



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 2019

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.



Contents

2	Financial Highlights
3	Chairman's Statement
8	Management Discussion and Analysis
16	Corporate Governance
20	Connected Party Transactions
32	Disclosure of Interests
34	Report on Review of Condensed Consolidated Financial Statements
35	Condensed Consolidated Statement of Comprehensive Income
36	Distribution Statement
38	Condensed Consolidated Statement of Financial Position
40	Condensed Consolidated Statement of Changes in Net Assets Attributable to Unitholders and Non-Controlling Interests
41	Condensed Consolidated Statement of Cash Flows
42	Notes to the Condensed Consolidated Financial Statements
78	Summary Financial Information
80	Performance Table
81	Investor Calendar
82	Corporate Information
83	Glossary

FINANCIAL HIGHLIGHTS

For the period from 1 January 2019 to 30 June 2019 (“Reporting Period”)

	Six months ended 30 Jun 2019	Six months ended 30 Jun 2018	Percentage Change
Total Revenue (<i>RMB million</i>)	1,598	1,594	+0.2%
Net Property Income (<i>RMB million</i>)	1,042	1,035	+0.7%
Distributions to Unitholders (<i>RMB million</i>)	725	804	-9.8%
Distribution per Unit (<i>RMB</i>)	0.1245	0.1414	-12.0%

CHAIRMAN'S STATEMENT

The first half of 2019 was continued to be characterized by numerous economic and geopolitical uncertainties around the world. Ongoing trade tensions between China and the United States, uncertainties surrounding Brexit and slower growth for both advanced and emerging economies posed ongoing headwinds and heightened risks to global economic prospects. In June 2019, The World Bank lowered its full-year global growth forecast to 2.6%, 0.3 percentage point below the previous estimate in January.

China's gross domestic product ("GDP") grew 6.2% in the second quarter of 2019 according to the National Bureau of Statistics of China. This represented the lowest growth figure since records began in 1992.

Results and Distribution

Despite the challenging operating environment, Hui Xian REIT delivered steady growth in both revenue and NPI during the Reporting Period. Total revenue was up by 0.2% year-on-year to RMB1,598 million and net property income ("NPI") increased 0.7% year-on-year to RMB1,042 million.

Mainly impacted by the year-on-year decrease in interest income and a one-off exchange gain realized from an early bank loan repayment in the first half of 2018, distributions to Unitholders for the Reporting Period amounted to RMB725 million (2018: RMB804 million). At the payout ratio of 100%, the distribution per unit ("DPU") was RMB0.1245 (2018: RMB0.1414).

Based on the closing unit price of RMB3.40 on 28 June 2019, the annualised distribution yield is 7.4%.

Business Review

Hui Xian REIT's portfolio spans across office, retail, serviced apartment and hotel sectors in China's four key cities, covering an aggregate area of over 1.1 million square metres.

(1) Office Portfolio

During the first half of 2019, the ongoing China-US trade tensions and China's slower economic growth created uncertainties, affecting the business sentiment and curtailing demands for office space in key Chinese cities. Many multinational and domestic corporations have become more cost-conscious and have held off their expansion plans or have downsized their office space.

Hui Xian REIT's office portfolio comprises The Tower Offices at Beijing Oriental Plaza and The Tower at Chongqing Metropolitan Oriental Plaza. The office portfolio's NPI was RMB499 million, a year-on-year increase of 4.6%.

Notwithstanding the challenging market conditions, The Tower Offices at Beijing Oriental Plaza remained resilient due to its central location and quality offerings. Average monthly passing rent was RMB297 (2018: RMB292) per square metre and average monthly spot rent was RMB336 (2018: RMB332) per square metre. Occupancy was 94.0% (2018: 96.0%).

CHAIRMAN'S STATEMENT

Office market in Chongqing continued to be competitive due to escalating new supply. Average monthly passing rent of The Tower at Chongqing Metropolitan Oriental Plaza rate was RMB116 (2018: RMB117) per square metre, while occupancy rate of was 89.7% (2018: 92.3%).

(2) Retail Portfolio

According to official data, China's retail sales rose 8.4% to RMB19,521 billion during the first half of 2019. Disposable income per capita grew 8.8% to RMB15,294. Consumption is a key driver for the country's economic growth and the Chinese government has been rolling out a host of stimulus measures to boost domestic consumption.

With the support of social media, smartphones and mobile payment, e-commerce continues to expand in China. In the first half of 2019, online retail sales increased 17.8% year-on-year to RMB4,816 billion.

Hui Xian REIT's retail portfolio consists of two shopping centres at Beijing Oriental Plaza and Chongqing Metropolitan Oriental Plaza. NPI was RMB452 million (2018: RMB450 million).

During the Reporting Period, The Malls at Beijing Oriental Plaza sustained a high level of occupancy and rents, achieving revenue and NPI growth. Occupancy rate was 98.0% (2018: 97.2%). Average monthly passing rent was RMB1,153 (2018: RMB1,126) per square metre. The Malls continues to be a sought-after destination for both retailers and shoppers, attributable to its prime location in Wangfujing, excellent accessibility and high footfall.

The tenant mix at The Malls has been going through refinement with the addition of sportswear and lifestyle stores, as well as a variety of food and beverage outlets to meet the fast-changing customer tastes.

The comprehensive asset enhancement and tenant revamp programme at Chongqing Metropolitan Oriental Plaza mall continued throughout the Reporting Period and is expected to be completed by the end of 2019. During the renovation period, average occupancy rate was 86.7% (2018: 84.0%) and average monthly passing rent was RMB155 (2018: RMB171) per square metre.

(3) Serviced Apartment Portfolio

Hui Xian REIT's serviced apartment portfolio comprises (i) The Tower Apartments at Beijing Oriental Plaza, one of Beijing's largest serviced apartment developments and (ii) The Residences at Sofitel Shenyang Lido. NPI was RMB48 million (2018: RMB47 million) during the Reporting Period.

To capitalize on the rising demand of serviced apartments, a number of Grand Hyatt Beijing hotel rooms have been converted into fully-furnished units for lease. They have been incorporated into The Towers Apartment at Beijing Oriental Plaza portfolio. As a result, total inventory of the portfolio has increased from 720 units as at the end of 2018 to 809 units. Occupancy rate was 84.8% based on an enlarged inventory base.

The Residences at Sofitel Shenyang Lido was launched for lease during the Reporting Period. The project, consisting of 134 furnished units, has received positive responses.

(4) Hotel Portfolio

China's hotel industry has been facing challenges. Unfavorable economic conditions have negatively affected many international corporations' spending on business travel and "MICE" (meetings, incentives, conventions and exhibitions) events.

Over the past few years, domestic tourism in China has been growing rapidly on the back of rising disposable income and improved transportation infrastructure. Domestic customers now account for an important share of occupancy as well as food and beverage spending at the hotels in China. The country's hospitality industry is undergoing a transformation with the clientele mix gearing more towards domestic customers than international travellers. Such shift creates challenges and opportunities for the industry. Domestic customers are becoming an important revenue source to the hotels, but they are usually more price-sensitive than the international travellers.

Hui Xian REIT's hotel portfolio comprises four five-star hotels in four cities in China: Grand Hyatt Beijing, Sheraton Chengdu Lido Hotel, Sofitel Shenyang Lido and Hyatt Regency Liberation Square Chongqing. The aggregate NPI was down by 30.1% year-on-year to RMB43 million, primarily due to (i) the intense competition among hotels, exerting downward pressure on occupancy and room rate and (ii) the asset enhancement programme at the two hotels in Shenyang and Chongqing respectively.

Amidst a challenging operating environment, Grand Hyatt Beijing delivered a steady performance while Sheraton Chengdu Lido recorded a decline in revenue. Grand Hyatt Beijing's average room rate was RMB1,284 (2018: RMB1,240) and occupancy rate was 76.8% (2018: 74.8%). Revenue per available room ("RevPAR") increased 6.3% year-on-year to RMB986. Sheraton Chengdu Lido Hotel's average room rate per night was RMB522 (2018: RMB562) and occupancy rate was 68.4% (2018: 70.3%). RevPAR was RMB357 (2018: RM395).

The other two hotels were under renovation throughout the Reporting Period. Their businesses were impacted as a portion of room inventory was unavailable for sale. Sofitel Shenyang Lido's occupancy rate was 34.0% (2018: 35.4%), and average room rate per night was RMB442 (2018: RMB446).

CHAIRMAN'S STATEMENT

Our hotel in Chongqing was operated as “Harbour Plaza Chongqing” from January to April 2019 and it has been rebranded as “Hyatt Regency Liberation Square Chongqing” since May 2019. In its soft launch phase, the hotel’s newly-designed rooms were well-received. The renovation works will continue in the second half of 2019, adding more hotel rooms and facilities.

Financial Position

Hui Xian REIT continued to adopt a prudent financial management strategy. As at 30 June 2019, bank balances and cash on hand amounted to RMB6,863 million and total debts amounted to RMB10,667 million. Debts to gross asset value ratio was 22.8%. Hui Xian REIT has sufficient financial capacity to capitalise on new investment opportunities as they arise.

Outlook

Global economic uncertainties are expected to persist in the second half of 2019. The complex and fast-changing business environment presents both challenge and opportunities for Hui Xian REIT.

China’s GDP grew 6.3% in the first half of 2019 and the growth was in line with the government’s annual target of 6-6.5% set for 2019. To bolster domestic consumption, the Chinese government has been rolling out a series of stimulus measures, including reforms on individual income tax, which are expected to release an enormous consumption potential, as well as a reduction on tariffs on certain foreign consumer goods.

In addition, the Chinese government has recently selected 11 cities, including Beijing and Chongqing, to expand and upgrade their pedestrian streets to further drive consumption. Our shopping centres at Beijing Oriental Plaza and Chongqing Metropolitan Plaza are located on the two selected pedestrian streets, known as Beijing Wangfujing Pedestrian Street and Chongqing Jiefangbei Pedestrian Street respectively, and they are poised to benefit from these government initiatives.

In Chongqing, Hui Xian REIT’s second “Oriental Plaza” is taking shape with its current retail, office and hotel businesses gradually being integrated into one comprehensive mixed-use complex. The asset enhancement and tenant revamp programme at the mall made good progress. The rebranding and soft launch of Hyatt Regency Liberation Square Chongqing in May 2019 signified a crucial step.

At the Shenyang and Chongqing hotels, the asset enhancement programmes are progressing well and are expected to improve occupancy and revenues. Hui Xian REIT’s four internationally-branded hotels, occupying key locations, are well-positioned to weather the challenges.

We remain cautiously optimistic about the outlook for Hui Xian REIT.

CHAIRMAN'S STATEMENT

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

H L KAM

Chairman

Hui Xian Asset Management Limited

(as manager of Hui Xian Real Estate Investment Trust)

Hong Kong, 26 July 2019

MANAGEMENT DISCUSSION AND ANALYSIS

PORTFOLIO HIGHLIGHTS

As at 30 June 2019, 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 Co., Ltd#) ("BOP"), which is a Sino-foreign cooperative joint venture established in the People's Republic of China ("PRC"). BOP holds the land use rights and building ownership rights of Beijing Oriental Plaza;
- (2) its investment in Chongqing Overseas Investment Limited, which in turn holds Chongqing Investment Limited. Chongqing Investment Limited owns the entire interest in 重慶大都會東方廣場有限公司 (Chongqing Metropolitan Oriental Plaza Co., Ltd#), which holds the land use rights and building ownership rights of Chongqing Metropolitan Oriental Plaza;
- (3) its investment in Shenyang Investment (BVI) Limited, which in turn holds Shenyang Investment (Hong Kong) Limited ("Shenyang Investment HK"), the foreign joint venture partner of 瀋陽麗都商務有限公司 (Shenyang Lido Business Co. Ltd#) ("Shenyang Lido"). Shenyang Investment HK is entitled to 70% of the distributions of Shenyang Lido, which is a Sino-foreign cooperative joint venture established in the PRC. Shenyang Lido holds the land use rights and building ownership rights of Sofitel Shenyang Lido;
- (4) its investment in Chongqing Hotel Investment Limited, which in turn holds Highsmith (HK) Limited. Highsmith (HK) Limited owns the entire interest in 重慶東廣飯店有限公司 (Chongqing Oriental Plaza Hotel Co., Ltd#), which holds the land use rights and building ownership rights of Hyatt Regency Liberation Square Chongqing (formerly known as Harbour Plaza Chongqing); and
- (5) its investment in New Sense Resources Limited, which in turn holds Chengdu Investment Limited, the foreign joint venture partner of 成都長天有限公司 (Chengdu Changtian Co., Ltd.#) ("Chengdu Changtian"). Chengdu Investment Limited is entitled to 69% 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

OPERATIONS REVIEW

(1) Office Portfolio

Due to the uncertainty in the global and China's economic outlook, leasing demand for office space in key Chinese cities softened during the first half of 2019, putting pressure on occupancy and rental rates. Many multinational and domestic companies have become more cost-conscious and conservative in their expansion plans.

Hui Xian REIT's office portfolio comprises The Tower Offices at Beijing Oriental Plaza and The Tower at Chongqing Metropolitan Oriental Plaza. Revenue was up by 3.0% year-on-year to RMB660 million. NPI increased 4.6% year-on-year to RMB499 million.

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

Consisting of eight towers, The Tower Offices at Beijing Oriental Plaza offers over 300,000 square metres of Grade A office space. It generates a stable revenue stream from a diversified tenant base across different industries, ranging from finance and banking, accounting, technology, legal, pharmaceutical, media and advertising to consumer products; there are also education and professional institutions, and government-related organisations.

Revenue of The Tower Offices was RMB627 million, up by 3.5% year-on-year. NPI amounted to RMB479 million, an increase of 5.1% year-on-year. Average monthly passing rent increased to RMB297 (2018: RMB292) per square metre. Average monthly spot rent was RMB336 (2018: RMB332) per square metre. Rental reversion was 9.5%. Occupancy rate was 94.0% (2018: 96.0%).

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

The Tower at Chongqing Metropolitan Oriental Plaza, located in the heart of Jiefangbei Central Business District, is home to a number of consulates and multinational corporations from a wide range of sectors, including insurance and financial services, electronics, logistics and healthcare. The Tower's revenue was RMB33 million (2018: RMB34 million) and NPI was RMB20 million (2018: RMB21 million). Average occupancy rate was 89.7% (2018: 92.3%). Average monthly passing rent was RMB116 (2018: RMB117) per square metre and average monthly spot rent was RMB117 (2018: RMB119) per square metre.

MANAGEMENT DISCUSSION AND ANALYSIS

(2) Retail Portfolio

Hui Xian REIT's retail portfolio comprises two large-scale shopping centres: The Malls at Beijing Oriental Plaza and The Mall at Chongqing Metropolitan Oriental Plaza, providing about 219,000 square metres of retail space. Amidst a challenging operating environment, revenue was RMB614 million (2018: RMB605 million) and NPI was RMB452 million (2018: RMB450 million).

(i) *The Malls at Beijing Oriental Plaza*

According to the Beijing Municipal Bureau of Statistics, Beijing's GDP during the first half of 2019 grew 6.3% year-on-year to RMB1,521 billion. Retail sales of consumer goods increased 5.4% to RMB569 billion. Disposable income per capita of Beijing's residents was RMB33,860, up by 6.9% in real terms.

Revenue of The Malls at Beijing Oriental Plaza was up by 1.4% year-on-year to RMB567 million. NPI grew by 2.0% year-on-year to RMB436 million. Average monthly passing rent increased to RMB1,153 (2018: RMB1,126) per square metre. Occupancy rate stood at 98.0% (2018: 97.2%).

During the Reporting Period, The Malls welcomed a number of new tenants, including Aquascutum, Adidas, CREMIEUX, HAZZYS, Li-Ning, Greybox Coffee, OMM and Staccato.

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

In the first half of 2019, Chongqing's GDP grew 6.2% year-on-year to RMB1,034 billion. Retail sales of consumer goods and disposable income per capita of its urban residents increased 8.9% and 8.7% year-on-year respectively.

The Mall at Chongqing Metropolitan Oriental Plaza is currently undergoing an extensive asset enhancement and tenant mix refinement programme, and its revenue and rental rates were being affected as expected. Average monthly passing rent was RMB155 (2018: RMB171) per square metre and average occupancy rate was 86.7% (2018: 84.0%). As experiential retail becomes increasingly popular, an array of experience-focused stores and food and beverage outlets has been introduced in the mall.

(3) Serviced Apartment Portfolio

Hui Xian REIT's serviced apartment portfolio consists of The Tower Apartments at Beijing Oriental Plaza and The Residences at Sofitel Shenyang Lido. During the Reporting Period, the portfolio's revenue was up by 12.3% year-on-year to RMB93 million and NPI increased 1.2% year-on-year to RMB48 million.

MANAGEMENT DISCUSSION AND ANALYSIS

The total inventory of The Tower Apartments at Beijing Oriental Plaza has increased from 720 units at the end of 2018 to 809 after converting a number of Grand Hyatt Beijing hotel rooms into serviced apartments. Occupancy rate was 84.8% based on an enlarged inventory base.

The Residences at Sofitel Shenyang Lido was launched during the Reporting Period, offering 134 fully-furnished units. With a dedicated entrance, lobby and exclusive guest lifts, serviced apartment guests can enjoy a new level of privacy, comfort and convenience.

(4) Hotel Portfolio

Hui Xian REIT's hotel portfolio consists of four five-star hotels: Grand Hyatt Beijing at Beijing Oriental Plaza, Sheraton Chengdu Lido Hotel (69% interest), Sofitel Shenyang Lido (70% interest) and Hyatt Regency Liberation Square Chongqing. The aggregate revenue was RMB231 million (2018: RMB266 million). NPI was RMB43 million (2018: RMB61 million). The drop was mainly due to the renovation works at two hotels as well as the general economic conditions.

(i) *Grand Hyatt Beijing, Beijing*

Grand Hyatt Beijing's average occupancy was 76.8% (2018: 74.8%). Average room rate grew to RMB1,284 (2018: RMB1,240) and RevPAR was up by 6.3% year-on-year to RMB986. Its signature restaurant "Made in China" was the only Mainland Chinese restaurant voted as one of the 2019 "Top 100 Restaurants in the World" by *Elite Traveler* readers.

(ii) *Sheraton Chengdu Lido Hotel (69% interest)*

Sheraton Chengdu Lido's average room rate per night was RMB522 (2018: RMB562) and occupancy rate was 68.4% (2018: 70.3%). RevPAR was RMB357 (2018: RMB395).

(iii) *Sofitel Shenyang Lido, Shenyang (70% interest)*

Sofitel Shenyang Lido's asset enhancement programme continued throughout the Reporting Period. During the renovation period, average occupancy rate and average room rate per night were 34.0% (2018: 35.4%) and RMB442 (2018: RMB446) respectively.

(iv) *Harbour Plaza Chongqing/Hyatt Regency Liberation Square Chongqing*

Hui Xian REIT's hotel in Chongqing has been undergoing renovation throughout the Reporting Period. It was operated as Harbour Plaza Chongqing from January to April 2019, and has been rebranded as Hyatt Regency Liberation Square Chongqing since May 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Net Property Income

The net property income was RMB1,042 million for the six months ended 30 June 2019.

Distributions

Distribution Amount

Hui Xian REIT will distribute RMB725 million (“2019 Interim Distribution”) to Unitholders for the six months ended 30 June 2019. The 2019 Interim Distribution represents 100% of Hui Xian REIT’s total amount available for distribution during the period from 1 January 2019 to 30 June 2019 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 RMB244 million (2018: RMB289 million).

Distribution per Unit

The interim DPU for the period from 1 January 2019 to 30 June 2019 is RMB0.1245 based on the number of outstanding Units on 30 June 2019. This represents an annualised distribution yield of 7.4% based on the closing unit price of RMB3.40 on 28 June 2019.

Closure of Register of Unitholders

The record date for the 2019 Interim Distribution will be 14 August 2019, Wednesday (“Record Date”). The Register of Unitholders will be closed from 12 August 2019, Monday to 14 August 2019, Wednesday, both days inclusive, during which period no transfer of Units will be registered. The interim distribution is expected to be payable on 26 September 2019, 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 2019 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 9 August 2019, Friday.

Debt Positions

In March 2019, Hui Xian Investment drew down an unsecured 3-year term loan of HK\$800 million offered by DBS Bank Ltd, Hong Kong Branch. The purpose of the facility was to finance the general corporate funding needs of the Hui Xian REIT group.

In April 2019, Hui Xian Investment drew down an unsecured 3-year term loan of HK\$1,200 million offered by Hang Seng Bank Limited, Bank of China (Hong Kong) Limited, DBS Bank Ltd. and The Hongkong and Shanghai Banking Corporation Limited. The purpose of the facility was to refinance the existing credit facility granted in April 2016.

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

As at 30 June 2019, Hui Xian REIT's total debts amounted to RMB10,667 million (31 December 2018: RMB9,921 million). Based on Hui Xian REIT's net assets attributable to Unitholders of RMB26,303 million as at 30 June 2019 (31 December 2018: RMB26,373 million), Hui Xian REIT's debts to net asset value ratio increased to 40.6% (31 December 2018: 37.6%). Meanwhile, the debts to gross asset value ratio was 22.8% as at 30 June 2019 (31 December 2018: 21.5%).

Bank Balances and Asset Positions

As at 30 June 2019, Hui Xian REIT's bank balances and cash amounted to RMB6,863 million (31 December 2018: RMB6,107 million). The bank balances and cash are mainly denominated in RMB. No currency hedge was employed.

Hui Xian REIT is indirectly interested in a 129,614 square metre shopping centre, eight blocks of Grade A office, four serviced apartment towers and a 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 RMB29,613 million as at 30 June 2019 (31 December 2018: RMB29,618 million), translating into a decrease of 0.02% over the valuation as of 31 December 2018. Together with the hotel and serviced apartment premises, gross property value of BOP was RMB34,338 million as at 30 June 2019, as compared to RMB34,443 million as at 31 December 2018.

Hui Xian REIT indirectly owns 70% of the entitlement in the distributions of Shenyang Lido, owner of Sofitel Shenyang Lido. Situated on Qingnian Street, the 78,451 square metre, 30-storey Sofitel Shenyang Lido is located in the heart of the newly established central business district in southern Shenyang.

MANAGEMENT DISCUSSION AND ANALYSIS

D&P China valued the hotel premises of Shenyang Lido at RMB820 million as at 31 December 2018 while gross property value of the hotel and serviced apartment premises as at 30 June 2019 was RMB685 million (31 December 2018: RMB702 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 Central Business District, Yuzhong District, Chongqing.

As at 30 June 2019, the shopping centre, office building and car parking spaces were valued by D&P China at RMB3,686 million (31 December 2018: RMB3,678 million). Gross property value of the properties as at 30 June 2019 was RMB3,639 million (31 December 2018: RMB3,637 million).

Hui Xian REIT indirectly owns the entire interest of Highsmith (HK) Limited, which in turn indirectly owns the entire interest of Hyatt Regency Liberation Square Chongqing (formerly known as Harbour Plaza Chongqing), a 38-storey hotel tower of 52,238 square metres. It is adjacent to Chongqing Metropolitan Oriental Plaza.

D&P China valued the hotel premises of Hyatt Regency Liberation Square Chongqing at RMB406 million as at 31 December 2018. Gross property value of the hotel premises as at 30 June 2019 was RMB381 million (31 December 2018: RMB385 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 metres located to the north of the landmark Tianfu Plaza in Chengdu city centre.

D&P China valued the hotel premises of Sheraton Chengdu Lido Hotel at RMB727 million as at 31 December 2018. Gross property value of the hotel premises as at 30 June 2019 was RMB652 million (31 December 2018: RMB664 million).

Net Assets Attributable to Unitholders

As at 30 June 2019, net assets attributable to Unitholders amounted to RMB26,303 million (31 December 2018: RMB26,373 million) or RMB4.5172 per Unit, representing a 32.9% premium to the closing unit price of RMB3.40 on 28 June 2019 (31 December 2018: RMB4.5807 per Unit, representing a 43.6% premium to the closing unit price of RMB3.19 on 31 December 2018).

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 2019, except for capital commitment in respect of the asset enhancement programmes for Sofitel Shenyang Lido, Sheraton Chengdu Lido Hotel, Chongqing Metropolitan Oriental Plaza and Hyatt Regency Liberation Square Chongqing, Hui Xian REIT did not have any significant commitments.

Employees

As at 30 June 2019, Hui Xian REIT, by subsidiaries and through its branches, employed a total of 1,103 employees in Hong Kong and the PRC; of which, 1,080 employees performed hotel operation functions and services, and 23 employees handled legal, regulatory and other administrative matters and provided commercial functions and services, including leasing and some other property management functions and services, other than the hotel operation functions and services.

Save as disclosed above, Hui Xian REIT is managed by the Manager and did not directly employ any staff as at 30 June 2019.

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 2019, 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.

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 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.

Directors of the Manager in the six months ended 30 June 2019 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).

There were no changes to the composition of the Board or any of its committees in the six months ended 30 June 2019.

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 2019 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 2019 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 2019.

Changes in Information of Directors

Mr. CHENG Hoi Chuen, Vincent has ceased to be an independent non-executive director of MTR Corporation Limited with effect from 22 May 2019.

Mr. LIM Hwee Chiang has ceased to be chairman of APM Property Management Pte. Ltd. with effect from 1 May 2019.

New Units Issued

In the six months ended 30 June 2019, (i) 15,347,661 new Units were issued to the Manager as payment of part of the Manager’s fees; and (ii) 50,225,761 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 2018 to 31 December 2018.

The total number of Units in issue as at 30 June 2019 was 5,822,910,494 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 2019.

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 2019.

CONNECTED PARTY TRANSACTIONS

A. 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 applied, 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 2019, 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 2019, other than those transactions that are exempted from disclosure and/or excluded pursuant to the waivers granted by the SFC.

Connected Party Transactions — Income

The following table sets out information on connected party transactions from which Hui Xian REIT derived its income for the six months ended 30 June 2019:

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the six months ended 30 June 2019 RMB'000 (unaudited)
北京屈臣氏個人用品連鎖商店有限公司 (Beijing Watson's Personal Care Stores Co., Limited*)	Associated company of a significant holder ¹	Leasing and licensing transaction	1,261
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.*)	Associated company of a significant holder ¹	Leasing and licensing transaction	511
長實(中國)投資有限公司 (CKH (China) Investment Co., Limited*)	Associated company of a significant holder ¹	Leasing and licensing transaction	57

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 2019 RMB'000 (unaudited)
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 a significant holder ¹	Leasing and licensing transaction	790
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 a significant holder ¹	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 a significant holder ¹	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 a significant holder ¹	Leasing and licensing transaction	35
諾定(中國)投資有限公司 (TOM.COM (China) Investment Limited*)	Associated company of a significant holder ¹	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 a significant holder ¹	Leasing and licensing transaction	24
森棟乙(北京)科技有限公司 (Ceng Dong Yi (Beijing) Technology Company Limited*)	Associated company of a significant holder ¹	Leasing and licensing transaction	35
和記黃埔醫藥(上海)有限公司 (Hutchison MediPharma Limited*)	Associated company of a significant holder ¹	Leasing and licensing transaction	690
CK Asset Holdings Limited	Indirect holding company of a significant holder ¹	Leasing and licensing transaction	48

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 2019 RMB'000 (unaudited)
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 a significant holder ¹	Leasing and licensing transaction	154
和記黃埔地產 (重慶南岸) 有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	Associated company of a significant holder ¹	Leasing and licensing transaction	834
和記黃埔地產 (重慶經開園) 有限公司 (Hutchison Whampoa Properties (Chongqing Jingkaiyuan) Limited*)	Associated company of a significant holder ¹	Leasing and licensing transaction	248
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 a significant holder ¹	Leasing and licensing transaction	3
和記黃埔地產 (北京朝陽) 有限公司 (Hutchison Whampoa Properties (Beijing Chaoyang) Limited*)	Associated company of a significant holder ¹	Leasing and licensing transaction	2,426
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.*)	Associated company of a significant holder ¹	Leasing and licensing transaction	6
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.*)	Associated company of a significant holder ¹	Leasing and licensing transaction	1
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	Associated company of a significant holder ¹	Leasing and licensing transaction	896

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 2019 RMB'000 (unaudited)
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	Associated company of a significant holder ¹	Leasing and licensing transaction	956
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	Associated company of a significant holder ¹	Leasing and licensing transaction	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	243
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 ²	Leasing and licensing transaction	555
Bank of China Limited	Associated company of a significant holder ³	Leasing and licensing transaction	14,822
香港貿易發展局 (The Hong Kong Trade Development Council*)	Associate of a director of the Manager ⁴	Leasing and licensing transaction	123
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 the Manager ⁴	Leasing and licensing transaction	145
上海和黃白貓有限公司 (Shanghai Hutchison Whitecat Company Limited*)	Associated company of a significant holder ¹	Hotel room revenue	2

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 2019 RMB'000 (unaudited)
和記黃埔 (中國) 商貿有限公司 (Hutchison Whampoa (China) Commerce Limited*)	Associated company of a significant holder ¹	Hotel room revenue	1
和記地產集團有限公司 (Hutchison Property Group Limited*)	Associated company of a significant holder ¹	Hotel room revenue	2
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 a significant holder ¹	Hotel room revenue	55
達威設計顧問有限公司 (T W Design Consultants Limited *)	Associated company of a significant holder ¹	Hotel room revenue	1
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited *)	Subsidiary of the Manager	Hotel room revenue	9
Bank of China Limited	Associated company of a significant holder ³	Hotel room revenue	40
中銀國際證券股份有限公司 (BOC International (China) Co., Ltd.*)	Associated company of a significant holder ³	Hotel room revenue	16
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 the Manager ⁴	Hotel room revenue	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 2019 RMB'000 (unaudited)
復旦大學 (Fudan University*)	Associate of a director of the Manager ⁴	Hotel room revenue	6
中信証券股份有限公司 (CITIC Securities Company Limited*)	Associate of a director of a significant holder ⁵	Hotel room revenue	53
和記黃埔醫藥(上海)有限公司 (Hutchison MediPharma Limited*)	Associated company of a significant holder ¹	Food & beverages and other hotel income	5
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 a significant holder ¹	Food & beverages and other hotel income	17
和記黃埔地產(重慶南岸)有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	Associated company of a significant holder ¹	Food & beverages and other hotel income	324
和記黃埔地產(北京朝陽)有限公司 (Hutchison Whampoa Properties (Beijing Chaoyang) Limited*)	Associated company of a significant holder ¹	Food & beverages and other hotel income	38
和記地產集團有限公司 (Hutchison Property Group Limited*)	Associated company of a significant holder ¹	Food & beverages and other hotel income	1
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.*)	Associated company of a significant holder ¹	Food & beverages and other hotel income	3

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 2019 RMB'000 (unaudited)
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	Associated company of a significant holder ¹	Food & beverages and other hotel income	7
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	Subsidiary of the Manager	Food & beverages and other hotel income	1
Bank of China Limited	Associated company of a significant holder ³	Food & beverages and other hotel income	8
中銀國際證券股份有限公司 (BOC International (China) Co., Ltd.*)	Associated company of a significant holder ³	Food & beverages and other hotel income	2
中銀集團投資有限公司 (Bank of China Group Investment Limited*)	Associated company of a significant holder ³	Food & beverages and other hotel income	2
復旦大學 (Fudan University)	Associate of a director of the Manager ⁴	Food & beverages and other hotel income	3
大連達連房地產開發有限公司 (Dalian Dalian Property Development Co., Ltd.*)	Associate of directors of a significant holder ⁶	Food & beverages and other hotel income	8
中信証券股份有限公司 (CITIC Securities Company Limited*)	Associate of a director of a significant holder ⁵	Food & beverages and other hotel income	12
The Hongkong and Shanghai Banking Corporation Limited	Associate of a director of a significant holder ⁷	Interest Income	— [^]
Bank of China Limited	Associated company of a significant holder ³	Interest Income	4,504

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 2019 RMB'000 (unaudited)
Bank of China (Hong Kong) Limited	Associated company of a significant holder ³ and associate of a director of the Manager ⁴	Interest Income	272
Hui Xian Asset Management Limited	the Manager	Reimbursement of staff cost	528
Total			32,055

Notes:

- 1 Significant holder being Noblecrown Investment Limited ("Noblecrown").
- 2 Trustee being DB Trustees (Hong Kong) Limited.
- 3 These companies are associated companies of Noblecrown which is a significant holder of Hui Xian REIT
- 4 An associate of Dr. CHOI Koon Shum, Jonathan, being the independent non-executive director of the Manager.
- 5 The company is an associate of Mr. KUANG Tao who is both a director of China Life Insurance (Overseas) Company Limited and/or Po Lian Enterprises Limited, each of which is a significant holder or deemed to be a significant holder of Hui Xian REIT. Mr. KUANG became a director of CITIC Securities Company Limited with effect from 6 September 2018.
- 6 An associate of (i) Mr. KAM Hing Lam who is director of Noblecrown and Heathcliff Developments Limited ("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 holder and/or deemed to be a significant holder of Hui Xian REIT.
- 7 An associate of Mr. LI Tzar Kuoi, Victor, who is a director of Noblecrown, a significant holder of Hui Xian REIT.

The terms "associated company", "associate", "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 2019:

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Expenses for the six months ended 30 June 2019 RMB'000 (unaudited)
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	Associated company of a significant holder ¹	Property management fee	10,301
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	Associated company of a significant holder ¹	Property management fee	11,242
家利物業管理(深圳)有限公司 (Cayley Property Management (Shenzhen) Ltd.*)	Associated company of a significant holder ¹	Property management fee	3,904
海逸酒店管理有限公司 (Harbour Plaza Hotel Management Limited*)	Associated company of a significant holder ¹	Property management fee	120
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.*)	Associated company of a significant holder ¹	Internet services fee	638
CK Asset Holdings Limited	Indirect holding company of a significant holder ¹	Internet services fee	18
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 Beverage Company Limited Beijing Beverages Branch*)	Associated company of a significant holder ¹	Beverages	188
上海和黃白貓有限公司 (Shanghai Hutchison Whitecat Company Limited*)	Associated company of a significant holder ¹	Cleaning supplies	724

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 2019 RMB'000 (unaudited)
Harbour Grand Hong Kong Catering Limited	Associated company of a significant holder ¹	Hotel Services	219
海逸酒店企業有限公司 (Harbour Plaza Hotel Enterprises Limited*)	Associated company of a significant holder ¹	Trademark license fee	12
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 ²	Insurance expense	193
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 ³	Insurance expense	674
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 ³	Insurance expense	95
The Hongkong and Shanghai Banking Corporation Limited	Associate of a director of a significant holder ⁴	Interest expense	13,370
Bank of China (Hong Kong) Limited	Associated company of a significant holder ² and associate of a director of the Manager ⁵	Interest expense	34,172
Bank of China Limited	Associated company of a significant holder ²	Bank charges and agency fee	1,736

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 2019 RMB'000 (unaudited)
Bank of China (Hong Kong) Limited	Associated company of a significant holder ² and associate of a director of the Manager ⁵	Bank charges and agency fee	55
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	43,674
Total			121,335

Notes:

1. Significant holder being Noblecrown Investment Limited ("Noblecrown").
2. These companies are associated companies of Noblecrown, a significant holder of Hui Xian REIT.
3. These companies are associated companies of China Life Insurance (Overseas) Company Limited, a significant holder of Hui Xian REIT, and are subsidiaries or associated companies of China Life Insurance (Group) Company.
4. An associate of Mr. LI Tzar Kuoi, Victor, who is a director of Noblecrown, a significant holder of Hui Xian REIT.
5. Associates of Dr. CHOI Koon Sum, Jonathan, being the independent non-executive director of the Manager.

The terms "associated company", "associate", "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

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 2019 were RMB2,009,000 and RMB71,969,000 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 2019 on pages 43 to 45 of this Interim Report. For the six months ended 30 June 2019, the valuation fee payable to the principal valuer, D&P China (HK) Limited, was RMB237,000.

Revolving credit facilities of US\$180 million granted by Hui Xian Holdings Limited to Hui Xian Investment Limited dated 16 November 2017

For the six months ended 30 June 2019, no revolving credit facilities granted by Hui Xian Holdings Limited to Hui Xian Investment Limited was utilised by Hui Xian REIT group.

DISCLOSURE OF INTERESTS

INTERESTS OF CONNECTED PERSONS

Based on the information available to the Manager as at 30 June 2019, 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 2019	
	No. of Units held	Percentage of Units held ¹
Subsidiaries of CK Asset Holdings Limited (“CKAH”) ²	1,877,605,749	32.25%
Li Ka Shing Foundation Limited ³	600,000	0.01%
Subsidiaries of China Life Insurance (Group) Company ⁴	865,406,000	14.86%
The Hongkong and Shanghai Banking Corporation Limited ³	31,124,201	0.53%

Notes:

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

1. Based on the total number of 5,822,910,494 Units in issue as at 30 June 2019.
2. These subsidiaries of CKAH were Noblecrown Investment Limited (“Noblecrown”) (held 1,077,798,832 Units as at 30 June 2019), Wisdom Ally Limited (“Wisdom Ally”) (held 164,765,996 Units as at 30 June 2019), Wealth Finder Limited (“Wealth Finder”) (held 36,940,442 Units as at 30 June 2019), Heathcliff Developments Limited (“Heathcliff Developments”) (held 579,738,788 Units as at 30 June 2019) and Hui Xian Asset Management Limited (“Manager”) (held 18,361,691 Units as at 30 June 2019). All these companies were significant holders or deemed to be 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:

- (i) as at 30 June 2019, 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;
- (ii) as at 30 June 2019, 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
- (iii) as at 30 June 2019, 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.

DISCLOSURE OF INTERESTS

3. Associate of Mr. Li Tzar Kuoi, Victor who was a director of Noblecrown, a significant holder of Hui Xian REIT.
4. The subsidiaries were China Life Insurance (Overseas) Co. Ltd and Po Lian Enterprises Limited which are significant holders or deemed to be significant holders of Hui Xian REIT.

Interests of the Manager

As at 30 June 2019, the Manager held 18,361,691 Units in Hui Xian REIT.

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

As at 30 June 2019, each of the following persons was a director, senior executive or officer of the Manager and thus a connected person of Hui Xian REIT under the REIT Code and, so far as the Manager is aware, held or was interested in the Units in Hui Xian REIT as follows:

Name	As at 30 June 2019 Number of Units held
KAM Hing Lam	831,073 ¹
IP Tak Chuen, Edmond	1,100,000 ²
CHEUNG Ling Fung, Tom	86,179 ³
TONG BARNES Wai Che, Wendy	142,856 ⁴

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 2019.

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 77, which comprise the condensed consolidated statement of financial position as of 30 June 2019 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 months 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

26 July 2019

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	<i>NOTES</i>	2019 RMB million (unaudited)	2018 RMB million (unaudited)
Revenue	5	1,598	1,594
Other income	6	116	147
(Decrease) increase in fair value of investment properties		(9)	55
Inventories consumed		(21)	(23)
Staff costs		(78)	(85)
Depreciation and amortisation		(178)	(179)
Other operating expenses	7	(443)	(435)
Finance costs	8	(152)	(135)
Exchange loss		(59)	(95)
Fair value gain on derivative financial instruments		—	22
Manager's fees	9	(72)	(72)
Real estate investment trust expenses	10	(6)	(4)
Profit before taxation and transactions with unitholders		696	790
Income tax expense	11	(270)	(286)
Profit for the period, before transactions with unitholders		426	504
Distribution to unitholders		(725)	(804)
Loss for the period after transactions with unitholders		(299)	(300)
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		—	10
Total comprehensive expense for the period		(299)	(290)
Profit for the period, before transactions with unitholders attributable to:			
Non-controlling interests		(15)	(14)
Unitholders		441	518
		426	504
Basic earnings per unit (RMB)	12	0.0762	0.0921

DISTRIBUTION STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	2019 RMB million (unaudited)	2018 RMB million (unaudited)
Profit for the period, before transactions with unitholders	426	504
Non-controlling interests	15	14
Profit for the period attributable to unitholders, before transactions with unitholders	441	518
Adjustments (<i>Note (i)</i>):		
Manager's fees	50	50
Deferred tax	10	23
Distributable depreciation and amortisation	102	106
Decrease (increase) in fair value of investment properties	9	(55)
	171	124
Distributable income	612	642
Additional items (<i>Note (ii)</i>):		
Depreciation and amortisation arising from fair value adjustment	26	26
Net unrealised exchange loss on bank loans and loan front-end fee	59	88
Net realised exchange gain on bank loan and loan front-end fee	—	23
Other cash distributions	28	25
	113	162
Amount available for distribution	725	804
Payout ratio (<i>Note (iii)</i>)	100%	100%
Distribution to unitholders	725	804
Distribution per unit (RMB) (<i>Note (iv)</i>)	0.1245	0.1414

DISTRIBUTION STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2019

Notes:

(i) Adjustments for the period include:

(a) For the six months ended 30 June 2019, Manager's fees payable in units of RMB50 million (14,904,724 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 2018, Manager's fees payable in units of RMB50 million out of the total Manager's fees of RMB72 million. The difference of RMB22 million was payable in cash.

(b) Deferred tax charge of RMB11 million (2018: RMB7 million) in relation to accelerated tax depreciation and deferred tax credit of RMB1 million (2018: deferred tax charge of RMB16 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 RMB102 million (2018: RMB106 million) represented depreciation and amortisation of RMB102 million (2018: RMB106 million) less zero capital expenditure (2018: nil).

(d) Decrease in fair value of investment properties of RMB9 million (2018: Increase in fair value of RMB55 million).

Pursuant to the Trust Deed, interim/annual distributable income is defined as the amount calculated by the Manager as representing the consolidated profit attributable to unitholders for the relevant financial 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") and Chengdu Changtian Co., Ltd. totalling RMB26 million (2018: RMB26 million).

(2) Net unrealised exchange loss on bank loans and loan front-end fee of RMB59 million for the six months ended 30 June 2019 (2018: RMB88 million).

(3) Net realised exchange gain on bank loan and loan front-end fee for the six months ended 30 June 2019 is nil (2018: RMB23 million).

(4) Other cash distributions of RMB28 million (2018: RMB25 million).

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

Distributions to unitholders for the six months ended 30 June 2019 represent a payout ratio of 100% (2018: 100%) of Hui Xian REIT's distributable income for the period.

(iv) The distribution per unit of RMB0.1245 for the six months ended 30 June 2019 is calculated based on 100% of Hui Xian REIT's amount available for distribution of RMB724,960,420 over 5,822,910,494 units, representing issued units as at 30 June 2019. The distribution per unit of RMB0.1414 for the six months ended 30 June 2018 was 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.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	NOTES	30.6.2019 RMB million (unaudited)	31.12.2018 RMB million (audited)
Non-current assets			
Investment properties	13	33,096	33,086
Property, plant and equipment	14	2,335	2,356
Land and related costs	15	—	4,292
Right-of-use assets	16	4,371	—
Goodwill		2	2
Total non-current assets		39,804	39,736
Current assets			
Hotel inventories	17	28	29
Land and related costs	15	—	173
Trade and other receivables	18	106	122
Structured deposit		20	—
Bank balances and cash	19	6,863	6,107
Total current assets		7,017	6,431
Total assets		46,821	46,167
Current liabilities			
Trade and other payables	20	441	504
Tenants' deposits		329	335
Tax payable		111	45
Manager's fee payable		72	73
Distribution payable		725	713
Bank loans	21	1,866	1,685
Total current liabilities		3,544	3,355
Total assets less current liabilities	25	43,277	42,812

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

NOTES	30.6.2019 RMB million (unaudited)	31.12.2018 RMB million (audited)
Non-current liabilities, excluding net assets attributable to unitholders		
Bank loans	21 8,801	8,236
Tenants' deposits	478	468
Deferred tax liabilities	7,391	7,416
Total non-current liabilities, excluding net assets attributable to unitholders	16,670	16,120
Total liabilities, excluding net assets attributable to unitholders	20,214	19,475
Non-controlling interests	304	319
Net assets attributable to unitholders	26,303	26,373
Units in issue ('000)	22 5,822,910	5,757,337
Net asset value per unit (RMB) attributable to unitholders	23 4.5172	4.5807

The condensed consolidated financial statements on pages 35 to 77 were approved and authorised for issue by the Board of Directors of the Manager on 26 July 2019 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 2019

<i>NOTE</i>	Net assets attributable to unitholders RMB million	Non-controlling interests RMB million	Total RMB million
Net assets as at 1 January 2019 (audited)	26,373	319	26,692
Units issued for settlement of Manager's fees <i>22</i>	51	—	51
Units issued pursuant to the distribution reinvestment arrangement in respect of 2018 final distribution <i>22</i>	163	—	163
Profit for the period, before transactions with unitholders	441	(15)	426
Interim distribution payable to unitholders	(725)	—	(725)
Net assets as at 30 June 2019 (unaudited)	26,303	304	26,607
Net assets as at 1 January 2018 (audited)	26,783	350	27,133
Units issued for settlement of Manager's fees <i>22</i>	51	—	51
Units issued pursuant to the distribution reinvestment arrangement in respect of 2017 final distribution <i>22</i>	255	—	255
Profit for the period, before transactions with unitholders	518	(14)	504
Interim distribution payable to unitholders	(804)	—	(804)
Other comprehensive income for the period	10	—	10
Net assets as at 30 June 2018 (unaudited)	26,813	336	27,149

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	NOTES	2019 RMB million (unaudited)	2018 RMB million (unaudited)
Net cash from operating activities		754	760
Net cash (used in) from investing activities			
Other investing activities		(227)	184
		(227)	184
Net cash used in financing activities			
Distribution payments to unitholders		(550)	(473)
Proceeds from new bank loan raised, net of loan front-end fee		675	(24)
Repayment of bank loan		—	(674)
Other financing cash flows		(141)	(112)
		(16)	(1,283)
Net increase (decrease) in cash and cash equivalents		511	(339)
Cash and cash equivalents at the beginning of the period		2,480	2,487
Cash and cash equivalents at the end of the period, represented by bank balances and cash	<i>19</i>	2,991	2,148

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

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 Co., Ltd. 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 2019

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 4 January 2019, the Manager has elected to receive 70% (2018: 70%) base fee in units and 30% (2018: 30%) in cash in respect of the financial year ending 31 December 2019.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

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 account equivalent to the gross revenue less property operating expenses.

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 4 January 2019, the Manager has elected to receive 70% (2018: 70%) variable fee in units and 30% (2018: 30%) in cash in respect of the financial year ending 31 December 2019.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

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.

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 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018, except as described below.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

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”) and an interpretation issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) which are mandatorily effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC) — Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

HKFRS 16 Leases

3.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 Leases (“HKAS 17”), and the related interpretations.

3.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

HKFRS 16 Leases (Continued)

3.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

3.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of plant and machinery that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

HKFRS 16 Leases (Continued)

3.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

3.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

Right-of-use assets (Continued)

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the consolidated statement of financial position. The right-of-use assets that meet the definition of investment property are presented within “investment properties”.

As a lessor

Allocation of consideration to components of a contract

Effective on 1 January 2019, the Group applies HKFRS 15 Revenue from Contracts with Customers (“HKFRS 15”) to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

3.1.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) — Int 4 Determining whether an Arrangement contains a Lease and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

HKFRS 16 Leases (Continued)

3.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

3.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

Definition of a lease (Continued)

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, not to recognize right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application.

Upfront payments for leasehold lands in the PRC were classified as land and related cost as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of land and related costs amounting to RMB173 million and RMB4,292 million respectively were reclassified to right-of-use assets as at 1 January 2019.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

HKFRS 16 Leases (Continued)

3.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

3.1.2 Transition and summary of effects arising from initial application of HKFRS 16

(Continued)

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

- (a) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's condensed consolidated statement of financial position at 1 January 2019. However, effective from 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.
- (b) Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. The adjustment has had no material financial impact on the condensed consolidated financial statements for the current period.
- (c) Effective on 1 January 2019, the Group has applied HKFRS 15 to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the condensed consolidated financial statements of the Group for the current period.

The application of the amendments to HKFRSs and the interpretation in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

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 and serviced apartment units in The Residences at Sofitel Shenyang Lido, Shenyang, the PRC.
Hotels:	Operation of Grand Hyatt Beijing in Oriental Plaza, Beijing, the PRC, Sofitel Shenyang Lido, Shenyang, the PRC, Hyatt Regency Liberation Square Chongqing (formerly known as Harbour Plaza Chongqing), Chongqing, the PRC, and Sheraton Chengdu Lido Hotel, Chengdu, the PRC.

(a) Segment revenue and results

Six months ended 30 June 2019 (unaudited)

	Malls	Offices	Apartments	Hotels	Consolidated
	RMB million				
Segment revenue	614	660	93	231	1,598
Segment profit	452	499	48	43	1,042
Decrease in fair value of investment properties					(9)
Finance costs					(152)
Depreciation and amortisation					(171)
Unallocated income and gain					113
Unallocated expense and loss					(127)
Profit before taxation and transactions with unitholders					696

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

4. SEGMENT REPORTING (Continued)

(a) Segment revenue and results (Continued)

Six months ended 30 June 2018 (unaudited)

	Malls RMB million	Offices RMB million	Apartments RMB million	Hotels RMB million	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

Segment profit represents the profit earned by each segment without allocation of the changes in fair value of investment properties, certain Manager's fees and real estate investment trust expenses, certain depreciation and amortisation expenses, certain other operating expenses, exchange loss and certain other income that are not directly related to each segmental activities, fair value change on derivative financial instruments 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 2019

4. SEGMENT REPORTING (Continued)

(b) Segment assets

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

	30.6.2019 RMB million (unaudited)	31.12.2018 RMB million (audited)
Malls	17,383	17,382
Offices	15,908	15,906
Apartments	2,557	2,124
Hotels	4,149	4,748
Total segment assets	39,997	40,160
Bank balances and cash	6,763	5,928
Other assets	61	79
Consolidated total assets	46,821	46,167

For the purposes of monitoring segment performances and resources allocation, all investment properties, right-of-use assets (2018: 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 2019

4. SEGMENT REPORTING (Continued)

(d) Other segment information

Six months ended 30 June 2019 (unaudited)

	Malls	Offices	Apartments	Hotels	Total reportable segments
	RMB million				
Depreciation of property, plant and equipment	1	1	2	3	7

Six months ended 30 June 2018 (unaudited)

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

5. REVENUE

	Malls RMB million	Offices RMB million	Apartments RMB million	Hotels RMB million	Consolidated RMB million
For the six months ended 30 June 2019					
Disaggregation of revenue					
Revenue from contracts with customers within the scope of HKFRS 15					
Room revenue	–	–	65	156	221
Food and beverage	–	–	–	66	66
Ancillary services income	76	124	28	9	237
	76	124	93	231	524
Rental income	538	536	–	–	1,074
Total revenue	614	660	93	231	1,598
Timing of revenue recognition					
A point in time	32	40	3	72	147
Over time	44	84	90	159	377
Total	76	124	93	231	524

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

5. REVENUE (Continued)

	Malls RMB million	Offices RMB million	Apartments RMB million	Hotels RMB million	Consolidated RMB million
For the six months ended 30 June 2018					
Disaggregation of revenue					
Revenue from contracts with customers within the scope of HKFRS 15					
Room revenue	—	—	60	173	233
Food and beverage	—	—	—	80	80
Ancillary services income	76	106	23	13	218
	76	106	83	266	531
Rental income	529	534	—	—	1,063
Total revenue	605	640	83	266	1,594
Timing of revenue recognition					
A point in time	33	22	3	89	147
Over time	43	84	80	177	384
Total	76	106	83	266	531

The gross rental from investment properties includes contingent rents of RMB5 million (2018: RMB4 million).

The direct operating expense from investment properties (includes mainly certain other operating expenses, certain Manager's fees and staff costs) amounting to RMB325 million (2018: RMB321 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

6. OTHER INCOME

	2019 RMB million (unaudited)	2018 RMB million (unaudited)
Interest income from banks	112	147
Government subsidies	3	—
Others	1	—
Total	116	147

7. OTHER OPERATING EXPENSES

	2019 RMB million (unaudited)	2018 RMB million (unaudited)
Advertising and promotion	12	13
Audit fee	1	1
Insurance	3	3
Lease agency fee	16	20
Property manager's fee (<i>Note 1(a)</i>)	44	37
Property management fees	34	40
Repairs and maintenance	34	33
Other miscellaneous expenses (<i>Note</i>)	81	75
Stamp duty	1	2
Urban land use tax	2	2
Urban real estate tax	158	150
Utilities	49	51
Value added tax surcharges	8	8
Total	443	435

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 2019

8. FINANCE COSTS

	2019 RMB million (unaudited)	2018 RMB million (unaudited)
Interest expense on unsecured bank loans	152	135

9. MANAGER'S FEES

	2019 RMB million (unaudited)	2018 RMB million (unaudited)
Base Fee (Note 1(c))	60	60
Variable Fee (Note 1(c))	12	12
	72	72

10. REAL ESTATE INVESTMENT TRUST EXPENSES

	2019 RMB million (unaudited)	2018 RMB million (unaudited)
Trustee's fee (Note 1(b))	2	2
Legal and professional fees	2	1
Public relations-related expenses	2	1
	6	4

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

11. INCOME TAX EXPENSE

	2019 RMB million (unaudited)	2018 RMB million (unaudited)
The income tax expense comprises:		
Current tax		
— PRC Enterprise Income Tax	231	230
— Withholding tax	64	65
Deferred taxation	(25)	(9)
	270	286

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 RMB441 million (2018: RMB518 million) by 5,784,101,171 units (2018: 5,620,834,098 units) being the weighted average number of units in issue during the period of 5,776,607,636 units (2018: 5,612,879,527 units), plus the weighted average number of units issuable for settlement of Manager's fees for the period from 1 January 2019 to 30 June 2019 of 7,493,535 units (2018: for the period from 1 January 2018 to 30 June 2018 of 7,954,571 units).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

13. INVESTMENT PROPERTIES

	30.6.2019	31.12.2018
	RMB million	RMB million
	(unaudited)	(audited)
FAIR VALUE		
At the beginning of the period/year	33,086	32,981
Additions	9	43
Transferred from property, plant and equipment	4	9
Transferred from land and related costs	—	51
Transferred from right-of-use assets	16	—
(Decrease) increase in fair value recognised		
in profit or loss	(9)	25
Transferred to property, plant and equipment	(2)	(3)
Transferred to land and related costs	—	(20)
Transferred to right-of-use assets	(8)	—
At the end of the period/year	33,096	33,086

- (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 2019 and 31 December 2018 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 2018: level 3) of the fair value hierarchy.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group acquired property, plant and equipment of RMB74 million (2018: RMB39 million) and an amount of RMB2 million (2018: RMB2 million) was transferred from investment properties.

Items of building and plant and machinery with carrying value of RMB4 million were transferred to investment properties during the six months end 30 June 2019 (2018: RMB9 million).

Items of plant and equipment with a carrying value of RMB1 million were disposed of during the six months ended 30 June 2019 (2018: 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:

	30.6.2019 RMB million (unaudited)	31.12.2018 RMB million (audited)
Non-current asset	—	4,292
Current asset	—	173
	—	4,465

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

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

Upon application of HKFRS 16 on 1 January 2019, the current and non-current portion of land and related costs were reclassified to right-of-use assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

16. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2019, an amount of RMB8 million (2018: nil) was transferred from the right-of-use assets included in investment properties.

During the six months ended 30 June 2019, an amount of RMB16 million (after revaluation) (2018: nil) was transferred to the right-of-use assets included in investment properties.

17. INVENTORIES

	30.6.2019 RMB million (unaudited)	31.12.2018 RMB million (audited)
Food and beverage	4	4
Other consumables	24	25
	28	29

18. TRADE AND OTHER RECEIVABLES

	30.6.2019 RMB million (unaudited)	31.12.2018 RMB million (audited)
Trade receivables	36	29
Deposits and prepayments	8	17
Advance to suppliers	11	16
Interest receivables	29	38
Other receivables	22	22
	106	122

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

18. TRADE AND OTHER RECEIVABLES (Continued)

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

	30.6.2019 RMB million (unaudited)	31.12.2018 RMB million (audited)
Less than or equal to 1 month	27	16
1–3 months	6	9
Over 3 months	3	4
	36	29

19. BANK BALANCES AND CASH

	30.6.2019 RMB million (unaudited)	31.12.2018 RMB million (audited)
Cash at bank or on hand	2,421	1,675
Time deposits (with original maturity of three months or less)	570	805
Cash and cash equivalents	2,991	2,480
Time deposits (with original maturity of more than three months)	3,872	3,627
	6,863	6,107

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

20. TRADE AND OTHER PAYABLES

	30.6.2019 RMB million (unaudited)	31.12.2018 RMB million (audited)
Trade payables	79	86
Receipts in advance <i>(Note (i))</i>	210	235
Others <i>(Note (ii))</i>	152	183
	441	504

Notes:

- (i) Included in receipts in advance are contract liabilities amounting to RMB55 million as at 30 June 2019 (31 December 2018: RMB59 million) related to room rental and ancillary services provided in malls, offices, apartments and hotels segments.
- (ii) 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:

	30.6.2019 RMB million (unaudited)	31.12.2018 RMB million (audited)
Less than or equal to 3 months	57	71
Over 3 months	22	15
	79	86

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

21. BANK LOANS

	30.6.2019 RMB million (unaudited)	31.12.2018 RMB million (audited)
Unsecured term loans	10,710	9,967
Loan front-end fees	(43)	(46)
	10,667	9,921
The maturities of the above bank loans are as follows:		
Within one year	1,866	1,685
More than one year but not exceeding two years	5,129	1,963
More than two years but not exceeding five years	3,672	6,273
	10,667	9,921
Less: Amounts shown under current liabilities	(1,866)	(1,685)
Amount due after one year	8,801	8,236

In relation to the credit facility of HK\$800 million granted to the Group on 18 March 2019 to finance the general corporate funding requirements of the Group, the total amount of the credit facility utilised by the Group as at 30 June 2019 was HK\$800 million (equivalent to RMB704 million). It bears interest at floating interest rate of Hong Kong Interbank Offered Rate ("HIBOR") plus 0.85% per annum and is repayable in full in March 2022.

In relation to the credit facility of HK\$1,200 million granted to the Group on 24 April 2019 to refinance the credit facility granted in April 2016, the total amount of the credit facility utilised by the Group as at 30 June 2019 was HK\$1,200 million (equivalent to RMB1,056 million) (31 December 2018: HK\$1,200 million (equivalent to RMB1,051 million)). It bears interest at floating interest rate of HIBOR plus 0.90% per annum and is repayable in full in April 2022.

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 2019

22. UNITS IN ISSUE

As at 30 June 2019, Hui Xian REIT had 5,822,910,494 (31 December 2018: 5,757,337,072) issued units.

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

	Number of units	RMB million
Balance at 1 January 2018	5,586,412,489	27,840
Payment of Manager's fees through issuance of new units during the year	32,580,837	102
Units issued pursuant to the distribution reinvestment arrangement in respect of 2017 final and 2018 interim distributions	138,343,746	423
Balance at 31 December 2018	5,757,337,072	28,365
Payment of Manager's fees through issuance of new units during the period	15,347,661	51
Units issued pursuant to the distribution reinvestment arrangement in respect of 2018 final distribution	50,225,761	163
Balance at 30 June 2019	5,822,910,494	28,579

On 12 April 2019, 15,347,661 units at RMB3.32 per unit were issued to the Manager as settlement of Manager's fee for period from 1 July 2018 to 31 December 2018.

On 17 May 2019, 50,225,761 scrip units at issue price of RMB3.25 per unit were issued to unitholders pursuant to the distribution reinvestment arrangement in respect of 2018 final distribution.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

22. UNITS IN ISSUE (Continued)

Details of units issued during the year ended 31 December 2018 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 2018	1 July 2017 to 31 December 2017	3.10	16,608,424
23 August 2018	1 January 2018 to 30 June 2018	3.15	15,972,413
			32,580,837

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

On 27 September 2018, 54,313,220 scrip units at an issue price of RMB3.09 per unit were issued to unitholders pursuant to the distribution reinvestment arrangement in respect of 2018 interim distribution.

23. NET ASSET VALUE PER UNIT ATTRIBUTABLE TO UNITHOLDERS

The net asset value per unit is calculated based on the net assets attributable to unitholders as at 30 June 2019 of RMB26,303 million (31 December 2018: RMB26,373 million) and the total number of 5,822,910,494 units in issue as at 30 June 2019 (31 December 2018: 5,757,337,072 units).

24. NET CURRENT ASSETS

As at 30 June 2019, the Group's net current assets, defined as total current assets less total current liabilities, amounted to RMB3,473 million (31 December 2018: RMB3,076 million).

25. TOTAL ASSETS LESS CURRENT LIABILITIES

As at 30 June 2019, the Group's total assets less current liabilities amounted to RMB43,277 million (31 December 2018: RMB42,812 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

26. CAPITAL COMMITMENTS

	30.6.2019	31.12.2018
	RMB million	RMB million
	(unaudited)	(audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	133	131

27. CONNECTED AND RELATED PARTY TRANSACTIONS

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

Name of Connected/Related Party	<i>Notes</i>	1.1.2019 to 30.6.2019	1.1.2018 to 30.6.2018
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Rent and rental related income			
北京屈臣氏個人用品連鎖商店有限公司 (Beijing Watson's Personal Care Stores Co., Limited*)	<i>(a)</i>	1,261	4
重慶屈臣氏個人用品商店有限公司 (Chongqing Watson's Personal Care Stores Co., Limited*)	<i>(a)</i>	—	13
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.*)	<i>(a)</i>	511	499
Cheung Kong (Holdings) Limited Beijing Office 長實(中國)投資有限公司 (CKH (China) Investment Co., Limited*)	<i>(a)</i>	—	8
北京雷霆萬鈞網絡科技有限責任公司 (Beijing Lei Ting Wan Jun Network Technology Limited*)	<i>(a)</i>	790	788
北京雷霆無極網絡科技有限公司 (Beijing Lei Ting Wu Ji Network Technology Company Limited*)	<i>(a)</i>	525	525
北京雷系科技發展有限公司 (Beijing Lahiji Technology Development Limited*)	<i>(a)</i>	678	678
北京幻劍書盟科技發展有限公司 (Beijing Huan Jian Shu Meng Network Technology Limited*)	<i>(a)</i>	35	35
諾定(中國)投資有限公司 (TOM.COM (China) Investment Limited*)	<i>(a)</i>	35	35

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

27. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Name of Connected/Related Party	Notes	1.1.2019 to 30.6.2019 RMB'000 (unaudited)	1.1.2018 to 30.6.2018 RMB'000 (unaudited)
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	24
森棟乙 (北京) 科技有限公司 (Ceng Dong Yi (Beijing) Technology Company Limited*)	(a)	35	35
和記黃埔醫藥 (上海) 有限公司 (Hutchison MediPharma Limited*)	(a)	690	—
CK Asset Holdings Limited	(b)	48	40
和記黃埔地產 (重慶兩江新區) 有限公司 (Hutchison Whampoa Properties (Chongqing Liangjiangxinqu) Limited*)	(b)	154	206
和記黃埔地產 (重慶南岸) 有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	(b)	834	1,582
和記黃埔地產 (重慶經開園) 有限公司 (Hutchison Whampoa Properties (Chongqing Jingkaiyuan) Limited*)	(b)	248	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*)	(b)	3	16
和記黃埔地產 (北京朝陽) 有限公司 Hutchison Whampoa Properties (Beijing Chaoyang) Limited	(b)	2,426	—
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.*)	(b)	6	206
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.*)	(b)	1	341
北京港世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	(b)	896	896
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	(b)	956	956
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	(b)	33	33
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(e)	243	237
德意志銀行 (中國) 有限公司重慶分行 (Deutsche Bank (China) Co., Ltd. Chongqing Branch*)	(g)	555	560
Bank of China Limited	(h)	14,822	14,370

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

27. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Name of Connected/Related Party	Notes	1.1.2019 to	1.1.2018 to
		30.6.2019	30.6.2018
		RMB'000	RMB'000
		(unaudited)	(unaudited)
香港貿易發展局 (The Hong Kong Trade Development Council*)	(i)	123	181
香港貿易發展局北京辦事處 (The Hong Kong Trade Development Council Beijing Office*)	(i)	145	100
Hotel room revenue			
上海和黃白貓有限公司 (Shanghai Hutchison Whitecat Company Limited*)	(a)	2	—
和記黃埔(中國)商貿有限公司 (Hutchison Whampoa (China) Commerce Limited*)	(a)	1	—
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)	2	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)	55	54
和記黃埔地產(重慶南岸)有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	(b)	—	— [^]
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.*)	(b)	—	5
達威設計顧問有限公司 (T W Design Consultants Limited*)	(b)	1	—
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(e)	9	—
Bank of China Limited	(h)	40	84
中銀國際證券股份有限公司 (BOC International (China) Co., Ltd.*)	(h)	16	2
香港貿易發展局成都辦事處 (The Hong Kong Trade Development Council Chengdu Office*)	(i)	1	118
復旦大學 (Fudan University*)	(i)	6	— [^]
香港鐵路有限公司 (MTR Corporation Limited*)	(j)	—	6

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

27. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Name of Connected/Related Party	Notes	1.1.2019 to 30.6.2019 RMB'000 (unaudited)	1.1.2018 to 30.6.2018 RMB'000 (unaudited)
中國民生銀行股份有限公司 (China Minsheng Banking Corp., Ltd.*)	<i>(j)</i>	—	3
國壽投資控股有限公司 (China Life Investment Holding Company Limited*)	<i>(j)</i>	—	1
中信証券股份有限公司 (CITIC Securities Company Limited*)	<i>(n)</i>	53	—
Food & beverages and other hotel income			
上海和黃白貓有限公司 (Shanghai Hutchison Whitecat Company Limited*)	<i>(a)</i>	—	1
武漢屈臣氏個人用品商店有限公司 (Wuhan Watson's Personal Care Stores Co., Limited*)	<i>(a)</i>	—	1
和記黃埔醫藥(上海)有限公司 (Hutchison MediPharma Limited*)	<i>(a)</i>	5	—
和記黃埔地產(重慶兩江新區)有限公司 (Hutchison Whampoa Properties (Chongqing Liangjiangxinqu) Limited*)	<i>(b)</i>	17	26
和記黃埔地產(重慶南岸)有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	<i>(b)</i>	324	114
和記黃埔地產(北京朝陽)有限公司 (Hutchison Whampoa Properties (Beijing Chaoyang) Limited*)	<i>(b)</i>	38	—
和記地產集團有限公司 (Hutchison Property Group Limited*)	<i>(b)</i>	1	—
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.*)	<i>(b)</i>	3	3
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	<i>(b)</i>	—	61
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	<i>(b)</i>	—	69
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	<i>(b)</i>	7	3
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	<i>(e)</i>	1	118
Bank of China Limited	<i>(h)</i>	8	30

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

27. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Name of Connected/Related Party	Notes	1.1.2019 to	1.1.2018 to
		30.6.2019	30.6.2018
		RMB'000	RMB'000
		(unaudited)	(unaudited)
中銀國際證券股份有限公司 (BOC International (China) Co., Ltd.*)	(h)	2	1
中銀集團投資有限公司 (Bank of China Group Investment Limited*)	(h)	2	—
復旦大學 (Fudan University*)	(i)	3	3
中國民生銀行股份有限公司 (China Minsheng Banking Corp., Ltd.*)	(j)	—	8
國壽投資控股有限公司 (China Life Investment Holding Company Limited*)	(l)	—	3
大連達連房地產開發有限公司 (Dalian Dalian Property Development Co., Ltd.*)	(m)	8	9
中信證券股份有限公司 (CITIC Securities Company Limited*)	(n)	12	—
中國文化產業投資基金管理有限公司 (China Cultural Industry Investment Fund Management Co., Ltd.*)	(o)	—	1
Interest income from banks			
The Hongkong and Shanghai Banking Corporation Limited	(c)	— [^]	— [^]
Bank of China Limited	(h)	4,504	4,420
Bank of China (Hong Kong) Limited	(h) & (i)	272	17
Reimbursement of staff cost			
Hui Xian Asset Management Limited	(d)	528	472
Reversal of warranty claims			
Joinpower Holdings Limited	(b)	—	768
Cheerjoy Limited	(b)	—	768
Property management fee			
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	(b)	10,301	9,437
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	(b)	11,242	10,651

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

27. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Name of Connected/Related Party	Notes	1.1.2019 to 30.6.2019 RMB'000 (unaudited)	1.1.2018 to 30.6.2018 RMB'000 (unaudited)
家利物業管理(深圳)有限公司 (Cayley Property Management (Shenzhen) Limited*)	(b)	3,904	10,742
海逸酒店管理有限公司 (Harbour Plaza Hotel Management Limited*)	(b)	120	180
Internet services fee			
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.*)	(a)	638	469
CK Asset Holdings Limited	(b)	18	—
Beverages			
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 Beverage Company Limited Beijing Beverages Branch*)	(a)	188	188
Cleaning supplies			
上海和黃白貓有限公司 (Shanghai Hutchison Whitecat Company Limited*)	(a)	724	614
Hotel services			
Harbour Grand Hong Kong Catering Limited	(a)	219	154
Trademark license fee			
海逸酒店企業有限公司 (Harbour Plaza Hotel Enterprises Limited*)	(b)	12	18
Insurance expense			
中銀保險有限公司北京分公司 (Bank of China Insurance Co., Ltd. Beijing Branch*)	(h)	193	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*)	(l)	674	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*)	(l)	95	95

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

27. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Name of Connected/Related Party	Notes	1.1.2019 to 30.6.2019 RMB'000 (unaudited)	1.1.2018 to 30.6.2018 RMB'000 (unaudited)
Interest expense			
The Hongkong and Shanghai Banking Corporation Limited	(c) & (k)	13,370	8,641
Bank of China (Hong Kong) Limited	(h), (i) & (k)	34,172	27,334
Bank of China Limited Macau Branch	(h) & (k)	—	2,960
Bank charges and agency fee			
Bank of China Limited	(h)	1,736	1,766
Bank of China (Hong Kong) Limited	(h), (i) & (k)	55	53
Trustee's fee			
DB Trustees (Hong Kong) Limited	(g)	2,009	2,006
Manager's fees			
Hui Xian Asset Management Limited	(d)	71,969	71,876
Property Manager's fee			
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(e)	43,674	36,387
Valuation fee			
D&P China (HK) Limited (formerly known as "American Appraisal China Limited")	(f)	237	223
Title verification service fee			
D&P China (HK) Limited	(f)	—	25

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

27. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Balances with connected and related parties as at 30 June 2019 and 31 December 2018 are as follows:

Name of Connected/Related Party	Notes	30.6.2019 RMB'000 (unaudited)	31.12.2018 RMB'000 (audited)
Bank loans			
The Hongkong and Shanghai Banking Corporation Limited	<i>(c) & (k)</i>	1,050,561	753,524
Bank of China (Hong Kong) Limited	<i>(h), (i) & (k)</i>	2,361,606	2,267,589
Bank balances			
The Hongkong and Shanghai Banking Corporation Limited	<i>(c)</i>	437	518
Bank of China Limited	<i>(h)</i>	813,824	575,458
Bank of China (Hong Kong) Limited	<i>(h) & (i)</i>	140,759	111,835
Deposits placed with the Group for the lease of the Group properties			
北京屈臣氏個人用品連鎖商店有限公司 (Beijing Watson's Personal Care Stores Co., Limited*)	<i>(a)</i>	737	953
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.*)	<i>(a)</i>	567	567
長實(中國)投資有限公司 (CKH (China) Investment Co., Limited*)	<i>(a)</i>	29	29
北京雷霆萬鈞網絡科技有限責任公司 (Beijing Lei Ting Wan Jun Network Technology Limited*)	<i>(a)</i>	464	464
北京雷霆無極網絡科技有限公司 (Beijing Lei Ting Wu Ji Network Technology Company Limited*)	<i>(a)</i>	349	349
北京雷系科技發展有限公司 (Beijing Lahiji Technology Development Limited*)	<i>(a)</i>	451	451
北京幻劍書盟科技發展有限公司 (Beijing Huan Jian Shu Meng Network Technology Limited*)	<i>(a)</i>	24	24
諾定(中國)投資有限公司 (TOM.COM (China) Investment Limited*)	<i>(a)</i>	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*)	<i>(a)</i>	16	16
森棟乙(北京)科技有限公司 (Ceng Dong Yi (Beijing) Technology Company Limited*)	<i>(a)</i>	24	24
和記黃埔醫藥(上海)有限公司 (Hutchison MediPharma Limited*)	<i>(a)</i>	448	—

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

27. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Name of Connected/Related Party	Notes	30.6.2019	31.12.2018
		RMB'000 (unaudited)	RMB'000 (audited)
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	81
和記黃埔地產(重慶南岸)有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	(b)	378	505
和記黃埔地產(重慶經開園)有限公司 (Hutchison Whampoa Properties (Chongqing Jingkaiyuan) Limited*)	(b)	119	119
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.*)	(b)	1	1
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.*)	(b)	1	61
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*)	(e)	122	110

Notes:

- (a) These companies are associated companies¹ of Noblecrown Investment Limited ("Noblecrown") which is a significant holder² of Hui Xian REIT, and are subsidiaries or associated companies of CK Hutchison Holdings Limited ("CK Hutchison").
- (b) These companies are holding companies or associated companies¹ of Noblecrown which is a significant holder² of Hui Xian REIT, and are subsidiaries or associated companies of CK Asset Holdings Limited.
- (c) These companies are associates³ of Mr. Li Tzar Kuoi, Victor, a director of Noblecrown, a significant holder² of Hui Xian REIT.
- (d) This company is the manager of Hui Xian REIT ("Manager").
- (e) This company is a subsidiary of the Manager.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

27. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Notes: (Continued)

- (f) D&P China (HK) Limited is the principal valuer of Hui Xian REIT.
- (g) These companies are either the trustee of Hui Xian REIT or associated companies¹ of DB Trustees (Hong Kong) Limited.
- (h) Bank of China Limited is an associated company¹ of Noblecrown which is a significant holder² of Hui Xian REIT. These companies are subsidiaries or associated companies of Bank of China Limited.
- (i) These institutions/companies are associates³ 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.
- (j) These companies are associates³ 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.
- (k) The bank loans represent part of the outstanding bank loans (Note 21) as at 30 June 2019. The interest expense represents the respective interest expense under part of the outstanding bank loans for the six months ended 30 June 2019.
- (l) These companies are associated companies¹ of Po Lian Enterprises Limited (“Po Lian”) and/or China Life Insurance (Overseas) Company Limited, both of them are significant holders² or deemed to be significant holders² of Hui Xian REIT, and are subsidiaries or associated companies of China Life Insurance (Group) Company.
- (m) This company is an associate³ 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 holders² or deemed to be significant holders² of Hui Xian REIT.
- (n) This company is an associate³ of Mr. Kuang Tao who is a director of China Life Insurance (Overseas) Company Limited, a significant holder² of Hui Xian REIT. Mr Kuang has become the director of CITIC Securities Company Limited with effect from 6 September 2018.
- (o) This company is an associate³ of Mr. Gong Jianzhong who is a director of Lucky Star International Holdings Inc. (“Lucky Star”), a significant holder² of Hui Xian REIT up to 13 December 2018.

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

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

³ As defined in the SFO, a company is 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

	1.1.2019 to 30.6.2019 RMB million	1.1.2018 to 30.6.2018 RMB million	1.1.2017 to 30.6.2017 RMB million	1.1.2016 to 30.6.2016 RMB million	1.1.2015 to 30.6.2015 RMB million
Revenue					
Gross rental from investment properties	1,211	1,199	1,193	1,237	1,201
Income from hotel operation	231	266	250	238	246
Income from serviced apartments operation	93	83	73	69	68
Rental related income	63	46	67	31	32
	1,598	1,594	1,583	1,575	1,547
Profit before taxation and transactions with unitholders	696	790	882	368	689
Income tax expense	(270)	(286)	(242)	(205)	(237)
Profit for the period, before transactions with unitholders	426	504	640	163	452
Profit for the period attributable to unitholders, before transactions with unitholders	441	518	647	170	458
	RMB	RMB	RMB	RMB	RMB
Basic earnings per unit	0.0762	0.0921	0.1178	0.0315	0.0858

SUMMARY FINANCIAL INFORMATION

SUMMARY OF DISTRIBUTIONS

	1.1.2019 to 30.6.2019 RMB million	1.1.2018 to 30.6.2018 RMB million	1.1.2017 to 30.6.2017 RMB million	1.1.2016 to 30.6.2016 RMB million	1.1.2015 to 30.6.2015 RMB million
Distributions to unitholders	725	804	761	781	730
	RMB	RMB	RMB	RMB	RMB
Distribution per unit	0.1245	0.1414	0.1377	0.1439	0.1363

SUMMARY OF CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30.6.2019 RMB million	31.12.2018 RMB million	31.12.2017 RMB million	31.12.2016 RMB million	31.12.2015 RMB million
Non-current assets	39,804	39,736	39,875	39,549	40,282
Current assets	7,017	6,431	7,734	7,391	6,422
Total assets	46,821	46,167	47,609	46,940	46,704
Current liabilities	3,544	3,355	6,642	2,619	3,075
Non-current liabilities, excluding net assets attributable to unitholders	16,670	16,120	13,834	17,639	15,816
Total liabilities, excluding net assets attributable to unitholders	20,214	19,475	20,476	20,258	18,891
Non-controlling interests	304	319	350	243	256
Net assets attributable to unitholders	26,303	26,373	26,783	26,439	27,557
	RMB	RMB	RMB	RMB	RMB
Net asset value per unit attributable to unitholders	4.5172	4.5807	4.7943	4.8403	5.1231

PERFORMANCE TABLE

	Notes	30.6.2019	31.12.2018	31.12.2017	31.12.2016	31.12.2015
Net assets attributable to unitholders (RMB million)		26,303	26,373	26,783	26,439	27,557
Net asset value per unit attributable to unitholders (RMB)		4.5172	4.5807	4.7943	4.8403	5.1231
Market capitalisation (RMB million)		19,798	18,366	17,597	17,151	17,912
Units issued (units)		5,822,910,494	5,757,337,072	5,586,412,489	5,462,193,939	5,378,973,852
Debts to net asset value ratio	1	40.6%	37.6%	41.0%	40.9%	34.2%
Debts to total asset value ratio	2	22.8%	21.5%	23.0%	23.0%	20.2%
		1.1.2019 to 30.6.2019	1.1.2018 to 31.12.2018	1.1.2017 to 31.12.2017	1.1.2016 to 31.12.2016	1.1.2015 to 31.12.2015
Highest traded unit price (RMB)		3.40	3.35	3.22	3.51	3.57
Highest premium of the traded unit price to net asset value per unit	3	N/A	N/A	N/A	N/A	N/A
Lowest traded unit price (RMB)		3.18	3.03	3.02	2.98	2.94
Highest discount of the traded unit price to net asset value per unit		29.6%	33.9%	37.0%	38.4%	42.6%
Distribution per unit (RMB)		0.1245	0.2653	0.2681	0.2754	0.2700
Annualised distribution yield per unit	4	7.38%	8.32%	8.51%	8.77%	8.11%

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 2019 announcing, among other information, the interim distribution for the six months ended 30 June 2019 (“2019 Interim Distribution”) and the distribution reinvestment arrangement (“DRA”)	26 July 2019 (Friday)
Units quoted ex-2019 Interim Distribution	8 August 2019 (Thursday)
Ten consecutive trading days to determine unit price for new units to be issued from scrip distribution under the DRA (“Scrip Units”)	8 August 2019 (Thursday) to 21 August 2019 (Wednesday) (both dates inclusive)
Closure of register of Unitholders (for ascertaining entitlement to the 2019 Interim Distribution)	12 August 2019 (Monday) to 14 August 2019 (Wednesday) (both dates inclusive)
Record date for 2019 Interim Distribution	14 August 2019 (Wednesday)
Announcement in relation to the DRA	22 August 2019 (Thursday)
Despatch of circular and election form for the DRA	27 August 2019 (Tuesday)
Latest time for return of election form for the DRA ¹	by 4:30 p.m., 11 September 2019 (Wednesday)
Payment of the 2019 Interim Distribution for cash distribution election	26 September 2019 (Thursday)
Despatch of new unit certificates for scrip distribution election	26 September 2019 (Thursday)
Expected first day of dealings in Scrip Units (subject to the granting of listing approval by the Stock Exchange)	27 September 2019 (Friday)

1. A distribution reinvestment arrangement is available to eligible Unitholders who may elect to receive the 2019 Interim Distribution for the six months ended 30 June 2019 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 22 August 2019 (Thursday) and a circular together with the relevant election form will be delivered by post to the Unitholders on 27 August 2019 (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 11 September 2019 (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 (*Chief Financial Officer*)

Non-executive Directors

IP Tak Chuen, Edmond
LIM Hwee Chiang

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

Disclosures Committee

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

Designated (Finance) Committee

IP Tak Chuen, Edmond (*Chairman*)
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

LEGAL ADVISER

Woo Kwan Lee & Lo

UNIT REGISTRAR

Computershare Hong Kong Investor Services
Limited
17M Floor
Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong
Tel: (852) 2862 8555
Fax: (852) 2865 0990

INVESTOR RELATIONS

TONG BARNES Wai Che, Wendy
Tel: (852) 2121 1128
Fax: (852) 2121 1138
Email: info@huixianreit.com

PROPERTY MANAGER

北京匯賢企業管理有限公司
(Beijing Hui Xian Enterprise Services Limited*)

STOCK CODE

87001

WEBSITE

www.huixianreit.com

GLOSSARY

Board	the board of directors of the Manager
BOP	北京東方廣場有限公司 (Beijing Oriental Plaza Co., Ltd.), 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)

GLOSSARY

Shenyang Investment BVI	Shenyang Investment (BVI) Limited
Shenyang Investment HK	Shenyang Investment (Hong Kong) Limited
Shenyang Lido	瀋陽麗都商務有限公司 (Shenyang Lido Business Co. Ltd*), a Sino-foreign co-operative joint venture established in the PRC
Stock Exchange	The Stock Exchange of Hong Kong Limited
Trust Deed	Deed of Trust constituting Hui Xian REIT dated 1 April 2011 as amended, 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 26 July 2019