



**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



**2013**  
INTERIM REPORT



## HUI XIAN REIT

Hui Xian Real Estate Investment Trust (“Hui Xian REIT”) (Stock Code: 87001) is a real estate investment trust constituted by a deed of trust entered into on 1 April 2011 between Hui Xian (Cayman Islands) Limited, as settlor of Hui Xian REIT, Hui Xian Asset Management Limited, and DB Trustees (Hong Kong) Limited (“Trustee”) as amended by a supplemental deed dated 24 May 2013 (“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”). The Manager is a direct wholly-owned subsidiary of World Deluxe Enterprises Limited, which in turn is ultimately owned as to 40% by CITIC Securities International Company Limited, 30% by Cheung Kong (Holdings) Limited and 30% by ARA Asset Management Limited.



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# FINANCIAL HIGHLIGHTS

## For the period from 1 January 2013 to 30 June 2013

	Six months ended 30 Jun 2013	Six months ended 30 Jun 2012	Percentage Change
Total Revenue ( <i>RMB million</i> )	<b>1,319</b>	1,309	0.7%
Net Property Income ( <i>RMB million</i> )	<b>870</b>	828 <sup>(1)</sup>	5.1%
Amount Available for Distribution ( <i>RMB million</i> )	<b>616</b>	592	4.1%
Distribution per Unit ( <i>RMB</i> )	<b>0.1203</b>	0.1178	2.1%
Annualised Distribution Yield	<b>6.16%</b> <sup>(2)</sup>	6.45% <sup>(3)</sup>	N/A
Payout Ratio	<b>100%</b>	100%	N/A

	As at 30 Jun 2013	As at 31 Dec 2012	Percentage Change
Gross Asset Value ( <i>RMB million</i> )	<b>40,029</b>	39,388	1.6%
Net Asset Value Attributable to Unitholders ( <i>RMB million</i> )	<b>28,040</b>	27,914	0.4%
Net Asset Value per Unit ( <i>RMB</i> )	<b>5.4763</b>	5.4988	-0.4%
Debts to Gross Asset Value	<b>6.1%</b>	5.0%	N/A

### Notes:

- (1) The amount has been restated to conform with current period's presentation.
- (2) Based on the closing price of the Units on 28 June 2013 and the annualised actual distribution amount for the period from 1 January 2013 to 30 June 2013.
- (3) Based on the closing price of the Units on 30 June 2012 and the annualised actual distribution amount for the period from 1 January 2012 to 30 June 2012.

I am pleased to report the interim results of Hui Xian REIT for the six months ended 30 June 2013 ("Reporting Period"). The amount available for distribution for the Reporting Period increased 4.1% year-on-year to RMB616 million. Distribution per unit ("DPU") grew 2.1% year-on-year to RMB0.1203, representing an annualised distribution yield of 6.16% based on the closing unit price of RMB3.94 on 28 June 2013.

## RESULTS AND DISTRIBUTION

Total revenue for the six months ended 30 June 2013 was RMB1,319 million, an increase of 0.7% compared to the same period in 2012. Net property income increased 5.1% year-on-year to RMB870 million. Gross asset value grew 1.6% to RMB40,029 million, while net asset value attributable to unitholders increased 0.4% to RMB28,040 million.

The amount available for distribution during the Reporting Period increased 4.1% year-on-year to RMB616 million. 100% of this amount will be distributed to the unitholders of Hui Xian REIT ("Unitholders").

The DPU for the six months ended 30 June 2013 increased 2.1% year-on-year to RMB0.1203, which represented an annualised distribution yield of 6.16% based on the closing price of the Units of RMB3.94 on 28 June 2013.

## DISTRIBUTION REINVESTMENT ARRANGEMENT

The Manager recommends that a distribution reinvestment arrangement be made available to Unitholders, subject to obtaining authorisation from the Securities and Futures Commission of Hong Kong ("SFC") of relevant documents. Under the distribution reinvestment arrangement, eligible Unitholders will be entitled to have a scrip distribution in lieu of a cash distribution. Eligible Unitholders can elect to receive their distribution in the form of cash, or in the form of new Units of Hui Xian REIT, or a combination of both. Subject to obtaining SFC's authorisation, an announcement providing further information on the distribution reinvestment arrangement will be published and a circular containing the relevant details together with the relevant election form will be sent to all qualified Unitholders.

## CHINA BUSINESS ENVIRONMENT

Despite a weaker global economic environment, China's economy maintained its growth momentum in the first half of 2013. The country's gross domestic product ("GDP") increased 7.6% year-on-year to RMB24.8 trillion, and its total retail sales of consumer goods rose 12.7% year-on-year to RMB11.1 trillion. Beijing, China's capital and economic centre, recorded a GDP growth of 7.7% year-on-year to RMB911 billion in the first half of 2013.

Although recent data indicated that China's economic growth rate has moderated compared to previous decades, the country's economic drivers are still on track for steady and sustainable growth.

## BUSINESS REVIEW

During the Reporting Period, Hui Xian REIT delivered strong performance across its retail, office and serviced apartment sectors while the hotel sector's business was adversely affected by external factors. Total revenue increased 0.7% year-on-year to RMB1,319 million. Net property income recorded 5.1% year-on-year growth to RMB870 million.

Hui Xian REIT's portfolio consists of the 800,000 square metre mixed-use development in Beijing — Oriental Plaza (which comprises The Malls, The Tower Offices, The Tower Apartments and Grand Hyatt Beijing) and Sofitel Shenyang Lido, a five-star hotel in Shenyang.

<b>Net Property Income</b>	<b>Jan–Jun 2013 (RMB million)</b>	Jan–Jun 2012 (RMB million)*	Percentage Change (%)
Retail	<b>426</b>	362	17.5%
Office	<b>328</b>	275	19.2%
Serviced apartment	<b>32</b>	30	9.1%
Hotels	<b>84</b>	161	-47.8%
<b>TOTAL</b>	<b>870</b>	828	<b>5.1%</b>

\* The amounts have been restated to conform with current period's presentation.

### Retail Portfolio

In the first six months of 2013, Beijing's retail sales and disposable income per capita increased 8.8% and 9.4% respectively compared to the same period in 2012.

Performance of Hui Xian REIT's retail sector — The Malls at Oriental Plaza — was strong during the Reporting Period. With a well-balanced tenant mix offering both luxury and mass-market brands, we saw leasing demand from popular retailers which were keen to establish or expand their presence in The Malls.

During the Reporting Period, the average monthly passing rent increased 8.5% year-on-year to RMB1,012 per square metre. Rental reversion was 14.4%. The average occupancy rate was 99.5%. Net property income increased 17.5% year-on-year to RMB426 million.

### Office Portfolio

Beijing's Grade A office market has experienced an exceptionally strong growth over the past few years. The rental growth had slightly softened in the first half of 2013.

During the Reporting Period, The Tower Offices at Oriental Plaza continued to see encouraging leasing demands from multinational and domestic companies, both new and existing. These quality and diversified office tenants provide Hui Xian REIT with a stable income contribution.

The average monthly passing rent increased 23.1% year-on-year to RMB226 per square metre. The average monthly spot rent was RMB269 per square metre; this 10.4% year-on-year decrease was primarily due to a higher percentage of lease renewal than new signed leases in the first half of 2013. Rental reversion was 36.7%, while the average occupancy rate was 91.7%. Net property income was RMB328 million, an increase of 19.2% over the same period last year.

### **Serviced Apartment Portfolio**

Despite the decrease in the number of senior executives seconded to Beijing by multinational companies, there was continued leasing demand for well-located serviced apartments in the capital city. Comprising two blocks offering over 600 serviced apartments, the average occupancy rate of The Tower Apartments at Oriental Plaza was 80.8%. Net property income increased 9.1% year-on-year to RMB32 million.

### **Hotel Portfolio**

China's hotel industry continued to face challenges during the first half of 2013. In 2012/13, the country experienced its coldest winter in 28 years. The outbreak of human avian flu in various provinces had also led to decreases in business and leisure travels, as well as cancellations of conferences and events. Furthermore, the Central Government's new policy of restrictions on entertainment and hospitality, and the transition of leadership also caused an impact on the corporate entertainment and banquets, business meetings as well as government-driven events.

Hui Xian REIT's hotel portfolio comprises of two five-star hotels: Grand Hyatt Beijing at Oriental Plaza and Sofitel Shenyang Lido. Against the backdrop mentioned above, net property income of the two hotels combined was RMB84 million, down 47.8% year-on-year.

The competition amongst five-star hotels in Beijing was intense in 2013 with some hotels aggressively reducing their room rates. Grand Hyatt Beijing's average room rate per night slightly decreased 1.5% year-on-year to RMB1,888 during the Reporting Period. Revenue per available room ("RevPAR") decreased 24.0% year-on-year to RMB936 and the average occupancy rate was 49.6%.

On 1 January 2013, the 590-room hotel in Shenyang was rebranded as Sofitel Shenyang Lido. It has since been managed by the French company, Sofitel Luxury Hotels.

Shenyang's hotel market has become increasingly competitive as the city saw an influx of five-star hotels opening before the 12th National Games of the People's Republic of China to be held at the end of August 2013. The stiff competition further increased pressure on both hotel room rates and occupancy level. During the Reporting Period, Sofitel Shenyang Lido's average occupancy rate was 40.7%. The average room rate per night decreased 11.0% year-on-year to RMB735; and RevPAR was down by 44.2% year-on-year to RMB299.

### **ASSET ENHANCEMENT**

Both Grand Hyatt Beijing and Sofitel Shenyang Lido have implemented asset enhancement programmes to improve the hotels' competitiveness. During the renovation period, room availability and occupancy level would be affected.

Grand Hyatt Beijing has commenced its three-year asset enhancement programme in the beginning of 2013. A total of 156 refurbished guest rooms with contemporary features were unveiled during the first half of 2013. The newly renovated rooms have been well received by the market.

Following the change of the hotel management company in early 2013, a two-year renovation programme adding a Sofitel's touch to the Shenyang hotel is now underway.

### **STRONG FINANCIAL POSITION**

Hui Xian REIT maintained a healthy balance sheet during the Reporting Period. As at 30 June 2013, bank balances and cash on hand amounted to RMB2,679 million and debts amounted to RMB2,447 million. Debts to gross asset value ratio was 6.1%. We believe that Hui Xian REIT has strong financial capacity to pursue acquisition opportunities when they arise.

## OUTLOOK

We believe that the outlook for growth in the retail, office and serviced apartment sectors will remain positive, while the hotel sector may still be subjected to market volatility. Going forward, we will continue to devote significant efforts to drive organic growth from our current portfolio. Our top priorities are to achieve rental growth and improve the assets' operational performance, especially those of the two hotels, through active asset management.

Asset enhancement programmes for Grand Hyatt Beijing and Sofitel Shenyang Lido will continue throughout the second half of the year.

We have also been actively pursuing yield-accretive acquisition opportunities in China which can bring long-term benefits for both Hui Xian REIT and Unitholders.

While we continue to be cautious about the overall economic environment, we are confident in China's strong economic fundamentals as well as our well-positioned portfolio.

On behalf of the Manager, I would like to extend our appreciation to the Trustee and Unitholders for their continued support and confidence in Hui Xian REIT.

### **KAM Hing Lam**

*Chairman*

**Hui Xian Asset Management Limited**

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

Hong Kong, 23 July 2013

## PORTFOLIO HIGHLIGHTS

Hui Xian REIT's portfolio spans across retail, office, serviced apartment and hotel businesses:

- (1) its investment in Hui Xian BVI, which in turn holds Hui Xian Investment, the foreign joint venture partner of BOP, which is a sino-foreign cooperative joint venture established in the PRC. BOP holds the land use rights and building ownership rights of **Oriental Plaza**, and
- (2) its investment in Shenyang Investment BVI, which in turns holds Shenyang Investment HK, the foreign joint venture partner of Shenyang Lido. Shenyang Investment HK is entitled to 70% of the distributions of Shenyang Lido, which is a sino-foreign cooperative joint venture established in the PRC. Shenyang Lido holds the land use rights and building ownership rights in **Sofitel Shenyang Lido**.

Hui Xian REIT's portfolio by sectors:

Sector	Property	City	Gross Floor Area (sq m)
(1) Retail	<ul style="list-style-type: none"> <li><b>The Malls at Oriental Plaza:</b> <i>A shopping mall</i></li> </ul>	Beijing	130,195
(2) Office	<ul style="list-style-type: none"> <li><b>The Tower Offices at Oriental Plaza:</b> <i>8 Grade A office towers</i></li> </ul>	Beijing	309,552
(3) Serviced apartment	<ul style="list-style-type: none"> <li><b>The Tower Apartments at Oriental Plaza:</b> <i>2 serviced apartment towers (over 600 units)</i></li> </ul>	Beijing	81,603
(4) Hotels	<ul style="list-style-type: none"> <li><b>2 hotels:</b> <ul style="list-style-type: none"> <li>➤ <b>Grand Hyatt Beijing at Oriental Plaza:</b> <i>5-star hotel (825 rooms)</i></li> </ul> </li> </ul>	Beijing	204,166
	<ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>➤ <b>Sofitel Shenyang Lido:</b> <i>5-star hotel (590 rooms)</i></li> </ul> </li> </ul>	Shenyang	78,746
(5) Car parking spaces & other ancillary facilities	<ul style="list-style-type: none"> <li><b>1,901 car parking spaces at Oriental Plaza</b></li> </ul>	Beijing	140,289
<b>Total</b>			<b>865,805</b>

## OPERATIONS REVIEW

### (1) Retail Portfolio

During the first half of 2013, Beijing's GDP grew 7.7% year-on-year. The capital's retail sales increased 8.8% year-on-year to RMB397 billion, while the disposable income per capita was up 9.4% year-on-year to RMB19,867.

Hui Xian REIT's retail portfolio includes The Malls at Oriental Plaza, a 130,000 square metre shopping centre located in the Wangfujing area of Beijing. Net property income of the retail portfolio increased 17.5% year-on-year to RMB426 million, accounting for 48.9% of the total net property income of Hui Xian REIT during the Reporting Period.

The average monthly passing rent increased 8.5% year-on-year to RMB1,012 per square metre. The average occupancy rate for the first six months of 2013 was 99.5%. Rental reversion was 14.4%.

It was reported that China's retail sales of luxury items and high-end restaurants were affected by the Central Government's new policy of restrictions on entertainment and hospitality. The Malls at Oriental Plaza recorded healthy growth in both rental income and occupancy rate during the Reporting Period, primarily attributed to the well-balanced tenant mix. It offers a diverse spectrum of products and services, ranging from high and fast fashion, high-end and casual dining, watches and jewellery, showrooms, banks, personal care stores to cinema.

Considering the uncertain global environment, retailers turned more conservative in new store openings and were also more selective in the retail space's quality and location. Situated in one of Beijing's busiest shopping areas, The Malls' leasing demand continued to be strong. A number of new shops were opened during the first half of 2013, including IWC, EVISU and Pacific Coffee. A few existing tenants also expanded and upgraded their stores. For instance, Audi added over 1,000 square metres and launched its first digital car showroom, Audi City, in Asia.

To further elevate the retail experience and draw footfall, The Malls commenced asset enhancement works in Zone 1 in the second quarter of the year. It is expected to be completed by the third quarter of 2013.

Gross Revenue	RMB528 million, +14.6% YoY
Net Property Income	RMB426 million, +17.5% YoY
Average Occupancy Rate	99.5%
Average Monthly Passing Rent	RMB1,012 per square metre, +8.5% YoY
Average Monthly Spot Rent	RMB1,688 per square metre, +70.6% YoY

## (2) Office Portfolio

After experiencing rapid growth in the past few years, Beijing's Grade A office market rental growth softened in the first half of 2013. The recent uncertain macroeconomic environment has prompted some corporations to take more a cautious approach to renting office space; while landlords were also more willing to provide rental incentives.

Hui Xian REIT's office portfolio comprises The Tower Offices at Oriental Plaza, providing over 309,000 square metres of Grade A office space in eight blocks. Net property income of our office portfolio during the Reporting Period surged 19.2% year-on-year to RMB328 million, accounting for 37.7% of the total net property income of Hui Xian REIT.

The Tower Offices houses a quality tenant base of over 490 international and domestic corporations from a broad range of industries, including finance and banking, accounting, high technology, law, media and advertising, consumer goods, education and government-related organisations. The strong and diversified tenant mix gives us significant security of rental income.

The average monthly passing rent increased 23.1% year-on-year to RMB226 per square metre. The average monthly spot rent decreased 10.4% year-on-year to RMB269 per square metre, mainly due to the higher tenant retention rate. The average occupancy rate for the Reporting Period was 91.7%. Rental reversion was 36.7%.

Gross Revenue	RMB440 million, +15.5% YoY
Net Property Income	RMB328 million, +19.2% YoY
Average Occupancy Rate	91.7%
Average Monthly Passing Rent	RMB226 per square metre, +23.1% YoY
Average Monthly Spot Rent	RMB269 per square metre, -10.4% YoY

### (3) Serviced Apartment Portfolio

Despite the decrease in the number of senior executives seconded to Beijing by multinational companies, there was continued leasing demand for well-located serviced apartments in the capital city. Hui Xian REIT's serviced apartment portfolio comprises The Tower Apartments at Oriental Plaza providing over 600 fully-furnished serviced apartments in two towers. Net property income increased 9.1% year-on-year to RMB32 million, contributing to 3.7% of the total net property income of Hui Xian REIT during the Reporting Period. The average occupancy rate during the Reporting Period was 80.8%.

Gross Revenue	RMB64 million, +1.5% YoY
Net Property Income	RMB32 million, +9.1% YoY
Average Occupancy Rate	80.8%

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

Throughout the first half of 2013, China's hotel industry was impacted by a number of external events, including the general unfavourable economic conditions, unusually cold winter and the outbreak of human avian flu in various provinces. The Central Government's policy of restrictions on entertainment and hospitality, and leadership transition also affected the industry. All these led to the reduction of business and individual travel, corporate conferences and entertainment, banquets, as well as government-driven events.

Hui Xian REIT's hotel portfolio consists of two five-star hotels: Grand Hyatt Beijing at Oriental Plaza and Sofitel Shenyang Lido. Together, they provide 1,415 guest rooms and suites. Net property income of the two hotels combined was RMB84 million, a 47.8% decrease year-on-year. The hotel sector contributed 9.7% of the total net property income of Hui Xian REIT in the first half of 2013.

##### ***Grand Hyatt Beijing, Beijing***

Affected by various events mentioned above, foreign visitor arrivals to Beijing dropped 15.0% year-on-year to 1.85 million in the first half of 2013.

Beijing's hospitality market remained highly competitive in 2013 and some hotels had aggressively reduced room rates to attract customers. For the 825-room Grand Hyatt Beijing, the average room rate per night was slightly down by 1.5% year-on-year to RMB1,888 during the Reporting Period. RevPAR decreased 24.0% year-on-year to RMB936. The average occupancy rate for the Reporting Period was 49.6%.

Grand Hyatt Beijing hosted a number of major conferences and events in the first half of 2013. However, the scale and guest room take-up rate for some events were downsized compared to previous years as the corporations were more conservative towards business travelling spending.

The three-year asset enhancement programme which began at Grand Hyatt Beijing in the beginning of 2013 is making good progress. 156 newly renovated rooms have been completed. They have been well received by the market.

**Sofitel Shenyang Lido, Shenyang**

In Northeast China, where Shenyang was located, temperatures have been at a 43-year low during the 2012/13 winter. The city's business activities and tourism were affected by the unusually cold weather as well as the closure of airport and highways due to heavy snow and icy rain.

Hui Xian REIT's 590-room Shenyang hotel project was rebranded as Sofitel Shenyang Lido on 1 January 2013. With the new hotel management company — the Sofitel Luxury Hotels — came on board, the two-year asset enhancement programme is now in progress.

Shenyang will be the host city for the 12th National Games of the People's Republic of China in August 2013. A number of five-star hotels came on stream before the Games, adding over 1,430 upscale hotel rooms to the city. The competition amongst the hotels has become fierce, putting downward pressure on room rates and occupancy. Sofitel Shenyang Lido's average room rate per night decreased 11.0% year-on-year to RMB735. RevPAR was down by 44.2% year-on-year to RMB299, and the average occupancy rate for the Reporting Period was 40.7%.

Gross Revenue	RMB287 million, -29.1% YoY
Net Property Income	RMB84 million, -47.8% YoY
<i>Grand Hyatt Beijing</i>	
• Average occupancy rate	• 49.6%
• Average room rate per night	• RMB1,888, -1.5% YoY
• RevPAR	• RMB936, -24.0% YoY
<i>Sofitel Shenyang Lido</i>	
• Average occupancy rate	• 40.7%
• Average room rate per night	• RMB735, -11.0% YoY
• RevPAR	• RMB299, -44.2% YoY

## FINANCIAL REVIEW

### Net Property Income

The net property income was RMB870 million for the six months ended 30 June 2013.

### Distributions

#### ***Distribution Amount***

Hui Xian REIT will distribute a total of RMB616 million (“2013 Interim Distribution”) to Unitholders for the six months ended 30 June 2013. The 2013 Interim Distribution represents 100% of Hui Xian REIT’s total amount available for distribution during the period from 1 January 2013 to 30 June 2013 and will be paid in RMB.

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

The DPU for the period from 1 January 2013 to 30 June 2013 is RMB0.1203 based on the number of outstanding Units on 30 June 2013. This represents an annualised distribution yield of 6.16% based on the closing unit price of RMB3.94 on 28 June 2013.

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

The record date for the 2013 Interim Distribution will be 9 August 2013, Friday (“Record Date”). The Register of Unitholders will be closed from 7 August 2013, Wednesday to 9 August 2013, Friday, both days inclusive, during which period no transfer of Units will be effected. The interim distribution is expected to be payable on 26 September 2013, Thursday to Unitholders whose names appear on the Register of Unitholders on the Record Date.

Subject to obtaining authorisation from the 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 2013 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 6 August 2013, Tuesday.

### **Debt Positions**

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

In April 2013, Hui Xian Investment drew down a new unsecured 3-year term loan of HK\$1,200 million offered by Bank of China (Hong Kong) Limited, DBS Bank Ltd., Hang Seng Bank Limited and The Bank of East Asia Limited (the "2013 Credit Facility"). The purpose of the 2013 Credit Facility was to finance the outstanding loans from Hui Xian Holdings and the general corporate needs of the Hui Xian REIT group.

As at 30 June 2013, the outstanding loans drawn down by Hui Xian Investment under a revolving credit facility arrangement with Hui Xian Holdings amounted to RMB555 million (31 December 2012: RMB1,005 million) for the purpose of filling up the timing gap between dividend distributions.

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

Based on Hui Xian REIT's net assets attributable to Unitholders of RMB28,040 million as at 30 June 2013 (31 December 2012: RMB27,914 million), Hui Xian REIT's debts to net asset value ratio stood at 8.7% (31 December 2012: 7.0%). Meanwhile, the debts to gross asset value ratio was 6.1% as at 30 June 2013 (31 December 2012: 5.0%).

### **Bank Balances and Asset Positions**

As at 30 June 2013, Hui Xian REIT's bank balances and cash amounted to RMB2,679 million (31 December 2012: RMB2,063 million). The bank balances and cash are mainly denominated in RMB. No currency hedge was employed.

Hui Xian REIT is indirectly interested in a 130,195 square metre shopping mall, eight blocks of Grade A office, two blocks of serviced apartments towers and an 825-room 5-star hotel in a 787,059 square metre building complex at 1 East Chang'an Avenue, Beijing, PRC which are collectively named as Oriental Plaza. Hui Xian REIT's interests in Oriental Plaza are held through its special purpose vehicle, Hui Xian Investment, which is the foreign joint venture partner of BOP. BOP holds the land use rights and building ownership rights of Oriental Plaza.

American Appraisal China Limited ("American Appraisal"), Hui Xian REIT's principal valuer, valued the eight blocks of office towers, the shopping mall and car parking spaces at RMB29,820 million as at 30 June 2013 (31 December 2012: RMB29,660 million), translating into an increase of 0.5% over the valuation as of 31 December 2012. Together with the hotel and serviced apartment premises, gross property value of BOP was RMB35,644 million as at 30 June 2013, as compared to RMB35,577 million as at 31 December 2012.

On 1 January 2012, Hui Xian REIT completed its acquisition of all issued shares of Shenyang Investment BVI, which in turn indirectly owns 70% of the entitlement in the distributions of Shenyang Lido, owner of Sofitel Shenyang Lido (formerly Sheraton Shenyang Lido Hotel). Standing on the famous Qingnian Street, the 30-storey 78,746 square metre Sofitel Shenyang Lido is located in the heart of the newly established Central Business District in southern Shenyang.

American Appraisal valued the hotel premises of Shenyang Lido at RMB1,620 million as at 31 December 2012. Gross property value of hotel premises as at 30 June 2013 was RMB1,534 million (31 December 2012: RMB1,580 million).

### **Net Assets Attributable to Unitholders**

As at 30 June 2013, net assets attributable to Unitholders amounted to RMB28,040 million (31 December 2012: RMB27,914 million) or RMB5.4763 per Unit, representing a 39.0% premium to the closing unit price of RMB3.94 on 28 June 2013 (31 December 2012: RMB5.4988 per Unit, representing a 32.5% premium to the closing unit price of RMB4.15 on 31 December 2012).

### **Pledge of Assets**

Hui Xian REIT does not pledge its properties to any financial institutions or banks. The Trustee (as trustee of Hui Xian REIT) and certain special purpose vehicles of Hui Xian REIT provide guarantees for the 2011 Credit Facility and the 2013 Credit Facility.

### **Commitments**

As at 30 June 2013, except for capital commitment in respect of the asset enhancement programme for the hotels, Hui Xian REIT did not have any significant commitments.

### **Employees**

As at 30 June 2013, BOP, by itself and through its branch, employed a total of approximately 150 employees in the PRC, of which approximately 90 employees performed hotel operation functions and services, and approximately 60 employees handled legal, regulatory and other administrative matters and carried out and provided commercial functions and services, including leasing and some other property management functions and services, other than the hotel operation functions and services.

As at 30 June 2013, Shenyang Lido by itself and through its branch employed a total of approximately 400 employees in the PRC.

Save as disclosed above, Hui Xian REIT is managed by the Manager and did not directly employ any staff as at 30 June 2013.

# CORPORATE GOVERNANCE

The Manager was established for the purpose of managing Hui Xian REIT. The Manager is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Manager emphasise a quality board of directors, sound internal control, transparency and accountability to all Unitholders. The Manager has adopted a Compliance Manual which sets out the key processes, systems and measures the Manager will apply 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 the activities of the board of directors of the Manager.

Throughout the six months ended 30 June 2013, 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 (Executive Director and Chief Executive Officer of the Manager), Mr. LEE Chi Kin, Casey (Executive Director of the Manager), Mr. HUI Tung Keung, Tommy (Chief Operating Officer of the Manager) and Ms. LAI Wai Yin, Agnes (Chief Financial Officer of the Manager) are the responsible officers of the Manager as required by section 125 of the SFO and 5.4 of the REIT Code.

The Trustee, DB Trustees (Hong Kong) Limited, is registered as a trust company under Section 77 of the Trustee Ordinance (Cap. 29 of the Laws of Hong Kong). It is qualified to act as a trustee for collective investment schemes authorised under the SFO pursuant to the REIT Code.

### **Roles of the Trustee and the Manager**

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

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

The Trust Deed was amended pursuant to special resolutions passed at the extraordinary general meeting of Unitholders held on 7 May 2013. Please refer to the announcement and circular both dated 12 April 2013 published by the Manager for details of the amendments.

### **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 the nomination and review of Directors. The Board has established a framework for the management of the Manager and Hui Xian REIT, including a system of internal control and a business risk management process.

The Directors in the six months ended 30 June 2013 were Mr. KAM Hing Lam (Chairman and non-executive Director); Mr. CHEUNG Ling Fung, Tom and Mr. LEE Chi Kin, Casey (executive Directors); Mr. IP Tak Chuen, Edmond, Mr. LIM Hwee Chiang and Mr. YIN Ke (with Mr. PANG Shuen Wai, Nichols as his alternate) (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 2013.

### **Board Committees**

The Manager has established the following Board committees:

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

### **Conflicts of Interests**

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

- (1) unless with the approval from the SFC, the Manager does not manage any REIT other than Hui Xian REIT nor does it manage any real estate assets other than those in which Hui Xian REIT has an ownership interest or investment;

- (2) the Manager has established internal control systems to ensure that connected party transactions between Hui Xian REIT and its connected persons are monitored and undertaken according to procedures and/or on terms in compliance with the REIT Code (or where applicable, in compliance with the waiver conditions imposed by the SFC) and that other potential conflicts of interests situation that may arise are monitored;
- (3) all conflicts of interests are required to be managed by the full Board, including the independent non-executive directors; 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 2013 have been reviewed by the Audit Committee and the interim report has been reviewed by the Disclosures Committee of the Manager in accordance with the Committees' respective terms of reference. Hui Xian REIT's condensed consolidated financial statements for the six months ended 30 June 2013 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**

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

Specific enquiry having been made with each of the Directors, the Manager and the Management Persons, all of them confirmed that they have complied with the required standard set out in the Units Dealing Code in the six months ended 30 June 2013.

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

Mr. CHENG Hoi Chuen, Vincent was appointed as an independent non-executive director of Wing Tai Properties Limited with effect from 1 February 2013.

The name of Paul Y. Engineering Group Limited, of which Professor LEE Chack Fan is an independent non-executive director, was changed to Louis XIII Holdings Limited on 3 April 2013.

During the six months ended 30 June 2013, Mr. LIM Hwee Chiang resigned as board member of the Valuation Review Board of the Ministry of Finance of Singapore, and was appointed as: (i) director of Chinese Chamber Realty Private Limited; (ii) director of the Financial Board of the Singapore Chinese Chamber of Commerce; and (iii) chairman of the Property Management Committee of the Singapore Chinese Chamber of Commerce and Industry.

#### **New Units Issued**

In the six months ended 30 June 2013, (i) an aggregate of 13,989,152 new Units were issued to the Manager as payment of part of the manager's fees; and (ii) an aggregate of 29,805,761 new Units were issued to Unitholders pursuant to the distribution reinvestment arrangement in respect of the final distribution for the period from 1 July 2012 to 31 December 2012.

The total number of Units in issue as at 30 June 2013 was 5,120,210,562 Units.

#### **Purchase, Sale or Redemption of Units**

There were no repurchase, sale or redemption of the Units of Hui Xian REIT by the Manager on behalf of Hui Xian REIT or any of the special purpose vehicles that are owned and controlled by Hui Xian REIT in the six months ended 30 June 2013.

#### **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 2013.

# CONNECTED PARTY TRANSACTIONS

## **Waivers from Strict Compliance with Certain Requirements under the REIT Code**

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 entered into by Hui Xian REIT with its connected persons (the "Waivers") were granted by the SFC at the time of authorisation of Hui Xian REIT under section 104 of the SFO in April 2011. Some of the Waivers were subsequently modified and/or extended, with the approval of Unitholders where required. The terms and conditions pursuant to which the Waivers were granted were disclosed in the interim report of Hui Xian REIT for 2012 and the announcements dated 10 November 2011, 22 May 2012 and 7 May 2013 published by the Manager for Hui Xian REIT.

With approval of the Unitholders, a new waiver was granted by the SFC on 7 May 2013 in respect of certain banking and financial services transactions between the Hui Xian REIT group (that is, Hui Xian REIT and other companies or entities held or controlled by it) and the China CITIC Bank Group (that is, China CITIC Bank Corporation Limited and its subsidiaries) subject to the terms and conditions as disclosed in the announcement dated 7 May 2013 published by the Manager for Hui Xian REIT. Throughout the six months ended 30 June 2013, Hui Xian REIT has complied with the relevant terms and conditions of the Waivers and the new waiver.

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 2013 (other than those which are exempted from disclosure in this interim report pursuant to the waivers granted by the SFC).

## CONNECTED PARTY TRANSACTIONS

### Connected Party Transactions – Income

The following table sets out information on connected party transactions from which Hui Xian REIT derived its income in the six months ended 30 June 2013:

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the six months ended 30 June 2013 <i>RMB'000</i>
北京屈臣氏個人用品連鎖商店有限公司 (Beijing Watson's Personal Care Stores Co., Limited)*	Associated company of a significant holder <sup>1</sup>	Leasing and licensing transaction	1,727
和記環球電訊(廣東)有限公司 (Hutchison Global Communications (Guangdong) Limited)*	Associated company of a significant holder <sup>1</sup>	Leasing and licensing transaction	347
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 <sup>1</sup>	Leasing and licensing transaction	1,339
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 <sup>1</sup>	Leasing and licensing transaction	1,348

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the six months ended 30 June 2013 RMB'000
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 <sup>1</sup>	Leasing and licensing transaction	539
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 <sup>1</sup>	Leasing and licensing transaction	661
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 <sup>1</sup>	Leasing and licensing transaction	9,982
Cheung Kong (Holdings) Limited Beijing Office	Associated company of a significant holder <sup>1</sup>	Leasing and licensing transaction	33
北京尚乘財策諮詢有限公司 (AMTD Beijing Investment Advisory Co., Ltd)*	Associated company of a significant holder <sup>1</sup>	Leasing and licensing transaction	635

## 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 2013 RMB'000
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	153
Bank of China Limited	Associated company of a significant holder <sup>1</sup>	Leasing and licensing transaction	10,223
東方海外貨櫃航運(中國)有限公司北京分公司 (Orient Overseas Container Line (China) Co., Ltd. Beijing Branch)*	Subsidiary of a controlling entity of a significant holder <sup>2</sup>	Leasing and licensing transaction	276
東方海外物流(中國)有限公司北京分公司 (OOCL Logistics (China) Ltd. Beijing Branch)*	Subsidiary of a controlling entity of a significant holder <sup>2</sup>	Leasing and licensing transaction	216
Bank of China Limited	Associated company of a significant holder <sup>1</sup>	Interest income on deposits	19,643

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the six months ended 30 June 2013 <i>RMB'000</i>
Bank of China (Hong Kong) Limited	Associated company of a significant holder <sup>1</sup>	Interest income on deposits	3,161
<b>Total</b>			<b>50,283</b>

## Notes:

- 1 Significant holders being Hui Xian Cayman and Hui Xian Holdings.
- 2 The connected person concerned is a subsidiary of a controlling entity of Hui Xian Cayman and Hui Xian Holdings.

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

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

## CONNECTED PARTY TRANSACTIONS

### Connected Party Transactions – Expenses

The following table sets out information on connected party transactions in which Hui Xian REIT incurred its expenses in the six months ended 30 June 2013:

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Expenses for the six months ended 30 June 2013 <i>RMB'000</i>
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.)*	Associated company of a significant holder <sup>1</sup>	Property management fee	2,616
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 <sup>1</sup>	Property management fee	3,873
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 <sup>1</sup>	Internet services fee	173
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 <sup>1</sup>	Promotional expenses	9

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Expenses for the six months ended 30 June 2013 <i>RMB'000</i>
中銀保險有限公司 北京分公司 (Bank of China Insurance Co., Ltd. Beijing Branch)*	Associated company of a significant holder <sup>1</sup>	Insurance expense	236
中國人壽財產保險股份公司 北京市分公司 (China Life Property and Casualty Insurance Company Limited Beijing Branch)*	Associated company of a significant holder <sup>1</sup>	Insurance expense	827
Bank of China (Hong Kong) Limited	Associated company of a significant holder <sup>1</sup>	Interest expenses on loans	6,114
Hui Xian Holdings Limited	Significant holder	Interest expenses on loans	21,793
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	14,490

## 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 2013 RMB'000
屈臣氏酒窖(廣州)有限公司 Watson's Wine Cellar (Guangzhou) Company Limited)*	Associated company of a significant holder <sup>1</sup>	Beverages	26
北京屈臣氏蒸餾水有限公司 (Beijing Watson's Distilled Water Co., Ltd)*	Associated company of a significant holder <sup>1</sup>	Beverages	40
廣州屈臣氏食品飲料 有限公司北京飲料分公司 (Guangzhou Watson's Food & Beverages Company Limited Beijing Beverages Branch)*	Associated company of a significant holder <sup>1</sup>	Beverages	130
上海和黃白貓有限公司 (Shanghai Hutchison Whitecat Company Limited)*	Associated company of a significant holder <sup>1</sup>	Cleaning supplies	111
Hutchison Hotel Hong Kong Limited	Associated company of a significant holder <sup>1</sup>	Banquet services	45

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Expenses for the six months ended 30 June 2013 RMB'000
Metro Broadcast Corporation Limited	Associated company of a significant holder <sup>1</sup>	Investment seminar sponsorship	78
<b>Total</b>			<b>50,561</b>

## Notes:

1 Significant holders being Hui Xian Cayman and Hui Xian Holdings.

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

### 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 2013 were RMB1,853,000 and RMB73,529,000 respectively. Particulars of the services provided by the Trustee and the Manager are set out in notes 1(b) and 1(c) respectively to the Condensed Consolidated Financial Statements of Hui Xian REIT for the six months ended 30 June 2013. The fee payable to the principal valuer of Hui Xian REIT for the six months ended 30 June 2013 was HK\$202,000.

# DISCLOSURE OF INTERESTS

## Holdings of Connected Persons

As at 30 June 2013, each of the following persons was considered a significant holder 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.

Name	As at 30 June 2013 Number of Units held		As at 31 December 2012 Number of Units held	
	Direct holdings	Deemed holdings	Direct holdings	Deemed holdings
Hui Xian Cayman <sup>(1)</sup>	<b>2,190,000,000</b>	<b>60,000,000</b>	2,190,000,000	60,000,000
Hui Xian Holdings <sup>(2)</sup>	<b>60,000,000</b>	<b>2,190,000,000</b>	60,000,000	2,190,000,000

Notes:

The terms "significant holder", "connected person" and "holding company" are as defined in the REIT Code and the SFO.

- (1) Based on information as recorded in the register required to be kept by the Manager under the Trust Deed ("the Register"), Hui Xian Cayman was the holder of 2,190,000,000 Units as at 30 June 2013. Hui Xian Cayman is a direct wholly-owned subsidiary of Hui Xian Holdings and is deemed, under the REIT Code, to hold the 60,000,000 Units held by Hui Xian Holdings, its holding company. As at 30 June 2013, Hui Xian Cayman was a significant holder and thus a connected person of Hui Xian REIT under the REIT Code as it held more than 10% of the outstanding Units of Hui Xian REIT.
- (2) Based on information as recorded in the Register, Hui Xian Holdings was the holder of 60,000,000 Units as at 30 June 2013. Hui Xian Holdings is the holding company of Hui Xian Cayman and is deemed, under the REIT Code, to hold the 2,190,000,000 Units held by Hui Xian Cayman, its subsidiary. As at 30 June 2013, Hui Xian Holdings was a significant holder and thus a connected person of Hui Xian REIT under the REIT Code as it held more than 10% of the outstanding Units of Hui Xian REIT by virtue of the aggregation of the deemed holdings of its wholly-owned subsidiary, Hui Xian Cayman, of 2,190,000,000 Units and its own direct holdings of 60,000,000 Units.

Based on information available to the Manager, as at 30 June 2013, Noblecrown Investment Limited ("Noblecrown"), an indirect wholly-owned subsidiary of Cheung Kong (Holdings) Limited ("CKH"), was entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Hui Xian Holdings, and was thus taken to be interested in the total of 2,250,000,000 Units held by Hui Xian Cayman and Hui Xian Holdings by virtue of the deemed application of Part XV of the SFO. Based on information as recorded in the Register as at 30 June 2013, Noblecrown was also directly interested in 266,661,659 Units as at that date. By virtue of the deemed application of Part XV of the SFO, Noblecrown was taken to have an interest in a total of 2,516,661,659 Units as at 30 June 2013.

By virtue of the deemed application of Part XV of the SFO, each of CKH and the intermediate holding companies through which CKH was interested in the share capital of Noblecrown (namely, Cheung Kong (China Property Development) Limited, Cheung Kong China Property Limited, Cheung Kong (China Property) Limited, Cheung Kong Holdings (China) Limited and Cheung Kong Investment Company Limited) was taken to have an interest in the same 2,516,661,659 Units as at 30 June 2013.

Further, based on information available to the Manager, as at 30 June 2013, Wisdom Ally Limited and Wealth Finder Limited, indirect wholly-owned subsidiaries of CKH, were directly interested in 50,852,738 Units and 5,304,889 Units respectively and an indirect wholly-owned subsidiary of Hutchison Whampoa Limited was interested in 143,587,048 Units (please also see information below relating to the unitholding interests of Hutchison Whampoa Limited and its subsidiaries). As at 30 June 2013, Cheung Kong Investment Company Limited, of which Wisdom Ally Limited and Wealth Finder Limited were indirect wholly-owned subsidiaries, was also taken to have an interest in the 50,852,738 Units and the 5,304,889 Units held by Wisdom Ally Limited and Wealth Finder respectively, and was thus taken to be interested in a total of 2,572,819,286 Units as at that date by virtue of the deemed application of Part XV of the SFO.

Based on information available to the Manager, as at 30 June 2013, CKH, in view of its interest in the above intermediate holding companies through which Noblecrown was held, in Wisdom Ally Limited, in Wealth Finder Limited and in Hutchison Whampoa Limited, was taken to have an interest in a total of 2,716,406,334 Units by virtue of the deemed application of Part XV of the SFO. Also by virtue of the deemed application of Part XV of the SFO, each of Mr. Li Ka-shing, Li Ka-Shing Unity Holdings Limited, Li Ka-Shing Unity Trustee Company Limited; Li Ka-Shing Unity Trustee Corporation Limited and Li Ka-Shing Unity Trustcorp Limited was also taken to have an interest in the same 2,716,406,334 Units in which CKH was interested as at 30 June 2013.

## DISCLOSURE OF INTERESTS

Based on information available to the Manager, details of the unitholding interests of the following connected persons (as defined under the REIT Code) were as follows:

Name	As at 30 June 2013 Number of Units Held
Hutchison Whampoa Limited or its subsidiaries	<b>143,587,048</b>
Bank of China Limited or its subsidiaries	<b>148,125,000</b>
Orient Overseas (International) Limited or its subsidiaries	<b>59,250,000</b>
China Life Insurance (Group) Company or its subsidiaries	<b>276,491,000</b>
CITIC Securities International Company Limited or its subsidiaries	<b>6,919,652</b>
ARA Asset Management Limited or its subsidiaries	<b>5,304,889</b>

### Interests of the Manager

As at 30 June 2013, the Manager held 12,025,072 Units of Hui Xian REIT (31 December 2012: 9,876,951 Units).

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

Based on information available to the Manager, details of the unitholding interests of the Directors, senior executives and officers of the Manager were as follows:

Name	As at 30 June 2013 Number of Units held	As at 31 December 2012 Number of Units held
KAM Hing Lam	<b>629,082<sup>(1)</sup></b>	610,044 <sup>(1)</sup>
IP Tak Chuen, Edmond	<b>400,000<sup>(2)</sup></b>	400,000 <sup>(2)</sup>
CHEUNG Ling Fung, Tom	<b>53,260<sup>(3)</sup></b>	51,649 <sup>(3)</sup>
TONG BARNES Wai Che, Wendy	<b>105,216<sup>(4)</sup></b>	82,638 <sup>(4)</sup>
HUI Tung Keung, Tommy	<b>27,000<sup>(5)</sup></b>	27,000 <sup>(5)</sup>

*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 Hing Lam.
- (2) These Units were owned by Mr. IP Tak Chuen, Edmond, Non-executive Director of the Manager, as beneficial owner.
- (3) These Units were owned by Mr. CHEUNG Ling Fung, Tom, Executive Director and Chief Executive Officer of the Manager, as beneficial owner.
- (4) These Units were owned by Mrs. TONG BARNES Wai Che, Wendy, Deputy Chief Executive Officer of the Manager, as beneficial owner.
- (5) These Units were owned by Mr. HUI Tung Keung, Tommy, Chief Operating Officer of the Manager, as beneficial owner.

Save as disclosed above, the Manager is not aware of any connected persons (within the meaning in the REIT Code) of Hui Xian REIT holding any beneficial interest in the Units as at 30 June 2013.

# 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 40 to 85, which comprise the condensed consolidated statement of financial position as of 30 June 2013 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in net assets attributable to unitholders and non-controlling interest, condensed consolidated statement of cash flows and distribution statement for the six months period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. Hui Xian Asset Management Limited as manager of Hui Xian REIT is responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

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

## CONCLUSION

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

### **Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

23 July 2013

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	NOTES	2013 RMB million (unaudited)	2012 RMB million (unaudited)
Revenue	5	<b>1,319</b>	1,309
Rental related income	6	<b>23</b>	28
Other income	7	<b>47</b>	7
Increase in fair value of investment properties		<b>160</b>	450
Hotel inventories consumed		<b>(25)</b>	(37)
Staff costs		<b>(38)</b>	(44)
Depreciation and amortisation		<b>(151)</b>	(152)
Other operating expenses	8	<b>(391)</b>	(413)
Finance costs	9	<b>(41)</b>	(23)
Manager's fees	10	<b>(74)</b>	(78)
Real estate investment trust expenses	11	<b>(5)</b>	(6)
Profit before taxation and transactions with unitholders		<b>824</b>	1,041
Income tax expense	12	<b>(262)</b>	(312)
Profit for the period, before transactions with unitholders		<b>562</b>	729
Distribution to unitholders		<b>(616)</b>	(592)
(Loss) profit and total comprehensive (expense) income for the period, after transactions with unitholders		<b>(54)</b>	137

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

		<b>2013</b>	2012
	<i>NOTES</i>	<i>RMB million</i> <b>(unaudited)</b>	<i>RMB million</i> (unaudited)
Attributable to:			
Non-controlling interest		<b>(7)</b>	(1)
Unitholders		<b>(47)</b>	138
		<b>(54)</b>	137
Basic earnings per unit (RMB)	<i>13</i>	<b>0.1117</b>	0.1455

# DISTRIBUTION STATEMENT

For the six months ended 30 June 2013

	<b>2013</b>	2012
	<i>RMB million</i>	<i>RMB million</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Profit for the period, before transactions with unitholders	<b>562</b>	729
Non-controlling interest	<b>7</b>	1
Profit for the period attributable to unitholders, before transactions with unitholders	<b>569</b>	730
Adjustments ( <i>Note (i)</i> ):		
Manager's fees	<b>59</b>	55
Deferred tax	<b>47</b>	119
Distributable depreciation and amortisation	<b>82</b>	105
Increase in fair value of investment properties	<b>(160)</b>	(450)
	<b>28</b>	(171)
Distributable income	<b>597</b>	559
Discretionary distributions ( <i>Note (ii)</i> ):		
Depreciation and amortisation arising from fair value adjustment	<b>19</b>	18
Other cash distributions	<b>—</b>	15
	<b>19</b>	33
Amount available for distribution	<b>616</b>	592
Distributions to unitholders	<b>616</b>	592
Distribution per unit ( <i>RMB</i> ) ( <i>Note (iii)</i> )	<b>0.1203</b>	0.1178

*Notes:*

- (i) Adjustments for the current and prior periods include:
- (a) For the six months ended 30 June 2013, Manager's fees paid and payable in units of RMB59 million (7,274,791 units issued and 7,622,461 units estimated to be issued) out of the total Manager's fees of RMB74 million. The difference of RMB15 million are paid or payable in cash.
- For the six months ended 30 June 2012, Manager's fees paid and payable in units of RMB55 million out of the total Manager's fees of RMB78 million. The difference of RMB23 million are paid or payable in cash.
- (b) Deferred tax charge of RMB7 million (2012: RMB7 million) in relation to accelerated tax depreciation and deferred tax charge of RMB40 million (2012: RMB112 million) in relation to increase in fair value of investment properties.
- (c) Distributable depreciation and amortisation of Beijing Oriental Plaza attributable to unitholders of RMB82 million (2012: RMB105 million) represented depreciation and amortisation of RMB103 million (2012: RMB105 million) less capital expenditure of RMB21 million (2012: nil).
- (d) Increase in fair value of investment properties of RMB160 million (2012: RMB450 million).
- In accordance with the Trust Deed, Hui Xian REIT (as defined in Note 1) is required to distribute to unitholders not less than 90% of its distributable income for each financial period and it is the Manager's stated policy to distribute 100% of Hui Xian REIT's annual distributable income for the period from the listing date to 31 December 2011 and the financial year ended 31 December 2012 and thereafter at least 90% of Hui Xian REIT's annual distributable income for each financial year. For the six months ended 30 June 2013, the Manager had determined to distribute 100% of Hui Xian REIT's interim distributable income. Pursuant to the Trust Deed, interim/annual distributable income is defined as the amount calculated by the Manager as representing the consolidated profit for the period attributable to unitholders for the relevant financial period/year, as adjusted to eliminate the effects of certain Adjustments (as defined in the Trust Deed) which have been recorded in the consolidated statement of comprehensive income for the relevant financial period/year.
- (ii) Discretionary distribution refers to any additional amount (include capital) which the Manager has determined to be distributed pursuant to clause 11.4.2 of the Trust Deed. Discretionary distributions for the current/prior periods include:
- (1) Depreciation and amortisation attributable to unitholders arising from fair value adjustment upon acquisition of Shenyang Lido Business Co. Limited by the Group of RMB19 million (2012: RMB18 million).
- (2) Other cash distributions of nil (2012: RMB15 million).
- (iii) The distribution per unit of RMB0.1203 for the six months ended 30 June 2013 is calculated based on Hui Xian REIT's amount available for distribution of RMB616,186,083 over 5,120,210,562 units, representing issued units as at 30 June 2013. The distribution per unit of RMB0.1178 for the six months ended 30 June 2012 was calculated based on Hui Xian REIT's amount available for distribution of RMB591,636,874 over 5,024,495,409 units, representing issued units as at 30 June 2012.

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	NOTES	<b>30.6.2013</b> <i>RMB million</i> (unaudited)	31.12.2012 <i>RMB million</i> (audited)
<b>Non-current assets</b>			
Investment properties	14	<b>29,820</b>	29,660
Property, plant and equipment	15	<b>2,576</b>	2,640
Land and related costs	16	<b>4,728</b>	4,798
Total non-current assets		<b>37,124</b>	37,098
<b>Current assets</b>			
Hotel inventories	17	<b>22</b>	22
Land and related costs	16	<b>141</b>	141
Trade and other receivables	18	<b>63</b>	64
Bank balances and cash	19	<b>2,679</b>	2,063
Total current assets		<b>2,905</b>	2,290
<b>Total assets</b>		<b>40,029</b>	39,388
<b>Current liabilities</b>			
Trade and other payables	20	<b>397</b>	441
Tenants' deposits		<b>198</b>	197
Tax payable		<b>32</b>	37
Manager's fee payable		<b>37</b>	44
Distribution payable		<b>623</b>	634
Loans from a unitholder	21	<b>555</b>	1,005
Total current liabilities		<b>1,842</b>	2,358
<b>Total assets less current liabilities</b>		<b>38,187</b>	37,030

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	NOTES	30.6.2013 RMB million (unaudited)	31.12.2012 RMB million (audited)
<b>Non-current liabilities, excluding net assets attributable to unitholders</b>			
Bank loans	22	1,892	959
Tenants' deposits		410	377
Deferred tax liabilities		7,435	7,363
<hr/>			
Total non-current liabilities, excluding net assets attributable to unitholders		9,737	8,699
<hr/>			
<b>Total liabilities, excluding net assets attributable to unitholders</b>			
		11,579	11,057
<hr/>			
Non-controlling interest		410	417
<hr/>			
<b>Net assets attributable to unitholders</b>			
		28,040	27,914
<hr/>			
Units in issue ('000)	24	5,120,211	5,076,416
<hr/>			
Net asset value per unit (RMB) attributable to unitholders	25	5.4763	5.4988

The condensed consolidated financial statements on pages 40 to 85 were approved and authorised for issue by the Board of Directors of the Manager on 23 July 2013 and were signed on its behalf by:

**CHEUNG Ling Fung, Tom**  
DIRECTOR

**LEE Chi Kin, Casey**  
DIRECTOR

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

For the six months ended 30 June 2013

	Issued units <i>RMB million</i>	Retained profits <i>RMB million</i>	Total <i>RMB million</i>	Non- controlling interest <i>RMB million</i>
Net assets as at 1 January 2013 (audited)	<b>26,137</b>	<b>1,777</b>	<b>27,914</b>	<b>417</b>
Units issued for settlement of Manager's fees (Note 24)	<b>57</b>	<b>—</b>	<b>57</b>	<b>—</b>
Units issued pursuant to the distribution reinvestment arrangement in respect of 2012 final distribution (Note 24)	<b>116</b>	<b>—</b>	<b>116</b>	<b>—</b>
	<b>26,310</b>	<b>1,777</b>	<b>28,087</b>	<b>417</b>
Profit for the period, before transactions with unitholders	<b>—</b>	<b>569</b>	<b>569</b>	<b>(7)</b>
Distribution payable	<b>—</b>	<b>(616)</b>	<b>(616)</b>	<b>—</b>
Total comprehensive expense for the period	<b>—</b>	<b>(47)</b>	<b>(47)</b>	<b>(7)</b>
<b>Net assets as at 30 June 2013 (unaudited)</b>	<b>26,310</b>	<b>1,730</b>	<b>28,040</b>	<b>410</b>

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

For the six months ended 30 June 2013

	Issued units <i>RMB million</i>	Retained profits <i>RMB million</i>	Total <i>RMB million</i>	Non- controlling interest <i>RMB million</i>
Net assets as at				
1 January 2012 (audited)	25,888	84	25,972	—
Acquisition of a business (Note 23)	—	—	—	419
Units issued for settlement of Manager's fees	47	—	47	—
Units issued pursuant to the distribution reinvestment arrangement in respect of 2011 final distribution	12	—	12	—
	25,947	84	26,031	419
Profit for the period, before transactions with unitholders	—	730	730	(1)
Distribution payable	—	(592)	(592)	—
Total comprehensive income (expense) for the period	—	138	138	(1)
<b>Net assets as at</b>				
<b>30 June 2012 (unaudited)</b>	25,947	222	26,169	418

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	NOTE	2013 RMB million (unaudited)	2012 RMB million (unaudited)
<b>Net cash from operating activities</b>		<b>646</b>	597
<b>Net cash used in investing activities</b>			
Acquisition of a business	23	—	(866)
Other investing cash flows		<b>(91)</b>	3
		<b>(91)</b>	(863)
<b>Net cash (used in) from financing activities</b>			
Repayment of loans from a unitholder		<b>(990)</b>	(205)
Distribution payments to unitholders		<b>(511)</b>	(521)
Other financing cash flows		<b>(37)</b>	(16)
Net proceeds from new bank loan raised		<b>959</b>	952
Loans from a unitholder		<b>540</b>	528
		<b>(39)</b>	738
<b>Net increase in cash and cash equivalents</b>		<b>516</b>	472
<b>Cash and cash equivalents at the beginning of the period</b>		<b>1,863</b>	883
<b>Cash and cash equivalents at the end of the period, represented by bank balances and cash</b>		<b>2,379</b>	1,355

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

## 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 a Supplemental Deed dated 24 May 2013 (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 principal activity of Hui Xian REIT and its subsidiaries (the “Group”) is to own and invest in high quality commercial properties in the People’s Republic of China (the “PRC”) with the objective of producing stable and sustainable distributions to unitholders and to achieve long term growth in the net asset value per unit.

The condensed consolidated financial statements are presented in Renminbi, which is also the functional currency of Hui Xian REIT.

## 1. GENERAL (continued)

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

### (a) Property Manager's fee

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

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

### (b) Trustee's fees

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

## 1. GENERAL (continued)

### (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 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 11 January 2013, the Manager has elected to receive 80% (2012: 80%) base fee in units and 20% (2012: 20%) in cash in respect of the financial year ending 31 December 2013.

#### **Variable Fee**

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

**1. GENERAL** (continued)

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

**Variable Fee** (continued)

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 11 January 2013, the Manager has elected to receive 80% (2012: 80%) variable fee in units and 20% (2012: 20%) in cash in respect of the financial year ending 31 December 2013.

**Acquisition Fee**

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

The Manager has elected to receive the acquisition fee in cash in respect of the financial year ended 31 December 2012.

## **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 Securities and Futures Commission.

## **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 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 2013 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2012, except as described below.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HKAS 19 (Revised 2011)	Employee Benefits
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine

The Group has applied HKFRS 13 “Fair Value Measurement” which has no material impact on the condensed consolidated financial statements.

Except as described above, the Manager concluded that the application of other new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) had no material impact on the results and the financial position of the Group.

#### 4. SEGMENT REPORTING

Hui Xian REIT determines its operating segments based on internal reports that are regularly reviewed by the chief operating decision maker (i.e. the Manager) for the purpose of allocating resources to segments and assessing their performance. During the six months period ended 30 June 2012, the Group acquired Shenyang Investment (BVI) Limited (as disclosed in Note 23). Subsequent to the acquisition of Shenyang Investment (BVI) Limited, the chief operating decision maker reviewed financial information and operating result of Sofitel Shenyang Lido (formerly known as Sheraton Shenyang Lido Hotel before 1 January 2013) on stand-alone basis and reported the operation of Sofitel Shenyang Lido as a separate segment in the interim financial report for the six months ended 30 June 2012. However, the structure of internal reports provided to the chief operating decision maker has been revised subsequent to 30 June 2012. Under the revised internal reports, the results and financial information of Grand Hyatt Beijing and Sofitel Shenyang Lido have been reported on a combined basis. Therefore, a new segment “The Hotels” has been presented to show the combined financial information and results of Grand Hyatt Beijing and Sofitel Shenyang Lido. Furthermore, certain expenses and income which previously presented as unallocated expenses and income have been reclassified and included in the appropriate segment’s results. There is no material impact on segment results resulting from the restatement. The amounts reported for the six months ended 30 June 2012 have been restated subsequently to conform with the change made in the internal reports that are regularly reviewed by the chief operating decision maker for the six months period ended 30 June 2013.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

### 4. SEGMENT REPORTING (continued)

The following are identified operating and reportable segments:

The Malls:	Renting of the shopping mall and car parking spaces in Oriental Plaza, Beijing, the PRC.
The Tower Offices:	Renting of office buildings in Oriental Plaza, Beijing, the PRC.
The Tower Apartments:	Operation of serviced apartment towers in Oriental Plaza, Beijing, the PRC.
The Hotels:	Operation of Grand Hyatt Beijing in Oriental Plaza, Beijing, the PRC and Sofitel Shenyang Lido, Shenyang, the PRC.

**4. SEGMENT REPORTING** (continued)

**(a) Segment revenue and results**

**Six months ended 30 June 2013 (unaudited)**

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

## 4. SEGMENT REPORTING (continued)

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

#### Six months ended 30 June 2012 (unaudited)

	The Malls	The Tower Offices	The Tower Apartments	The Hotels	Consolidated
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Segment revenue	460	381	63	405	1,309
Segment profit	362	275	30	161	828
Increase in fair value of investment properties					450
Finance costs					(23)
Depreciation and amortisation					(147)
Unallocated income					6
Unallocated expense					(73)
Profit before taxation and transactions with unitholders					1,041

Segment profit represents the profit earned by each segment without allocation of the increase in fair value of investment properties, certain Manager's fees and real estate investment trust expenses, certain depreciation and amortisation expenses, certain other operating expenses and other income that are not directly related to each segmental activities and finance costs. This is the measure reported to the Manager for the purposes of resource allocation and performance assessment.

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

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

	<b>30.6.2013</b> <i>RMB million</i> (unaudited)	31.12.2012 <i>RMB million</i> (audited)
The Malls	<b>15,273</b>	14,867
The Tower Offices	<b>14,586</b>	14,829
The Tower Apartments	<b>2,172</b>	2,206
The Hotels	<b>5,476</b>	5,581
Total segment assets	<b>37,507</b>	37,483
Bank balances and cash	<b>2,482</b>	1,861
Other assets	<b>40</b>	44
Consolidated total assets	<b>40,029</b>	39,388

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

## 4. SEGMENT REPORTING (continued)

### (c) Geographical information

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

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

### (d) Other segment information

#### **Six months ended 30 June 2013 (unaudited)**

	The Malls	The Tower Offices	The Tower Apartments	The Hotels	Segment Total
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Depreciation of property, plant and equipment	—	—	1	4	5

#### **Six months ended 30 June 2012 (unaudited)**

	The Malls	The Tower Offices	The Tower Apartments	The Hotels	Segment Total
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Depreciation of property, plant and equipment	—	—	1	4	5

## 5. REVENUE

	2013 <i>RMB million</i> (unaudited)	2012 <i>RMB million</i> (unaudited)
Gross rental from investment properties	<b>968</b>	841
Income from hotel operation	<b>287</b>	405
Income from serviced apartments operation	<b>64</b>	63
<b>Total</b>	<b>1,319</b>	1,309

The gross rental from investment properties includes contingent rents of RMB10 million (2012: RMB17 million).

The direct operating expense from investment properties (includes mainly certain other operating expenses, certain Manager's fees and staff costs) amounting to RMB237 million (2012: RMB232 million).

## 6. RENTAL RELATED INCOME

	2013 <i>RMB million</i> (unaudited)	2012 <i>RMB million</i> (unaudited)
Service income	<b>18</b>	21
Forfeited tenant deposits	<b>1</b>	3
Others	<b>4</b>	4
<b>Total</b>	<b>23</b>	28

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

### 7. OTHER INCOME

Amount mainly represents bank interest income.

### 8. OTHER OPERATING EXPENSES

	2013 <i>RMB million</i> (unaudited)	2012 <i>RMB million</i> (unaudited)
Advertising and promotion	9	8
Audit fee	1	—
Business tax	75	75
Insurance	3	3
Lease agency fee	14	16
Property manager's fee ( <i>Note 1(a)</i> )	14	15
Property management fees	17	22
Repairs and maintenance	42	42
Other miscellaneous expenses ( <i>Note</i> )	98	114
Stamp duty	1	2
Urban land use tax	1	1
Urban real estate tax	56	56
Utilities	60	59
	<b>391</b>	413

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

**9. FINANCE COSTS**

	<b>2013</b> <i>RMB million</i> (unaudited)	2012 <i>RMB million</i> (unaudited)
Interest expense on unsecured bank loans wholly repayable within five years	<b>19</b>	15
Interest expense on loans from a unitholder	<b>22</b>	8
	<b>41</b>	23

**10. MANAGER'S FEES**

	<b>2013</b> <i>RMB million</i> (unaudited)	2012 <i>RMB million</i> (unaudited)
Base Fee (Note 1(c))	<b>56</b>	51
Variable Fee (Note 1(c))	<b>18</b>	17
Acquisition Fee (Note 1(c))	<b>—</b>	10
	<b>74</b>	78

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

### 11. REAL ESTATE INVESTMENT TRUST EXPENSES

	2013 <i>RMB million</i> (unaudited)	2012 <i>RMB million</i> (unaudited)
Trustee's fee ( <i>Note 1(b)</i> )	2	2
Legal and professional fees	2	2
Public relations — related expenses	—	1
Trust administrative expenses	1	1
	<b>5</b>	6

### 12. INCOME TAX EXPENSE

	2013 <i>RMB million</i> (unaudited)	2012 <i>RMB million</i> (unaudited)
The income tax expense comprises:		
Current tax		
— PRC Enterprise Income Tax	190	170
Deferred taxation	72	142
	<b>262</b>	312

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

## 12. INCOME TAX EXPENSE (continued)

PRC Enterprise Income Tax was provided at the applicable enterprise income tax rate of 25% on the estimated assessable profits of the Group's PRC subsidiaries.

The Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law also required withholding tax to be levied on distribution of profits earned by a PRC entity to non-PRC tax residents for profits generated after 1 January 2008. The applicable withholding tax rate is 5% as approved by the relevant tax authorities in the PRC pursuant to double taxation arrangement between Hong Kong and the PRC. At the end of the reporting period, deferred taxation was provided for in full in respect of the temporary differences attributable to such profits.

## 13. EARNINGS PER UNIT

The earnings per unit is calculated by dividing the profit for the period attributable to unitholders before transactions with unitholders of RMB569 million (2012: RMB730 million) by 5,093,096,532 units (2012: 5,017,354,364 units) being the weighted average number of units in issue during the period of 5,091,159,332 units (2012: 5,015,450,249 units), plus the weighted average number of units issuable for settlement of Manager's fees for the period from 1 April 2013 to 30 June 2013 of 1,937,200 units (2012: for the period from 1 April 2012 to 30 June 2012 of 1,904,115 units).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

### 14. INVESTMENT PROPERTIES

	<b>30.6.2013</b> <i>RMB million</i> <b>(unaudited)</b>	31.12.2012 <i>RMB million</i> <b>(audited)</b>
FAIR VALUE		
At the beginning of the period/year	<b>29,660</b>	26,860
Increase in fair value recognised in profit or loss	<b>160</b>	2,800
At the end of the period/year	<b>29,820</b>	29,660

- (a) The Group's investment properties held under operating leases are located in Beijing, the PRC under medium-term leases and are measured using the fair value model.
- (b) Investment properties were revalued on 30 June 2013 and 31 December 2012 by American Appraisal China Limited, an independent 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.

## 15. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2013, the Group acquired plant and machinery of RMB2 million and other fixed assets of RMB16 million.

During the six months ended 30 June 2012, the Group acquired hotel of RMB808 million, plant and machinery of RMB6 million and other fixed assets of RMB12 million through acquisition of a business disclosed in Note 23.

## 16. LAND AND RELATED COSTS

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

	<b>30.6.2013</b> <i>RMB million</i> (unaudited)	31.12.2012 <i>RMB million</i> (audited)
Non-current asset	<b>4,728</b>	4,798
Current asset	<b>141</b>	141
	<b>4,869</b>	4,939

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

### 17. HOTEL INVENTORIES

	<b>30.6.2013</b> <i>RMB million</i> <b>(unaudited)</b>	31.12.2012 <i>RMB million</i> (audited)
Food and beverages	<b>5</b>	6
Other consumables	<b>17</b>	16
	<b>22</b>	22

### 18. TRADE AND OTHER RECEIVABLES

	<b>30.6.2013</b> <i>RMB million</i> <b>(unaudited)</b>	31.12.2012 <i>RMB million</i> (audited)
Trade receivables	<b>37</b>	27
Deposits and prepayments	<b>10</b>	16
Advance to suppliers	<b>2</b>	8
Interest receivables	<b>11</b>	10
Other receivables	<b>3</b>	3
	<b>63</b>	64

**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:

	<b>30.6.2013</b> <i>RMB million</i> (unaudited)	31.12.2012 <i>RMB million</i> (audited)
Less than or equal to 1 month	<b>33</b>	25
1-3 months	<b>3</b>	1
Over 3 months	<b>1</b>	1
	<b>37</b>	27

**19. BANK BALANCES AND CASH**

	<b>30.6.2013</b> <i>RMB million</i> (unaudited)	31.12.2012 <i>RMB million</i> (audited)
Cash and cash equivalents	<b>2,379</b>	1,863
Time deposits (with original maturity of more than 3 months)	<b>300</b>	200
	<b>2,679</b>	2,063

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

### 20. TRADE AND OTHER PAYABLES

	<b>30.6.2013</b> <i>RMB million</i> <b>(unaudited)</b>	31.12.2012 <i>RMB million</i> (audited)
Trade payables	<b>57</b>	81
Rental received in advance	<b>188</b>	188
Others ( <i>Note</i> )	<b>152</b>	172
	<b>397</b>	441

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

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

	<b>30.6.2013</b> <i>RMB million</i> <b>(unaudited)</b>	31.12.2012 <i>RMB million</i> (audited)
Less than or equal to 3 months	<b>37</b>	59
Over 3 months	<b>20</b>	22
	<b>57</b>	81

## 21. LOANS FROM A UNITHOLDER

The amounts represent loans of RMB50 million and RMB505 million (31 December 2012: RMB545 million and RMB460 million) drawn under a revolving credit facility (Note 29(g)) granted from a unitholder, Hui Xian Holdings Limited (“Hui Xian Holdings”). The loans are unsecured, bear interest at a range of 5.6% to 5.7% (31 December 2012: 5.5% to 5.9%) per annum and repayable on 8 July 2013 and 10 July 2013 respectively (31 December 2012: 3 January 2013 and 24 March 2013 respectively).

## 22. BANK LOANS

	<b>30.6.2013</b> <i>RMB million</i> <b>(unaudited)</b>	31.12.2012 <i>RMB million</i> (audited)
Unsecured term loans	<b>1,912</b>	973
Loan front-end fees	<b>(20)</b>	(14)
	<b>1,892</b>	959
The maturities of the above bank loans are as follows:		
More than one year but not exceeding two years	<b>946</b>	—
More than two years but not exceeding five years	<b>946</b>	959
Amount due after one year	<b>1,892</b>	959

## 22. BANK LOANS (continued)

In relation to the credit facility of HK\$1,200 million (equivalent to RMB956 million) granted to the Group on 22 April 2013 to finance the repayment of any outstanding amounts under the revolving credit facility granted from Hui Xian Holdings and to finance the general corporate funding needs of the Group, the total amount of the credit facility utilised by the Group as at 30 June 2013 was HK\$1,200 million (equivalent to RMB956 million) (31 December 2012: nil). It bears interest at floating interest rate of Hong Kong Interbank Offered Rate (“HIBOR”) plus 1.95% and is repayable in full in April 2016.

In relation to the credit facility of HK\$1,200 million (equivalent to RMB956 million) granted to the Group on 29 December 2011 to finance the general corporate funding needs of the Group, the total amount of the credit facility utilised by the Group as at 30 June 2013 was HK\$1,200 million (equivalent to RMB956 million) (31 December 2012: HK\$1,200 million (equivalent to RMB973 million)). It bears interest at floating interest rate of HIBOR plus 2% and is repayable in full in January 2015.

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

## 23. ACQUISITION OF A BUSINESS

On 1 January 2012, the Group completed the acquisition of entire issued share capital of, and shareholder's loan of RMB61 million owing at completion by, Shenyang Investment (BVI) Limited ("Shenyang Investment BVI"), which was a wholly owned subsidiary of Yick Ho Limited ("Yick Ho"), a connected party of the Group, for a cash consideration of RMB980 million. Yick Ho is the foreign joint venture party of Shenyang Lido Business Co. Limited ("Shenyang Lido"), a sino-foreign cooperate joint venture enterprise established in the PRC which operates the Sheraton Shenyang Lido Hotel in Shenyang, the PRC. Immediately before the acquisition, Yick Ho was entitled to 99% equity interest of Shenyang Lido and Beijing Wondergrow Investment and Consulting Co., Ltd ("Beijing Wondergrow"), the domestic partner, was entitled to the remaining 1%. Pursuant to the transfer agreement entered between Shenyang Investment (Hong Kong) Limited ("Shenyang Investment HK"), Yick Ho, and Beijing Wondergrow, Yick Ho transferred 70% of its equity interest in Shenyang Lido to Shenyang Investment HK as a new foreign joint venture party on 1 January 2012. Since Shenyang Investment HK is a wholly owned subsidiary of Shenyang Investment BVI, so through the acquisition of entire issued share capital of, and shareholder's loan owing at completion by, Shenyang Investment BVI, the Group was in effect acquiring 70% equity interest of Shenyang Lido. Upon completion of the acquisition, Shenyang Lido became a non-wholly owned subsidiary controlled by the Group.

### Consideration transferred

	<i>RMB million</i>
Cash	980

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

### 23. ACQUISITION OF A BUSINESS (continued)

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

	<i>RMB million</i>
Property, plant and equipment	826
Land and related costs	856
Hotel inventories	2
Trade and other receivables	10
Bank balances and cash	114
Trade and other payables	(50)
Tenants' deposits	(6)
Tax payable	(1)
Amount due to a former controlling shareholder	(61)
Deferred tax liabilities	(291)
	1,399
Non-controlling interest ( <i>Note</i> )	(419)
	980

**23. ACQUISITION OF A BUSINESS** (continued)

	<i>RMB million</i>
Net cash outflow arising on acquisition:	
Consideration paid in cash	980
Less: Bank balances and cash acquired	(114)
	<hr/> 866

*Note:* The non-controlling interest is measured at a proportionate share of the recognised assets and liabilities at the acquisition date.

The fair value and the gross contractual amounts of trade and other receivables at the date of acquisition amounted to RMB10 million. There was no estimated uncollectable amount of the contractual cash flows at the date of acquisition.

Fair values of property, plant and equipment and land and related costs at 1 January 2012 have been arrived at on the basis of valuations carried out on that date by American Appraisal China Limited, an independent valuer with appropriate professional qualifications and experiences in the valuation of similar properties in the relevant locations. The valuations of properties have been arrived at by using discounted cash flow approach by the projection of a series of periodic cash flows to the property.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

### 24. UNITS IN ISSUE

As at 30 June 2013, Hui Xian REIT had 5,120,210,562 (31 December 2012: 5,076,415,649) issued units.

During the current and prior periods, movements of units in issue are as below:

	<i>Number of units</i>	<i>RMB million</i>
Balance at 1 January 2012	5,009,521,491	25,888
Payment of Manager's fees through issuance of new units during the year	26,271,988	103
Units issued pursuant to the distribution reinvestment arrangement in respect of 2011 final and 2012 interim distributions	40,622,170	146
Balance at 31 December 2012	5,076,415,649	26,137
Payment of Manager's fees through issuance of new units during the period	<b>13,989,152</b>	<b>57</b>
Units issued pursuant to the distribution reinvestment arrangement in respect of 2012 final distribution	<b>29,805,761</b>	<b>116</b>
Balance at 30 June 2013	<b>5,120,210,562</b>	<b>26,310</b>

## 24. UNITS IN ISSUE (continued)

On 28 March 2013, 6,714,361 units at RMB4.09 per unit were issued to the Manager as settlement of Manager's fee for the period from 1 October 2012 to 31 December 2012.

On 30 April 2013, 7,274,791 units at RMB4.01 per unit were issued to the Manager as settlement of Manager's fee for the period from 1 January 2013 to 31 March 2013.

On 9 May 2013, 29,805,761 scrip units at an issue price RMB3.89 per unit were issued to unitholders pursuant to the distribution reinvestment arrangement in respect of 2012 final distribution.

## 25. 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 2013 of RMB28,040 million (31 December 2012: RMB27,914 million) and the total number of 5,120,210,562 (31 December 2012: 5,076,415,649) units in issue as at 30 June 2013.

## 26. NET CURRENT ASSETS/LIABILITIES

At the end of the reporting period, the Group's net current assets, defined as total current assets less total current liabilities, amounted to RMB1,063 million (31 December 2012: net current liabilities of RMB68 million).

## 27. TOTAL ASSETS LESS CURRENT LIABILITIES

At the end of the reporting period, the Group's total assets less current liabilities amounted to RMB38,187 million (31 December 2012: RMB37,030 million).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

## 28. CAPITAL COMMITMENTS

	<b>30.6.2013</b> <i>RMB million</i> (unaudited)	31.12.2012 <i>RMB million</i> (audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	<b>17</b>	29

## 29. CONNECTED AND RELATED PARTY TRANSACTIONS

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

<b>Name of Connected/Related Party</b>	<i>Notes</i>	<b>1.1.2013 to</b> <b>30.6.2013</b> <i>RMB'000</i> (unaudited)	1.1.2012 to 30.6.2012 <i>RMB'000</i> (unaudited)
<b>Rent and related income</b>			
北京屈臣氏個人用品連鎖商店有限公司 (Beijing Watson's Personal Care Stores Co., Limited)*	(a)	<b>1,727</b>	1,833
和記環球電訊(廣東)有限公司 (Hutchison Global Communications (Guangdong) Limited)*	(a)	<b>347</b>	213
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.)*	(a) & (k)	<b>1,339</b>	1,237
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.)*	(a) & (k)	<b>1,348</b>	1,535
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.)*	(a) & (k)	<b>539</b>	537

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

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

Name of Connected/Related Party	Notes	1.1.2013 to 30.6.2013 RMB'000 (unaudited)	1.1.2012 to 30.6.2012 RMB'000 (unaudited)
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.)*	(a) & (k)	661	660
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.)*	(a) & (k)	9,982	13,816
Cheung Kong (Holdings) Limited Beijing Office	(a) & (k)	33	33
北京尚乘財策諮詢有限公司 (AMTD Beijing Investment Advisory Co., Ltd.)*	(a) & (k)	635	646
TOM Group International Limited Beijing Representative Office	(b)	—	200
李嘉誠基金會(香港)北京辦事處 (Li Ka Shing Foundation (Hong Kong) Beijing Office)*	(c)	N/A	293
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited)*	(d)	153	120
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.)*	(e)	N/A	20
Bank of China Limited	(a)	10,223	9,704
東方海外貨櫃航運(中國)有限公司北京分公司 (Orient Overseas Container Line (China) Co., Ltd. Beijing Branch)*	(f)	276	277
東方海外物流(中國)有限公司北京分公司 (OOCL Logistics (China) Ltd. Beijing Branch)*	(f)	216	215
<b>Bank interest income</b>			
Bank of China Limited	(a)	19,643	5,707
Bank of China (Hong Kong) Limited	(a)	3,161	206

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

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

Name of Connected/Related Party	Notes	1.1.2013 to 30.6.2013 RMB'000 (unaudited)	1.1.2012 to 30.6.2012 RMB'000 (unaudited)
<b>Property management fee</b>			
北京港世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.)*	(a) & (k)	<b>2,616</b>	2,397
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.)*	(a) & (k)	<b>3,873</b>	3,814
<b>Club facilities usage fee</b>			
麗都飯店有限公司 (Lido Hotel Co., Ltd.)*	(j)	<b>N/A</b>	12
<b>Internet services fee</b>			
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.)*	(a) & (k)	<b>173</b>	2,102
<b>Promotional expenses</b>			
北京屈臣氏個人用品連鎖商店有限公司 (Beijing Watson's Personal Care Stores Co., Limited)*	(a)	<b>9</b>	25
<b>Beverages</b>			
屈臣氏酒窖(廣州)有限公司 (Watson's Wine Cellar (Guangzhou) Company Limited)*	(a)	<b>26</b>	—
北京屈臣氏蒸餾水有限公司 (Beijing Watson's Distilled Water Co., Ltd.)*	(a)	<b>40</b>	—
廣州屈臣氏食品飲料有限公司北京飲料分公司 (Guangzhou Watson's Food & Beverages Company Limited Beijing Beverages Branch)	(a)	<b>130</b>	—

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

Name of Connected/Related Party	Notes	1.1.2013 to 30.6.2013 RMB'000 (unaudited)	1.1.2012 to 30.6.2012 RMB'000 (unaudited)
<b>Cleaning supplies</b>			
上海和黃白貓有限公司 (Shanghai Hutchison Whitecat Company Limited)*	(a)	111	—
<b>Banquet services</b>			
Hutchison Hotel Hong Kong Limited	(a)	45	—
<b>Investment seminar sponsorship</b>			
Metro Broadcast Corporation Limited	(a)	78	—
<b>Insurance expense</b>			
中銀保險有限公司北京分公司 (Bank of China Insurance Co., Ltd. Beijing Branch)*	(a)	236	228
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)*	(a)	827	799
<b>Interest expenses</b>			
Bank of China (Hong Kong) Limited	(a) & (j)	6,114	4,933
Hui Xian Holdings Limited	(g)	21,793	8,235
<b>Trustee's fee</b>			
DB Trustees (Hong Kong) Limited		1,853	1,704
<b>Manager's fees</b>			
Hui Xian Asset Management Limited		73,529	78,149

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

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

Name of Connected/Related Party	Notes	1.1.2013 to 30.6.2013 RMB'000 (unaudited)	1.1.2012 to 30.6.2012 RMB'000 (unaudited)
<b>Property Manager's fee</b> 北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited)*	(d)	<b>14,490</b>	15,317
<b>Valuation fee</b> American Appraisal China Limited	(h)	<b>202</b>	201

Balances with connected and related parties as at 30 June 2013 and 31 December 2012 are as follows:

Name of Connected/Related Party	Notes	30.6.2013 RMB'000 (unaudited)	31.12.2012 RMB'000 (audited)
<b>Loans from a unitholder</b> Hui Xian Holdings Limited	(g)	<b>555,000</b>	1,005,000
<b>Bank loans</b> Bank of China (Hong Kong) Limited	(a) & (i)	<b>551,841</b>	319,767

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

Name of Connected/Related Party	Notes	30.6.2013 RMB'000 (unaudited)	31.12.2012 RMB'000 (audited)
<b>Deposits placed with the Group for the lease of the Group properties</b>			
北京屈臣氏個人用品連鎖商店有限公司 (Beijing Watson's Personal Care Stores Co., Limited)*	(a)	<b>1,092</b>	1,963
和記環球電訊(廣東)有限公司 (Hutchison Global Communications (Guangdong) Limited)*	(a)	<b>176</b>	176
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.)*	(a) & (k)	<b>542</b>	475
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.)*	(a) & (k)	<b>631</b>	679
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.)*	(a) & (k)	<b>262</b>	262
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.)*	(a) & (k)	<b>325</b>	325
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Ltd.)*	(a) & (k)	<b>1,055</b>	1,096
北京尚乘財策諮詢有限公司 (AMTD Beijing Investment Advisory Co., Ltd.)*	(a) & (k)	<b>298</b>	298
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited)*	(d)	<b>85</b>	59

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

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

*Notes:*

- (a) These companies are associated companies<sup>1</sup> of Hui Xian Holdings, a significant unitholder<sup>2</sup> of Hui Xian REIT.
- (b) This company is an associate<sup>3</sup> of Mr. Ip Tak Chuen, Edmond, being a director of each of Hui Xian Holdings and Hui Xian (Cayman Islands) Limited ("Hui Xian Cayman").
- (c) This company is an associate<sup>3</sup> of Mr. Li Tzar Kuoi, Victor, who was a director of each of Hui Xian Holdings and Hui Xian Cayman, but resigned from such office with effect from 3 September 2012.
- (d) The company is a subsidiary of the Manager.
- (e) The company is an associate<sup>3</sup> of Mr. Wong K, James, who was the Deputy Chief Operating Officer of the Manager but resigned from such office with effect from 9 July 2012.
- (f) These companies are subsidiaries of a controlling entity<sup>4</sup> of Hui Xian Cayman and Hui Xian Holdings, a significant unitholder<sup>2</sup> of Hui Xian REIT.
- (g) On 8 April 2011, Hui Xian Holdings (as lender) and Hui Xian Investment Limited ("Hui Xian Investment"), (as borrower), a subsidiary of Hui Xian REIT entered into a facility agreement pursuant to which Hui Xian Holdings had agreed to grant to Hui Xian Investment the facility in the aggregate amount of RMB1,400 million (comprising a RMB1,300 million revolving credit facility and a RMB100 million revolving credit facility). The RMB100 million revolving credit facility will be used to finance the general working capital requirements and general corporate funding of Hui Xian REIT and its special purpose vehicles, and is available for multiple drawings on a revolving basis from the listing date of Hui Xian REIT until one month before and not including its final maturity date which falls on the expiry of 18 months of the date of the facility agreement (or such later date as Hui Xian Holdings and Hui Xian Investment may extend by mutual agreement in writing from time to time). The RMB1,300 million revolving credit facility will be used to support Hui Xian REIT's making of distributions in RMB and is available for multiple drawings on a revolving basis from the listing date of Hui Xian REIT until one month before and not including its final maturity date which falls on the expiry of 42 months of the date of said facility agreement (or such later date as Hui Xian Holdings and Hui Xian Investment may extend by mutual agreement in writing from time to time). As of 30 June 2013, there were outstanding loans in the sum of RMB555 million (31 December 2012: RMB1,005 million) under the RMB1,300 million revolving credit facility whereas the RMB100 million revolving credit facility was lapsed.
- (h) The company is the principal valuer of Hui Xian REIT.
- (i) The bank loans represent part of the outstanding bank loans (Note 22) as at 30 June 2013 and 31 December 2012. The interest expenses represent the respective interest expenses under part of the outstanding bank loans for the six months period ended 30 June 2013 and 30 June 2012.

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

Notes: (continued)

(j) The company was an associated company<sup>1</sup> of Hui Xian Holdings, a significant unitholder<sup>2</sup> of Hui Xian REIT, but ceased to be so with effect from 9 October 2012.

(k) These companies are either the Beijing representative office or subsidiaries of Cheung Kong (Holdings) Limited which have significant influence over Hui Xian REIT.

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

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

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

<sup>4</sup> As defined in the SFO, a company shall be deemed to be a controlling entity of another company if the company has the right to nominate any of the directors of another company.

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

# SUMMARY FINANCIAL INFORMATION

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

## SUMMARY OF CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

## SUMMARY OF DISTRIBUTIONS

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

## SUMMARY OF CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30.6.2013 <i>RMB million</i>	31.12.2012 <i>RMB million</i>	31.12.2011 <i>RMB million</i>
Non-current assets	<b>37,124</b>	37,098	32,931
Current assets	<b>2,905</b>	2,290	1,064
Total assets	<b>40,029</b>	39,388	33,995
Current liabilities	<b>1,842</b>	2,358	1,377
Non-current liabilities, excluding net assets attributable to unitholders	<b>9,737</b>	8,699	6,646
Total liabilities, excluding net assets attributable to unitholders	<b>11,579</b>	11,057	8,023
Non-controlling interest	<b>410</b>	417	—
Net assets attributable to unitholders	<b>28,040</b>	27,914	25,972
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Net asset value per unit attributable to unitholders	<b>5.4763</b>	5.4988	5.1845

# PERFORMANCE TABLE

	Notes	30.6.2013	31.12.2012	31.12.2011
Net assets attributable to unitholders (RMB million)		<b>28,040</b>	27,914	25,972
Net asset value per unit attributable to unitholders (RMB)		<b>5.4763</b>	5.4988	5.1845
Market capitalisation (RMB million)		<b>20,174</b>	21,067	17,834
Units issued (units)		<b>5,120,210,562</b>	5,076,415,649	5,009,521,491
Debts to net asset value ratio	1	<b>8.7%</b>	7.0%	0.8%
Debts to total asset value ratio	2	<b>6.1%</b>	5.0%	0.6%

  

		1.1.2013 to 30.6.2013	1.1.2012 to 31.12.2012	29.4.2011 to 31.12.2011
Highest traded unit price (RMB)		<b>4.32</b>	4.26	5.10
Highest premium of the traded unit price to net asset value per unit	3	<b>N/A</b>	N/A	N/A
Lowest traded unit price (RMB)		<b>3.76</b>	3.48	2.65
Highest discount of the traded unit price to net asset value per unit		<b>31.3%</b>	36.7%	48.9%
Distribution per unit (RMB)		<b>0.1203</b>	0.2392	0.1467
Annualised distribution yield per unit	4	<b>6.16%</b>	5.76%	N/A

Notes:

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

Interim results announcement for the six months ended 30 June 2013 announcing, among other information, the interim distribution for the six months ended 30 June 2013 (“2013 Interim Distribution”) and the distribution reinvestment arrangement (“DRA”) <sup>1</sup>	23 July 2013 (Tuesday)
Units quoted ex-2013 Interim Distribution	5 August 2013 (Monday)
First of the ten consecutive trading days to determine unit price for new units to be issued from scrip distribution under the DRA (“Scrip Units”)	5 August 2013 (Monday)
Closure of register of Unitholders (for ascertaining entitlement to the 2013 Interim Distribution)	7 August 2013 (Wednesday) to 9 August 2013 (Friday) (both dates inclusive)
Record date for 2013 Interim Distribution	9 August 2013 (Friday)
Announcement in relation to the DRA	On or about 19 August 2013 (Monday)
Despatch of circular and election form for the DRA	On or about 22 August 2013 (Thursday)
Latest time for return of election form for the DRA	4:30 p.m. 10 September 2013 (Tuesday) <sup>2</sup>

Payment of the 2013 Interim Distribution for cash distribution election	On or about 26 September 2013 (Thursday)
Despatch of new unit certificates for scrip distribution election	On or about 26 September 2013 (Thursday)
Expected first day of dealings in Scrip Units (subject to the granting of listing approval by the Stock Exchange)	27 September 2013 (Friday)

<sup>1</sup> A distribution reinvestment arrangement is available to eligible Unitholders who may elect to receive the 2013 Interim Distribution for the six months ended 30 June 2013 wholly in cash or in the form of new units or a combination of both. Please refer to the announcement and circular in relation to the distribution reinvestment arrangement published by the Manager for details. Election form for scrip distribution must be lodged with and received by the Unit Registrar (at its address at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) not later than 4:30 pm on 10 September 2013 (Tuesday)<sup>2</sup>. Unitholders should note that any election form arrived or received after the deadline set out above will be treated and taken as invalid.

<sup>2</sup> If there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning in force at or at any time prior to 4:30 p.m. on 10 September 2013, the deadline for return of the election form will be changed. Please refer to the circular published by the Manager in relation to the distribution reinvestment arrangement for details.

## MANAGER

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

## BOARD OF DIRECTORS OF THE MANAGER

### Chairman and Non-executive Director

KAM Hing Lam

### Executive Directors

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

### Non-executive Directors

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

### Independent Non-executive Directors

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

## BOARD COMMITTEES

### Audit Committee

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

### Disclosures Committee

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

### Designated (Finance) Committee

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

## COMPANY SECRETARY OF THE MANAGER

Fair Wind Secretarial Services Limited

## TRUSTEE

DB Trustees (Hong Kong) Limited

### **AUDITOR**

Deloitte Touche Tohmatsu

### **PRINCIPAL VALUER**

American Appraisal China Limited

### **LEGAL ADVISER**

Woo Kwan Lee & Lo

### **UNIT REGISTRAR**

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17M Floor

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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](mailto:info@huixianreit.com)

### **PROPERTY MANAGER**

北京匯賢企業管理有限公司

(Beijing Hui Xian Enterprise Services  
Limited)\*

### **STOCK CODE**

87001

### **WEBSITE**

[www.huixianreit.com](http://www.huixianreit.com)

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

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

REIT Code	Code on Real Estate Investment Trusts
RevPAR	revenue per available room
RMB	Renminbi
SFC	Securities and Futures Commission of Hong Kong
SFO	Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong)
Shenyang Investment BVI	Shenyang Investment (BVI) Limited
Shenyang Investment HK	Shenyang Investment (Hong Kong) Limited
Shenyang Lido	Shenyang Lido Business Co. Ltd (瀋陽麗都商務有限公司), a Sino-foreign co-operative joint venture established in the PRC
Stock Exchange	The Stock Exchange of Hong Kong Limited
Trust Deed	Deed of Trust constituting Hui Xian REIT dated 1 April 2011 as amended by a Supplemental Deed dated 24 May 2013
Trustee	DB Trustees (Hong Kong) Limited, the trustee of Hui Xian REIT
Unit(s)	a unit (units) of Hui Xian REIT
Unitholder(s)	any person(s) registered as holding a Unit or Units