in respect of 2016 final distribution		129	—	129
Profit for the period, before transactions with unitholders		647	(7)	640
Interim distribution payable to unitholders		(761)	—	(761)
Additions through acquisition of a subsidiary		—	123	123
<b>Net assets as at 30 June 2017 (unaudited)</b>		<b>26,511</b>	<b>359</b>	<b>26,870</b>

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2018

	NOTES	2018 RMB million (unaudited)	2017 RMB million (unaudited)
<b>Net cash from operating activities</b>		<b>760</b>	684
<b>Net cash from (used in) investing activities</b>			
Acquisitions of subsidiaries	22	—	(494)
Considerations for assignment of loans from a connected party	22(b)	—	(262)
Other investing activities		<b>184</b>	(651)
		<b>184</b>	(1,407)
<b>Net cash (used in) from financing activities</b>			
Distribution payments to unitholders		<b>(473)</b>	(589)
Proceeds from new bank loan raised, net of loan front-end fee		<b>(24)</b>	878
Repayment of bank loan		<b>(674)</b>	—
Other financing cash flows		<b>(112)</b>	(107)
		<b>(1,283)</b>	182
<b>Net decrease in cash and cash equivalents</b>		<b>(339)</b>	(541)
<b>Cash and cash equivalents at the beginning of the period</b>		<b>2,487</b>	4,810
<b>Cash and cash equivalents at the end of the period, represented by bank balances and cash</b>	18	<b>2,148</b>	4,269

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

## 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 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 (“RMB”), which is also the functional currency of Hui Xian REIT.

The Group has entered into various service agreements in relation to 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 and supplemental agreement entered by Beijing Oriental Plaza Company Limited and Beijing Hui Xian Enterprise Services Limited (the “Beijing Property Manager”) on 29 April 2011 and 22 June 2017, the Beijing Property Manager will receive a property manager’s fee with details as described in Note 1(c) and reimbursements for the employment costs and remuneration of the employees of the Beijing Property Manager for provision of business advisory and management services, marketing and lease management services and property management co-ordination services.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

### 1. GENERAL (continued)

#### (a) Property Manager's fee (continued)

Under the Chongqing Property Manager Agreement and supplemental agreement entered into by Chongqing Metropolitan Oriental Plaza Co., Ltd ("Chongqing Company") and the Chongqing branch of Beijing Hui Xian Enterprise Services Limited ("Chongqing Property Manager") on 2 March 2015 and 31 December 2017, the Chongqing Property Manager will be fully reimbursed by Chongqing Company for (i) employment costs and remuneration of the personnel provided or procured by the Chongqing Property Manager engaged solely and exclusively for the provision of its services relating to Metropolitan Plaza and Metropolitan Tower (collectively referred to as "Metropolitan Oriental Plaza"); and (ii) management expenses incurred by the Chongqing Property Manager on Metropolitan Oriental Plaza, including but not limited to the costs and expenses incurred under contracts entered into with third party service providers by the Chongqing Property Manager (as agent for the Chongqing Company) at the request of the Chongqing Company for the provision of cleaning, maintenance, security, car park management and other services for Metropolitan Oriental Plaza.

#### (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 5 January 2018, the Manager has elected to receive 70% (2017: 70%) base fee in units and 30% (2017: 30%) in cash in respect of the financial year ending 31 December 2018.

**1. GENERAL (continued)****(c) Manager's fees (continued)*****Variable Fee***

The Trust Deed has been modified on 19 May 2017 in relation to the variable fee structure. Under the Trust Deed, the Manager will receive a variable fee ("Variable Fee") of 3% per annum of the net property income ("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) in respect of each real estate of Hui Xian REIT, for so long as the property manager is a wholly-owned subsidiary of the Manager, the Manager may elect at any time and from time to time, with effect from the date on which the property manager is appointed or the date of such election by the Manager, whichever is later, that the 3% rate in clause 14.1.2(i)(a) of the Trust Deed be split between the Manager and the property manager, in such proportion as the Manager in its sole discretion deems fit, into 2 portions comprising a variable fee payable to the Manager and a property manager's fee payable to the property manager.

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

Prior to 1 July 2017, the 3% rate in respect of Beijing Oriental Plaza was split into 2 portions comprising a variable fee payable to the Manager which is equal to 2% per annum, and a property manager's fee payable to the property manager which is equal to 1% per annum, of NPI of Beijing Oriental Plaza (before deduction therefrom of the Variable Fee and, where the property manager is a subsidiary of the Manager, the property manager's fee).

The Manager has elected that with effect from 1 July 2017, the 3% rate in respect of Beijing Oriental Plaza be split into 2 portions comprising a variable fee payable to the Manager which is equal to 1% per annum, and a property manager's fee payable to the property manager which is equal to 2% per annum, of NPI of Beijing Oriental Plaza (before deduction therefrom of the Variable Fee and, where the property manager is a subsidiary of the Manager, the property manager's fee).

The 3% rate in respect of the other real estates of Hui Xian REIT is all payable to the Manager at 3% per annum of NPI of the relevant 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).

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 5 January 2018, the Manager has elected to receive 70% (2017: 70%) variable fee in units and 30% (2017: 30%) in cash in respect of the financial year ending 31 December 2018.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

### 1. GENERAL (continued)

#### (c) Manager's fees (continued)

##### *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 (pro-rated 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.

The Manager elected to receive the acquisition fee in cash in respect of the acquisitions of Highsmith (HK) Limited ("Highsmith HK") and its subsidiaries ("Highsmith HK Group") and Chengdu Investment Limited ("Chengdu Investment") and its subsidiaries ("Chengdu Investment Group") for the six months ended 30 June 2017.

No Acquisition Fee is received by the Manager for the six months ended 30 June 2018 (2017: RMB5,260,000).

### 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 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017, except as described below.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Application of new and amendments to HKFRS

In the current interim period, the Group has applied, for the first time, the following new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

#### HKFRS 9 Financial Instruments

##### *Impacts and changes in accounting policies of application on HKFRS 9 “Financial Instruments”*

In the current period, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses (“ECL”) for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### HKFRS 9 Financial Instruments (continued)

#### *Impacts and changes in accounting policies of application on HKFRS 9 “Financial Instruments” (continued)*

#### *Key changes in accounting policies resulting from application of HKFRS 9*

##### Classification and measurement of financial assets

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under HKAS 39.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date. All financial assets of the Group continue to be measured at amortised cost. The adoption of HKFRS 9 has had no significant impact on the classification and measurement of the financial assets of the Group.

##### Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### HKFRS 9 Financial Instruments (continued)

##### *Impacts and changes in accounting policies of application on HKFRS 9 “Financial Instruments” (continued)*

###### *Significant increase in credit risk*

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor’s ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

###### *Measurement and recognition of ECL*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### HKFRS 9 Financial Instruments (continued)

##### *Impacts and changes in accounting policies of application on HKFRS 9 “Financial Instruments” (continued)*

###### *Measurement and recognition of ECL (continued)*

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

As at 1 January 2018, the directors of the Company reviewed and assessed the Group’s existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9.

The application of the expected credit loss model of HKFRS 9 has no material impact on the accumulated amount of impairment loss to be recognised by Group as at 1 January 2018 as compared to the accumulated amount recognised under HKAS 39 mainly attributable to expected credit losses provision on trade and other receivables.

#### HKFRS 15 Revenue from Contracts with Customers

##### *Impacts and changes in accounting policies of application on HKFRS 15 “Revenue from Contracts with Customers”*

The Group has applied HKFRS15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018, if any.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****HKFRS 15 Revenue from Contracts with Customers (continued)*****Impacts and changes in accounting policies of application on HKFRS 15 “Revenue from Contracts with Customers” (continued)***

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time (i.e. output method) by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

As at 30 June 2018, the Group’s contract liabilities have been included in trade and other payables.

The application of the HKFRS 15 has no significant impact on the timing and amounts of revenue in the current interim period and retained profits at 1 January 2018.

Except as described above, the application of new and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported but only with additional disclosures set out in these condensed consolidated financial statements.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

### 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.

#### (a) Segment revenue and results

*Six months ended 30 June 2018 (unaudited)*

	Malls	Offices	Apartments	Hotels	Consolidated
	RMB million				
Segment revenue	605	640	83	266	1,594
Segment profit	450	477	47	61	1,035
Increase in fair value of investment properties					55
Finance costs					(135)
Depreciation and amortisation					(174)
Unallocated income and gain					169
Unallocated expense and loss					(160)
Profit before taxation and transactions with unitholders					790

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

**4. SEGMENT REPORTING (continued)**

**(a) Segment revenue and results (continued)**

*Six months ended 30 June 2017 (unaudited)*

	Malls RMB million	Offices RMB million	Apartments RMB million	Hotels RMB million	Consolidated RMB million
Segment revenue	657	603	73	250	1,583
Segment profit	494	451	39	67	1,051
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					882

Segment profit represents the profit earned by each segment without allocation of the changes in fair value of investment properties, 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 (loss) gain and certain other income that are not directly related to each segmental activities, fair value change on derivative financial instrument and finance costs. This is the measure reported to the Manager for the purposes of resource allocation and performance assessment.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

### 4. SEGMENT REPORTING (continued)

#### (b) Segment assets

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

	<b>30.6.2018</b> <b>RMB million</b> <b>(unaudited)</b>	31.12.2017 RMB million (audited)
Malls	<b>17,385</b>	17,378
Offices	<b>15,885</b>	15,826
Apartments	<b>2,154</b>	2,199
Hotels	<b>4,847</b>	4,947
Total segment assets	<b>40,271</b>	40,350
Bank balances and cash	<b>6,760</b>	7,151
Other assets	<b>111</b>	108
Consolidated total assets	<b>47,142</b>	47,609

For the purposes of monitoring segment performances and resources allocation, all investment properties, land and related costs, 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

**4. SEGMENT REPORTING (continued)**

**(d) Other segment information**

*Six months ended 30 June 2018 (unaudited)*

	Malls RMB million	Offices RMB million	Apartments RMB million	Hotels RMB million	Consolidated RMB million
Depreciation of property, plant and equipment	1	1	1	3	6

*Six months ended 30 June 2017 (unaudited)*

	Malls RMB million	Offices RMB million	Apartments RMB million	Hotels RMB million	Consolidated RMB million
Depreciation of property, plant and equipment	1	1	1	2	5

**5. REVENUE**

	2018 RMB million (unaudited)	2017 RMB million (unaudited)
Gross rental from investment properties	1,199	1,193
Income from hotel operation	266	250
Income from serviced apartments operation	83	73
Rental related income	46	67
Total revenue	1,594	1,583

The Group's revenue has been disaggregated as (i) revenue from rental income which is related to reporting segments of "Malls" and "Offices"; and (ii) revenue from goods and services which is related to reporting segments of "Hotels" and "Apartments".

Revenue from Hotels segment of RMB266 million consists of food and beverage sales and ancillary services of RMB103 million which is recognised at a point in time, and room rental of RMB163 million which is recognised over time. Revenue from Apartments segment of RMB83 million which mainly represents room rental is recognised over time.

The gross rental from investment properties includes contingent rents of RMB4 million (2017: RMB5 million).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

### 5. REVENUE (continued)

The direct operating expense from investment properties (includes mainly certain other operating expenses, certain Manager's fees and staff costs) amounting to RMB321 million (2017: RMB316 million).

### 6. OTHER INCOME

	2018 RMB million (unaudited)	2017 RMB million (unaudited)
Interest income from banks	147	132
Government subsidies	—	1
Others	—	2
Total	147	135

### 7. OTHER OPERATING EXPENSES

	2018 RMB million (unaudited)	2017 RMB million (unaudited)
Advertising and promotion	13	10
Audit fee	1	1
Insurance	3	3
Lease agency fee	20	14
Property manager's fee (Note 1(a))	37	22
Property management fees	40	37
Repairs and maintenance	33	35
Other miscellaneous expenses (Note)	75	82
Stamp duty	2	2
Urban land use tax	2	2
Urban real estate tax	150	150
Utilities	51	51
Value added tax surcharges	8	9
Total	435	418

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

**8. FINANCE COSTS**

	<b>2018</b> <b>RMB million</b> <b>(unaudited)</b>	2017 RMB million (unaudited)
Interest expense on unsecured bank loans	<b>135</b>	130

**9. MANAGER'S FEES**

	<b>2018</b> <b>RMB million</b> <b>(unaudited)</b>	2017 RMB million (unaudited)
Base Fee (Note 1(c))	<b>60</b>	61
Variable Fee (Note 1(c))	<b>12</b>	22
Acquisition Fee (Note 1(c))	<b>—</b>	5
	<b>72</b>	88

**10. REAL ESTATE INVESTMENT TRUST EXPENSES**

	<b>2018</b> <b>RMB million</b> <b>(unaudited)</b>	2017 RMB million (unaudited)
Trustee's fee (Note 1(b))	<b>2</b>	2
Legal and professional fees	<b>1</b>	5
Public relations-related expenses	<b>1</b>	1
	<b>4</b>	8

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

### 11. INCOME TAX EXPENSE

	2018 RMB million (unaudited)	2017 RMB million (unaudited)
The income tax expense comprises:		
Current tax		
– PRC Enterprise Income Tax	230	236
– Withholding tax	34	—
Deferred taxation	22	6
	<b>286</b>	242

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 15%–25% on the estimated assessable profits of the Group's PRC subsidiaries. Following the Catalogue of Encouraged Industries in Western Region which was promulgated by the National Development and Reform Commission of the PRC in 2014, a subsidiary which is operating in Chongqing was granted a concessionary tax rate of 15% by the local tax bureau.

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 RMB518 million (2017: RMB647 million) by 5,620,834,098 units (2017: 5,489,340,542 units) being the weighted average number of units in issue during the period of 5,612,879,527 units (2017: 5,479,952,144 units), plus the weighted average number of units issuable for settlement of Manager's fees for the period from 1 January 2018 to 30 June 2018 of 7,954,571 units (2017: for the period from 1 January 2017 to 30 June 2017 of 9,388,398 units).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

### 13. INVESTMENT PROPERTIES

	<b>30.6.2018</b> <b>RMB million</b> <b>(unaudited)</b>	31.12.2017 RMB million (audited)
<b>FAIR VALUE</b>		
At the beginning of the period/year	<b>32,981</b>	33,534
Additions	<b>15</b>	44
Transferred from property, plant and equipment	<b>9</b>	2
Transferred from land and related costs	<b>40</b>	17
Transferred to property, plant and equipment	<b>(2)</b>	(26)
Transferred to land and related costs	<b>(13)</b>	(93)
Increase (decrease) in fair value recognised in profit or loss	<b>55</b>	(497)
At the end of the period/year	<b>33,085</b>	32,981

- (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 2018 and 31 December 2017 by D&P China (HK) Limited, an independent professional valuer 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.

The investment properties are included in level 3 (31 December 2017: level 3) of the fair value hierarchy.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

### 14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired property, plant and equipment of RMB39 million (2017: RMB11 million) and an amount of RMB2 million (2017: RMB3 million) was transferred from investment properties.

During the six months ended 30 June 2017, the Group acquired property, plant and equipment of RMB492 million through acquisitions of subsidiaries (Note 22).

Items of plant and machinery with carrying value of RMB9 million were transferred to investment properties during the six months ended 30 June 2018 (2017: nil).

Items of plant and equipment with carrying value of RMB2 million were disposed of during the six months ended 30 June 2018 (2017: RMB2 million).

### 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:

	<b>30.6.2018</b> <b>RMB million</b> <b>(unaudited)</b>	31.12.2017 RMB million (audited)
Non-current asset	<b>4,380</b>	4,484
Current asset	<b>174</b>	172
	<b>4,554</b>	4,656

During the six months ended 30 June 2018, an amount of RMB13 million (2017: RMB29 million) was transferred from investment properties.

During the six months ended 30 June 2018, an amount of RMB40 million (after revaluation) (2017: nil) was transferred to investment properties.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

**16. INVENTORIES**

	<b>30.6.2018</b>	31.12.2017
	<b>RMB million</b>	RMB million
	<b>(unaudited)</b>	(audited)
Food and beverage	<b>5</b>	6
Other consumables	<b>23</b>	22
	<b>28</b>	28

**17. TRADE AND OTHER RECEIVABLES**

	<b>30.6.2018</b>	31.12.2017
	<b>RMB million</b>	RMB million
	<b>(unaudited)</b>	(audited)
Trade receivables	<b>34</b>	33
Deposits and prepayments	<b>9</b>	18
Advance to suppliers	<b>16</b>	7
Interest receivables	<b>55</b>	56
Other receivables	<b>20</b>	19
	<b>134</b>	133

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

	<b>30.6.2018</b>	31.12.2017
	<b>RMB million</b>	RMB million
	<b>(unaudited)</b>	(audited)
Less than or equal to 1 month	<b>31</b>	29
1–3 months	<b>2</b>	3
Over 3 months	<b>1</b>	1
	<b>34</b>	33

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

### 18. BANK BALANCES AND CASH

	<b>30.6.2018</b> <b>RMB million</b> <b>(unaudited)</b>	31.12.2017 RMB million (audited)
Cash at bank and on hand	<b>2,076</b>	1,871
Time deposits (with original maturity of three months or less)	<b>72</b>	616
Cash and cash equivalents	<b>2,148</b>	2,487
Time deposits (with original maturity of more than three months)	<b>4,847</b>	4,914
	<b>6,995</b>	7,401

### 19. TRADE AND OTHER PAYABLES

	<b>30.6.2018</b> <b>RMB million</b> <b>(unaudited)</b>	31.12.2017 RMB million (audited)
Trade payables	<b>55</b>	73
Rental received in advance	<b>215</b>	218
Others ( <i>Note</i> )	<b>195</b>	204
	<b>465</b>	495

*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:

	<b>30.6.2018</b> <b>RMB million</b> <b>(unaudited)</b>	31.12.2017 RMB million (audited)
Less than or equal to 3 months	<b>40</b>	59
Over 3 months	<b>15</b>	14
	<b>55</b>	73

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

### 20. BANK LOANS

	<b>30.6.2018</b>	31.12.2017
	<b>RMB million</b>	RMB million
	<b>(unaudited)</b>	(audited)
Unsecured term loans	<b>10,433</b>	11,013
Loan front-end fees	<b>(49)</b>	(44)
	<b>10,384</b>	10,969
The maturities of the above bank loans are as follows:		
Within one year	<b>1,852</b>	5,009
More than one year but not exceeding two years	<b>2,625</b>	1,603
More than two years but not exceeding five years	<b>5,907</b>	4,357
	<b>10,384</b>	10,969
Less: Amounts shown under current liabilities	<b>(1,852)</b>	(5,009)
Amount due after one year	<b>8,532</b>	5,960

In relation to the credit facility of HK\$5,000 million (equivalent to RMB4,216 million) granted to the Group on 23 February 2018 to refinance the credit facility granted by the same lenders in December 2014, the total amount of the credit facility utilised by the Group as at 30 June 2018 was HK\$5,000 million (equivalent to RMB4,216 million) (31 December 2017: HK\$5,000 million (equivalent to RMB4,180 million)). It bears interest at floating interest rate of HIBOR plus 1.05% per annum and is repayable in full in March 2021.

In relation to the credit facility of HK\$800 million (equivalent to RMB674 million) drew down by the Group on 19 July 2016, the Group fully prepaid HK\$800 million (equivalent to RMB674 million) of the credit facility in June 2018.

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

### 21. UNITS IN ISSUE

As at 30 June 2018, Hui Xian REIT had 5,687,051,439 (31 December 2017: 5,586,412,489) issued units.

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

	Number of units	RMB million
Balance at 1 January 2017	5,462,193,939	27,463
Payment of Manager's fees through issuance of new units during the year	37,386,579	115
Units issued pursuant to the distribution reinvestment arrangement in respect of 2016 final and 2017 interim distributions	86,831,971	262
Balance at 31 December 2017	5,586,412,489	27,840
Payment of Manager's fees through issuance of new units during the period	<b>16,608,424</b>	<b>51</b>
Units issued pursuant to the distribution reinvestment arrangement in respect of 2017 final distribution	<b>84,030,526</b>	<b>255</b>
Balance at 30 June 2018	<b>5,687,051,439</b>	<b>28,146</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

### 21. UNITS IN ISSUE (continued)

On 11 April 2018, 16,608,424 units at RMB3.10 per unit were issued to the Manager as settlement of Manager's fee for period from 1 July 2017 to 31 December 2017.

On 21 May 2018, 84,030,526 scrip units at issue price of RMB3.04 per unit were issued to unitholders pursuant to the distribution reinvestment arrangement in respect of 2017 final distribution.

Details of units issued during the year ended 31 December 2017 as payment of Manager's fees are as follows:

Issue date	Payment of Manager's fees for the period	Average price per unit determined based on Trust Deed RMB	Number of units issued
11 April 2017	1 July 2016 to 31 December 2016	3.08	18,591,696
25 August 2017	1 January 2017 to 30 June 2017	3.08	18,794,883
			37,386,579

On 22 May 2017, 42,707,695 scrip units at an issue price of RMB3.02 per unit were issued to unitholders pursuant to the distribution reinvestment arrangement in respect of 2016 final distribution.

On 28 September 2017, 44,124,276 scrip units at an issue price of RMB3.02 per unit were issued to unitholders pursuant to the distribution reinvestment arrangement in respect of 2017 interim distribution.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

### 22. ACQUISITIONS OF SUBSIDIARIES

During the six months ended 30 June 2017, Hui Xian REIT acquired Highsmith HK Group and 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 CK Asset Holdings Limited (“CK Asset”) (formerly known as Cheung Kong Property Holdings Limited), a connected and related party of the Group, at a consideration of RMB256 million. Highsmith HK held the entire equity interests in Chongqing Hotel Company which operated Harbour Plaza Chongqing. This transaction had been accounted for as a 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 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 CK Asset.

Included in profit for the period ended 30 June 2017, before transactions with unitholders was 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 ended 30 June 2017 included 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 ended 30 June 2017 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 had been excluded from the consideration transferred and had been recognised as expense in 2017, were included in “other operating expenses” and “manager’s fees” on the face of the condensed consolidated statement of comprehensive income.

**22. ACQUISITIONS OF SUBSIDIARIES (continued)**

- (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 CK Asset, a connected and related party of the Group, at a consideration of RMB276 million. Chengdu Investment was the foreign joint venture party owning 69% equity interest in Chengdu Changtian Co., Ltd. ("Chengdu Changtian"), a sino-foreign co-operative joint venture enterprise established in the PRC which operated Sheraton Chengdu Lido Hotel. The transaction had been accounted for as a business combination using acquisition accounting. Upon completion of the acquisition, Chengdu Changtian became a non-wholly owned subsidiary controlled by the Group.

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 was indirectly wholly-owned by CK Asset, with principal amount together with accrued interests after tax totaled to approximately HK\$295 million (equivalent to RMB262 million).

The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of fair values of the acquirees' net assets at the acquisition date amounted to RMB397 million.

Included in profit for the period ended 30 June 2017, before transactions with unitholders was a loss of RMB1 million attributable to the business combination of the Chengdu Investment Group. Revenue for the period ended 30 June 2017 included 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 ended 30 June 2017, 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 had been excluded from the consideration transferred and had been recognised as expense in 2017, were included in "other operating expenses" and "manager's fees" on the face of the condensed consolidated statement of comprehensive income.

In determining the proforma profit of the Group had Highsmith HK Group and Chengdu Investment Group been acquired at the beginning of 2017, the Manager had 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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

### 22. ACQUISITIONS OF SUBSIDIARIES (continued)

(b) (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 acquisitions had 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.

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

### 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 2018 of RMB26,813 million (31 December 2017: RMB26,783 million) and the total number of 5,687,051,439 units in issue as at 30 June 2018 (31 December 2017: 5,586,412,489 units).

### 24. NET CURRENT ASSETS

As at 30 June 2018, the Group's net current assets, defined as total current assets less total current liabilities, amounted to RMB3,727 million (31 December 2017: RMB1,092 million).

### 25. TOTAL ASSETS LESS CURRENT LIABILITIES

As at 30 June 2018, the Group's total assets less current liabilities amounted to RMB43,538 million (31 December 2017: RMB40,967 million).

### 26. CAPITAL COMMITMENTS

	<b>30.6.2018</b>	31.12.2017
	<b>RMB million</b>	RMB million
	<b>(unaudited)</b>	(audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	<b>94</b>	65

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

**27. CONNECTED AND RELATED PARTY TRANSACTIONS**

During the period, the Group entered into the following transactions with connected and related parties, and all these transactions were entered into in the ordinary course of business and were on normal commercial terms:

Name of Connected/Related Party	Notes	1.1.2018 to	1.1.2017 to
		30.6.2018	30.6.2017
		RMB'000	RMB'000
		(unaudited)	(unaudited)
<b>Rent and rental related income</b>			
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)	4	1,980
重慶屈臣氏個人用品商店有限公司 (Chongqing Watson's Personal Care Stores Co., Limited*)	(a)	13	1,189
環球全域電訊(廣東)有限公司 (HGC Global Communications (Guangdong) Limited*)	(a) & (r)	—	366
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.*)	(a)	499	3,098
Cheung Kong (Holdings) Limited Beijing Office	(a)	8	46
長實(中國)投資有限公司 (CKH (China) Investment Co., Limited*)	(a)	74	46
北京雷霆萬鈞網絡科技有限責任公司 (Beijing Lei Ting Wan Jun Network Technology Limited*)	(a)	788	427
北京雷霆無極網絡科技有限公司 (Beijing Lei Ting Wu Ji Network Technology Company Limited*)	(a)	525	291
北京雷系科技發展有限公司 (Beijing Lahiji Technology Development Limited*)	(a)	678	376
北京幻劍書盟科技發展有限公司 (Beijing Huan Jian Shu Meng Network Technology Limited*)	(a)	35	20
諾定(中國)投資有限公司 (TOM.COM (China) Investment Limited*)	(a)	35	20
香港 TOM 集團國際有限公司北京代表處 (TOM Group International Limited Beijing Representative Office*)	(a)	24	13
森棟乙(北京)科技有限公司 (Ceng Dong Yi (Beijing) Technology Company Limited*)	(a)	35	20
CK Asset Holdings Limited	(b)	40	—
和記黃埔地產(重慶兩江新區)有限公司 (Hutchison Whampoa Properties (Chongqing Liangjiangxinqu) Limited*)	(b)	206	280
和記黃埔地產(重慶南岸)有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	(b)	1,582	1,299

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

### 27. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Name of Connected/Related Party	Notes	1.1.2018 to	1.1.2017 to
		30.6.2018	30.6.2017
		RMB'000	RMB'000
		(unaudited)	(unaudited)
和記黃埔地產 (重慶經開園) 有限公司 (Hutchison Whampoa Properties (Chongqing Jingkaiyuan) Limited*)	(b)	211	159
和記黃埔地產管理有限公司重慶分公司 (Hutchison Whampoa Property Management Limited Chongqing Branch*)	(b)	16	—
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.*)	(b)	206	575
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.*)	(b)	341	478
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	(b)	896	894
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	(b)	956	954
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	(b)	33	32
重慶東廣飯店有限公司 (Chongqing Oriental Plaza Hotel Co., Ltd.*)	(d)	—	84
李嘉誠基金會 (香港) 北京辦事處 (Li Ka Shing Foundation (Hong Kong) Beijing Office*)	(c)	—	1,372
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(f)	237	222
德意志銀行 (中國) 有限公司重慶分行 (Deutsche Bank (China) Co., Ltd. Chongqing Branch*)	(l)	560	576
Bank of China Limited	(j)	14,370	13,797
香港貿易發展局 (The Hong Kong Trade Development Council*)	(k)	181	—
香港貿易發展局北京辦事處 (The Hong Kong Trade Development Council Beijing Office*)	(k)	100	—

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

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

Name of Connected/Related Party	Notes	1.1.2018 to	1.1.2017 to
		30.6.2018	30.6.2017
		RMB'000	RMB'000
		(unaudited)	(unaudited)
<b>Hotel room revenue</b>			
長江基建集團有限公司 (CK Infrastructure Holdings Limited*)	(a)	3	—
廣州屈臣氏個人用品商店有限公司 (Guangzhou Watson's Personal Care Stores Ltd.*)	(a)	1	—
和記地產集團有限公司 (Hutchison Property Group Limited*)	(b)	1	—
和記黃埔地產管理有限公司重慶分公司 (Hutchison Whampoa Property Management Limited Chongqing Branch*)	(b)	54	—
和記黃埔地產(重慶南岸)有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	(b)	— <sup>^</sup>	—
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.*)	(b)	5	—
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(f)	—	233
香港貿易發展局成都辦事處 (The Hong Kong Trade Development Council Chengdu Office*)	(k)	118	—
復旦大學 (Fudan University*)	(k)	— <sup>^</sup>	—
Bank of China Limited	(j)	84	—
中銀國際證券股份有限公司 (BOC International (China) Co., Ltd.*)	(j)	2	—
香港鐵路有限公司 (MTR Corporation Limited*)	(l)	6	—
中國民生銀行股份有限公司 (China Minsheng Banking Corp., Ltd.*)	(l)	3	—
國壽投資控股有限公司 (China Life Investment Holding Company Limited *)	(o)	1	—

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

### 27. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Name of Connected/Related Party	Notes	1.1.2018 to	1.1.2017 to
		30.6.2018	30.6.2017
		RMB'000	RMB'000
		(unaudited)	(unaudited)
<b>Food &amp; beverages and other hotel income</b>			
上海和黃白貓有限公司 (Shanghai Hutchison Whitecat Company Limited *)	(a)	1	—
武漢屈臣氏個人用品商店有限公司 (Wuhan Watson's Personal Care Stores Co., Limited*)	(a)	1	—
和記黃埔地產(重慶兩江新區)有限公司 (Hutchison Whampoa Properties (Chongqing Liangjiangxinqu) Limited*)	(b)	26	—
和記黃埔地產(重慶南岸)有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited *)	(b)	114	—
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.*)	(b)	3	—
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	(b)	61	—
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	(b)	69	—
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd. *)	(b)	3	—
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(f)	118	—
Bank of China Limited	(j)	30	—
中銀國際證券股份有限公司 (BOC International (China) Co., Ltd.*)	(j)	1	—
中國文化產業投資基金管理有限公司 (China Cultural Industry Investment Fund Management Co., Ltd. *)	(j)	1	—
復旦大學 (Fudan University*)	(k)	3	—
中國民生銀行股份有限公司 (China Minsheng Banking Corp., Ltd.*)	(l)	8	—
國壽投資控股有限公司 (China Life Investment Holding Company Limited *)	(o)	3	—
大連達連房地產開發有限公司 (Dalian Dalian Property Development Co., Ltd. *)	(q)	9	—

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

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

Name of Connected/Related Party	Notes	1.1.2018 to	1.1.2017 to
		30.6.2018	30.6.2017
		RMB'000	RMB'000
		(unaudited)	(unaudited)
<b>Public utility charges</b>			
重慶東廣飯店有限公司 (Chongqing Oriental Plaza Hotel Co., Ltd.*)	(d) & (m)	—	183
<b>Interest income from banks</b>			
Bank of China Limited	(j)	4,420	9,888
Bank of China (Hong Kong) Limited	(j) & (k)	17	16
<b>Reimbursement of staff cost</b>			
Hui Xian Asset Management Limited	(e)	472	508
<b>Reversal of warranty claims</b>			
Joinpower Holdings Ltd	(b)	768	—
Cheerjoy Limited	(b)	768	—
<b>Property management fee</b>			
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	(b)	9,437	7,495
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	(b)	10,651	9,239
家利物業管理(深圳)有限公司 (Cayley Property Management (Shenzhen) Ltd.*)	(b)	10,724	12,276
海逸酒店管理有限公司 (Harbour Plaza Hotel Management Limited*)	(b)	180	250
重慶東廣飯店有限公司 (Chongqing Oriental Plaza Hotel Co., Ltd.*)	(d)	—	149
<b>Internet services fee</b>			
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.*)	(a)	469	—

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

### 27. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Name of Connected/Related Party	Notes	1.1.2018 to	1.1.2017 to
		30.6.2018	30.6.2017
		RMB'000	RMB'000
		(unaudited)	(unaudited)
<b>Beverages</b>			
廣州屈臣氏食品飲料有限公司北京飲料分公司 (Guangzhou Watson's Food and Beverages Company Limited Beijing Beverages Branch*)	(a)	188	175
<b>Cleaning supplies</b>			
上海和黃白貓有限公司 (Shanghai Hutchison Whitecat Company Limited*)	(a)	614	515
<b>Hotel services</b>			
重慶東廣飯店有限公司 (Chongqing Oriental Plaza Hotel Co., Ltd.*)	(d)	—	54
Harbour Grand Hong Kong Catering Limited	(a)	154	146
<b>Leasing expenses</b>			
重慶東廣飯店有限公司 (Chongqing Oriental Plaza Hotel Co., Ltd.*)	(d)	—	30
<b>Trademark license fee</b>			
和記黃埔企業有限公司 (Hutchison Whampoa Enterprises Limited*)	(a) & (p)	—	—
海逸酒店企業有限公司 (Harbour Plaza Hotel Enterprises Limited*)	(b)	18	12
<b>Insurance expense</b>			
中銀保險有限公司北京分公司 (Bank of China Insurance Co., Ltd. Beijing Branch*)	(j)	203	202
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*)	(o)	709	776
中國人壽財產保險股份有限公司重慶市分公司 (China Life Property and Casualty Insurance Company Limited Chongqing Branch*)	(o)	95	101

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For the six months ended 30 June 2018

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

Name of Connected/Related Party	Notes	1.1.2018 to	1.1.2017 to
		30.6.2018	30.6.2017
		RMB'000	RMB'000
		(unaudited)	(unaudited)
<b>Interest expense</b>			
Bank of China (Hong Kong) Limited	(j), (k) & (n)	<b>27,334</b>	27,922
Bank of China Limited Macau Branch	(j) & (n)	<b>2,960</b>	1,563
The Hongkong and Shanghai Banking Corporation Limited	(c) & (n)	<b>8,641</b>	10,439
<b>Bank charges and agency fee</b>			
Bank of China Limited	(j)	<b>1,766</b>	1,631
Bank of China (Hong Kong) Limited	(j), (k) & (n)	<b>53</b>	—
<b>Trustee's fee</b>			
DB Trustees (Hong Kong) Limited	(j)	<b>2,006</b>	2,198
<b>Manager's fees</b>			
Hui Xian Asset Management Limited	(e)	<b>71,876</b>	87,957
<b>Property Manager's fee</b>			
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(f)	<b>36,387</b>	22,070
<b>Valuation fee</b>			
Knight Frank Petty Limited	(g) & (h)	—	160
D&P China (HK) Limited	(g)	<b>223</b>	304
<b>Title verification service fee</b>			
D&P China (HK) Limited	(g)	<b>25</b>	—
<b>Technical due diligence fee</b>			
Knight Frank Petty Limited	(g) & (h)	—	250

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

### 27. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Balances with connected and related parties as at 30 June 2018 and 31 December 2017 are as follows:

Name of Connected/Related Party	Notes	30.6.2018	31.12.2017
		RMB'000 (unaudited)	RMB'000 (audited)
<b>Bank loans</b>			
Bank of China (Hong Kong) Limited	(j), (k) & (n)	<b>2,267,589</b>	2,249,307
Bank of China Limited Macau Branch	(j) & (n)	—	165,876
The Hongkong and Shanghai Banking Corporation Limited	(c) & (n)	<b>753,524</b>	748,584
<b>Bank balances</b>			
Bank of China Limited	(j)	<b>575,458</b>	647,289
Bank of China (Hong Kong) Limited	(j) & (k)	<b>111,835</b>	34,612
The Hongkong and Shanghai Banking Corporation Limited	(c)	<b>518</b>	450
<b>Deposits placed with the Group for the lease of the Group's properties</b>			
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)	<b>953</b>	953
重慶屈臣氏個人用品商店有限公司 (Chongqing Watson's Personal Care Stores Co., Limited*)	(a)	—	600
環球全域電訊（廣東）有限公司 (HGC Global Communications (Guangdong) Limited*)	(a) & (r)	—	185
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.*)	(a)	<b>567</b>	567
Cheung Kong (Holdings) Limited Beijing Office	(a)	—	23
長實（中國）投資有限公司 (CKH (China) Investment Co., Limited*)	(a)	<b>29</b>	31
北京雷霆萬鈞網絡科技有限責任公司 (Beijing Lei Ting Wan Jun Network Technology Limited*)	(a)	<b>464</b>	498
北京雷霆無極網絡科技有限公司 (Beijing Lei Ting Wu Ji Network Technology Company Limited*)	(a)	<b>349</b>	349

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For the six months ended 30 June 2018

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

Name of Connected/Related Party	Notes	30.6.2018	31.12.2017
		RMB'000 (unaudited)	RMB'000 (audited)
北京雷系科技發展有限公司 (Beijing Lahiji Technology Development Limited*)	(a)	451	451
北京幻劍書盟科技發展有限公司 (Beijing Huan Jian Shu Meng Network Technology Limited*)	(a)	24	24
諾定(中國)投資有限公司 (TOM.COM (China) Investment Limited*)	(a)	24	24
香港 TOM 集團國際有限公司北京代表處 (TOM Group International Limited Beijing Representative Office*)	(a)	16	16
森棟乙(北京)科技有限公司 (Ceng Dong Yi (Beijing) Technology Company Limited*)	(a)	24	24
CK Asset Holdings Limited	(b)	24	—
和記黃埔地產(重慶兩江新區)有限公司 (Hutchison Whampoa Properties (Chongqing Liangjiangxinqu) Limited*)	(b)	81	126
和記黃埔地產(重慶南岸)有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	(b)	505	626
和記黃埔地產(重慶經開園)有限公司 (Hutchison Whampoa Properties (Chongqing Jingkaiyuan) Limited*)	(b)	119	71
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.*)	(b)	1	259
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.*)	(b)	61	297
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	(b)	447	447
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	(b)	476	476
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	(b)	16	16
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(f)	121	110

Notes:

- (a) These companies are associated companies<sup>1</sup> of Noblecrown Investment Limited ("Noblecrown") and Heathcliff Developments Limited ("Heathcliff"), both of them are significant holders<sup>2</sup> of Hui Xian REIT, and are subsidiaries or associated companies of CK Hutchison Holdings Limited.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

### 27. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Notes: (continued)

- (b) These companies are holding companies or associated companies<sup>1</sup> of Noblecrown and Heathcliff, both of them are significant holders<sup>2</sup> of Hui Xian REIT, and are subsidiaries or associated companies of CK Asset.
- (c) These companies are associates<sup>3</sup> of Mr. Li Tzar Kuoi, Victor, a director of Noblecrown, a significant holder<sup>2</sup> of Hui Xian REIT.
- (d) This company was formerly known as Harbour Plaza Chongqing Co. Ltd., which was an associated company of Noblecrown, (a significant holder<sup>2</sup> of Hui Xian REIT), and was a subsidiary of CK Asset until 28 February 2017. The amounts represented transactions up to 28 February 2017.
- (e) This company is the Manager of Hui Xian REIT.
- (f) This company is a subsidiary of the Manager.
- (g) D&P China (HK) Limited is the principal valuer of Hui Xian REIT for the six months ended 30 June 2018 and year ended 31 December 2017 and Knight Frank Petty Limited was the former principal valuer of Hui Xian REIT for the year ended 31 December 2016.
- (h) The valuation fee and service charges represent the valuation service and technical due diligence services rendered by Knight Frank Petty Limited which was the former principal valuer of Hui Xian REIT for the year ended 31 December 2016.
- (i) These companies are associated companies of DB Trustees (Hong Kong) Limited, the trustee of Hui Xian REIT.
- (j) These companies are holding companies or associated companies<sup>1</sup> of Lucky Star International Holdings Inc. ("Lucky Star"), a significant holder<sup>2</sup> of Hui Xian REIT, and are subsidiaries or associated companies of Bank of China Limited.
- (k) These institutions/companies are associates<sup>3</sup> of Dr. Choi Koon Shum, Jonathan, an independent non-executive director of the Manager, by virtue of his position as council member/director in these institutions/companies.
- (l) These companies are associates<sup>3</sup> of Mr. Cheng Hoi Chuen, Vincent, an independent non-executive director of the Manager, by virtue of his position as independent non-executive director in these companies. Mr. Cheng ceased to be an independent non-executive director of China Minsheng Banking Corp., Ltd with effect from 15 June 2018.
- (m) The relevant public utility charges have been reimbursed by this company at cost. The amount represents transactions up to 28 February 2017.
- (n) The bank loans represent part of the outstanding bank loans (Note 20) as at 30 June 2018. The interest expense represents the respective interest expense under part of the outstanding and repaid bank loans for the six months ended 30 June 2018.
- (o) These companies are associated companies<sup>1</sup> of Po Lian Enterprises Limited ("Po Lian"), a significant holder<sup>2</sup> of Hui Xian REIT, and are subsidiaries or associated companies of China Life Insurance (Group) Company.
- (p) The relevant trademarks are licensed by this company to Chongqing Company at no cost.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

### 27. CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Notes: (continued)

- (q) This company is an associate<sup>3</sup> of (i) Mr. Kam Hing Lam who is a director of Noblecrown and Heathcliff, (ii) Mr. Ip Tak Chuen, Edmond who is a director of Noblecrown, (iii) Mr. Chung Sun Keung, Davy who is a director of Noblecrown and (iv) Mr. Chow Wai Kam, Raymond who is a director of Heathcliff. Noblecrown and Heathcliff are significant holders<sup>2</sup> of Hui Xian REIT.
- (r) This company was previously known as 和記環球電訊（廣東）有限公司 (Hutchison Global Communications (Guangdong) Limited\*) and ceased to be an associated company of CK Hutchison Holdings Limited since 3 October 2017.

<sup>1</sup> 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.

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

<sup>3</sup> As defined in the SFO, a company is an associate of a person if the person is a director of that company.

\* The English name is shown for identification purpose only.

^ Transaction amount is greater than zero and smaller than RMB500.

## 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 are set out as below:

### SUMMARY OF CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1.1.2018 to 30.6.2018 <i>RMB million</i>	1.1.2017 to 30.6.2017 <i>RMB million</i>	1.1.2016 to 30.6.2016 <i>RMB million</i>	1.1.2015 to 30.6.2015 <i>RMB million</i>	1.1.2014 to 30.6.2014 <i>RMB million</i>
Revenue					
Gross rental from investment properties	1,199	1,193	1,237	1,201	1,061
Income from hotel operation	266	250	238	246	258
Income from serviced apartments operation	83	73	69	68	64
Rental related income	46	67	31	32	28
	1,594	1,583	1,575	1,547	1,411
Profit before taxation and transactions with unitholders	790	882	368	689	1,334
Income tax expense	(286)	(242)	(205)	(237)	(395)
Profit for the period, before transactions with unitholders	504	640	163	452	939
Profit for the period attributable to unitholders, before transactions with unitholders	518	647	170	458	945
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Basic earnings per unit	0.0921	0.1178	0.0315	0.0858	0.1819

## SUMMARY FINANCIAL INFORMATION

### SUMMARY OF DISTRIBUTIONS

	<b>1.1.2018 to 30.6.2018</b>	1.1.2017 to 30.6.2017	1.1.2016 to 30.6.2016	1.1.2015 to 30.6.2015	1.1.2014 to 30.6.2014
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Distributions to unitholders	<b>804</b>	761	781	730	663
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Distribution per unit	<b>0.1414</b>	0.1377	0.1439	0.1363	0.1271

### SUMMARY OF CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<b>30.6.2018</b>	31.12.2017	31.12.2016	31.12.2015	31.12.2014
	<i>RMB million</i>				
Non-current assets	<b>39,811</b>	39,875	39,549	40,282	37,194
Current assets	<b>7,331</b>	7,734	7,391	6,422	5,034
Total assets	<b>47,142</b>	47,609	46,940	46,704	42,228
Current liabilities	<b>3,604</b>	6,642	2,619	3,075	2,741
Non-current liabilities, excluding net assets attributable to unitholders	<b>16,389</b>	13,834	17,639	15,816	10,652
Total liabilities, excluding net assets attributable to unitholders	<b>19,993</b>	20,476	20,258	18,891	13,393
Non-controlling interests	<b>336</b>	350	243	256	271
Net assets attributable to unitholders	<b>26,813</b>	26,783	26,439	27,557	28,564
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Net asset value per unit attributable to unitholders	<b>4.7148</b>	4.7943	4.8403	5.1231	5.3919

## PERFORMANCE TABLE

	Notes	30.6.2018	31.12.2017	31.12.2016	31.12.2015	31.12.2014
Net assets attributable to unitholders (RMB million)		<b>26,813</b>	26,783	26,439	27,557	28,564
Net asset value per unit attributable to unitholders (RMB)		<b>4.7148</b>	4.7943	4.8403	5.1231	5.3919
Market capitalisation (RMB million)		<b>18,142</b>	17,597	17,151	17,912	18,436
Units issued (units)		<b>5,687,051,439</b>	5,586,412,489	5,462,193,939	5,378,973,852	5,297,591,509
Debts to net asset value ratio	1	<b>38.7%</b>	41.0%	40.9%	34.2%	13.5%
Debts to total asset value ratio	2	<b>22.0%</b>	23.0%	23.0%	20.2%	9.2%
		<b>1.1.2018 to 30.6.2018</b>	1.1.2017 to 31.12.2017	1.1.2016 to 31.12.2016	1.1.2015 to 31.12.2015	1.1.2014 to 31.12.2014
Highest traded unit price (RMB)		<b>3.29</b>	3.22	3.51	3.57	3.88
Highest premium of the traded unit price to net asset value per unit	3	<b>N/A</b>	N/A	N/A	N/A	N/A
Lowest traded unit price (RMB)		<b>3.09</b>	3.02	2.98	2.94	3.29
Highest discount of the traded unit price to net asset value per unit		<b>34.5%</b>	37.0%	38.4%	42.6%	39.0%
Distribution per unit (RMB)		<b>0.1414</b>	0.2681	0.2754	0.2700	0.2567
Annualised distribution yield per unit	4	<b>8.94%</b>	8.51%	8.77%	8.11%	7.38%

*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

### On or around

Interim results announcement for the six months ended 30 June 2018 announcing, among other information, the interim distribution for the six months ended 30 June 2018 (“2018 Interim Distribution”) and the distribution reinvestment arrangement (“DRA”)	27 July 2018 (Friday)
Units quoted ex-2018 Interim Distribution	9 August 2018 (Thursday)
Ten consecutive trading days to determine unit price for new units to be issued from scrip distribution under the DRA (“Scrip Units”)	9 August 2018 (Thursday) to 22 August 2018 (Wednesday) (both dates inclusive)
Closure of register of Unitholders (for ascertaining entitlement to the 2018 Interim Distribution)	13 August 2018 (Monday) to 15 August 2018 (Wednesday) (both dates inclusive)
Record date for 2018 Interim Distribution	15 August 2018 (Wednesday)
Announcement in relation to the DRA	23 August 2018 (Thursday)
Despatch of circular and election form for the DRA	28 August 2018 (Tuesday)
Latest time for return of election form for the DRA <sup>1</sup>	by 4:30 p.m., 12 September 2018 (Wednesday)
Payment of the 2018 Interim Distribution for cash distribution election	27 September 2018 (Thursday)
Despatch of new unit certificates for scrip distribution election	27 September 2018 (Thursday)
Expected first day of dealings in Scrip Units (subject to the granting of listing approval by the Stock Exchange)	28 September 2018 (Friday)

1. A distribution reinvestment arrangement is available to eligible Unitholders who may elect to receive the 2018 Interim Distribution for the six months ended 30 June 2018 wholly in cash or in the form of new units or a combination of both. An announcement containing details of the distribution reinvestment arrangement was published on 23 August 2018 (Thursday) and a circular together with the relevant election form will be delivered by post to the Unitholders on 28 August 2018 (Tuesday). The election form for scrip distribution must be lodged with and received by the Computershare Hong Kong Investor Services Limited (at its address at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong) not later than 4:30 pm on 12 September 2018 (Wednesday). Please refer to the relevant circular and election form for the details of such distribution reinvestment arrangement. Unitholders should note that any election form arrived or received after the deadline set out above will be treated and taken as invalid.

# 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 (*Chief Operating Officer*)  
LAI Wai Yin, Agnes<sup>#</sup> (*Chief Financial Officer*)

### Non-executive Directors

IP Tak Chuen, Edmond  
LIM Hwee Chiang  
YIN Ke<sup>^</sup>

### 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<sup>^</sup>

### Disclosures Committee

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

### Designated (Finance) Committee

IP Tak Chuen, Edmond (*Chairman*)<sup>#</sup>  
YIN Ke (*Chairman*)<sup>^</sup>  
CHEUNG Ling Fung, Tom  
CHOI Koon Shum, Jonathan

## COMPANY SECRETARY OF THE MANAGER

Fair Wind Secretarial Services Limited

## TRUSTEE

DB Trustees (Hong Kong) Limited

## AUDITOR

Deloitte Touche Tohmatsu

## PRINCIPAL VALUER

D&P China (HK) Limited  
(formerly known as American  
Appraisal China 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

<sup>^</sup> resigned with effect from 8 January 2018

<sup>#</sup> appointed with effect from 8 January 2018

## CORPORATE INFORMATION

### **INVESTOR RELATIONS**

TONG BARNES Wai Che, Wendy

Tel: (852) 2121 1128

Fax: (852) 2121 1138

Email: [info@huixianreit.com](mailto: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](http://www.huixianreit.com)

## 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 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
Hui Xian REIT group	Hui Xian REIT and other companies or entities held or controlled by Hui Xian REIT
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
PRC	People's Republic of China
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

## GLOSSARY

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, 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

\* The English name is shown for identification purpose only

The information as set out in this interim report is updated as of 27 July 2018