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## **Hui Xian Real Estate Investment Trust**

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

**(Stock Code: 87001)**

**Managed by Hui Xian Asset Management Limited**

**滙賢房託管理有限公司**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 JUNE 2014**

### **HUI XIAN REIT**

Hui Xian Real Estate Investment Trust ("Hui Xian REIT") is a real estate investment trust constituted by a deed of trust entered into on 1 April 2011 between Hui Xian (Cayman Islands) Limited, as settlor of Hui Xian REIT, Hui Xian Asset Management Limited, and DB Trustees (Hong Kong) Limited ("Trustee") (as amended by two supplemental deeds dated 24 May 2013 and 16 May 2014 respectively) ("Trust Deed"). Units of Hui Xian REIT were first listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 29 April 2011.

### **REIT MANAGER**

Hui Xian REIT is managed by Hui Xian Asset Management Limited (the "Manager"), a company incorporated in Hong Kong for the sole purpose of managing Hui Xian REIT. The Manager is a direct wholly-owned subsidiary of World Deluxe Enterprises Limited, which in turn is ultimately owned as to 40% by CITIC Securities International Company Limited, 30% by Cheung Kong (Holdings) Limited and 30% by ARA Asset Management Limited.

The Manager is pleased to announce the interim results of Hui Xian REIT and its special purpose vehicles for the period from 1 January 2014 to 30 June 2014 ("Reporting Period") as follows:

## **CHAIRMAN’S STATEMENT**

### **FINANCIAL HIGHLIGHTS**

**For the period from 1 January 2014 to 30 June 2014**

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

	<b>As at 30 Jun 2014</b>	<b>As at 31 Dec 2013</b>	<b>Percentage Change</b>
Gross Asset Value ( <i>RMB million</i> )	42,054	40,727	3.3%
Net Asset Value Attributable to Unitholders ( <i>RMB million</i> )	28,426	27,963	1.7%
Net Asset Value per Unit ( <i>RMB</i> )	5.4487	5.4144	0.63%
Debts to Gross Asset Value	9.2 %	7.9%	N/A

*Notes:*

(1) Based on the closing price of the units of Hui Xian REIT (“Units”) on 30 June 2014 and the annualised actual distribution amount for the period from 1 January 2014 to 30 June 2014.

(2) Based on the closing price of the Units on 28 June 2013 and the annualised actual distribution amount for the period from 1 January 2013 to 30 June 2013.

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

### Results and Distribution

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

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

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

### Business Environment in China

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

### Business Review

Hui Xian REIT’s portfolio comprises two properties: (1) Oriental Plaza, a 800,000 square metre mixed-use development in Beijing (which consists of The Malls, The Tower Offices, The Tower Apartments and Grand Hyatt Beijing); and (2) Sofitel Shenyang Lido, a five-star hotel in Shenyang.

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

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

### Retail Portfolio

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

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

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

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

#### *Office Portfolio*

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

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

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

#### *Serviced Apartment Portfolio*

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

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

#### *Hotel Portfolio*

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

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

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

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

#### **Asset Enhancement**

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

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

### **Strong Financial Position**

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

### **Outlook**

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

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

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

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

KAM Hing Lam  
Chairman  
Hui Xian Asset Management Limited  
(as manager of Hui Xian Real Estate Investment Trust)  
Hong Kong, 23 July 2014

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **PORTFOLIO HIGHLIGHTS**

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

(1) its investment in Hui Xian (B.V.I.) Limited, which in turn holds Hui Xian Investment Limited ("Hui Xian Investment"), the foreign joint venture partner of 北京東方廣場有限公司(Beijing Oriental Plaza Company Limited<sup>#</sup>) ("BOP"), which is a sino-foreign cooperative joint venture established in the People's Republic of China ("PRC"). BOP holds the land use rights and building ownership rights of **Oriental Plaza**, and

(2) its investment in Shenyang Investment (BVI) Limited ("Shenyang Investment BVI"), which in turns holds Shenyang Investment (Hong Kong) Limited ("Shenyang Investment HK"), the foreign joint venture partner of 瀋陽麗都商務有限公司 (Shenyang Lido Business Co. Ltd<sup>#</sup>) ("Shenyang Lido"). Shenyang Investment HK is entitled to 70% of the distributions of Shenyang Lido, which is a sino-foreign cooperative joint venture established in the PRC. Shenyang Lido holds the land use rights and building ownership rights in **Sofitel Shenyang Lido**.

Hui Xian REIT's portfolio by sectors:

Sector	Property	City	Gross Floor Area (sq m)
(1) Retail	• <b>The Malls at Oriental Plaza:</b> <i>A shopping mall</i>	Beijing	130,195
(2) Office	• <b>The Tower Offices at Oriental Plaza:</b> <i>8 Grade A office towers</i>	Beijing	309,552
(3) Serviced apartment	• <b>The Tower Apartments at Oriental Plaza:</b> <i>2 serviced apartment towers (over 600 units)</i>	Beijing	81,603
(4) Hotels	• <b>2 five-star hotels:</b> <i>(i) Grand Hyatt Beijing at Oriental Plaza</i> <i>(ii) Sofitel Shenyang Lido</i>	Beijing Shenyang	204,166 125,420 78,746
(5) Car parking spaces & other ancillary facilities	• <b>1,901 car parking spaces at Oriental Plaza</b>	Beijing	140,289
<b>Total</b>			<b>865,805</b>

<sup>#</sup> The English name is shown for identification purpose only.

### **OPERATIONS REVIEW**

#### **(1) Retail Portfolio**

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

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

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

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

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

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

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

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

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

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

## (2) Office Portfolio

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

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

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

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

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

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

### (3) Serviced Apartment Portfolio

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

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

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

### (4) Hotel Portfolio

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

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

#### *Grand Hyatt Beijing, Beijing*

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

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

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



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

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

#### *Sofitel Shenyang Lido, Shenyang*

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

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

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

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

## **FINANCIAL REVIEW**

### **Net Property Income**

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

### **Distributions**

#### *Distribution Amount*

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

#### *Distribution per Unit*

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

**Closure of Register of Unitholders**

The record date for the 2014 Interim Distribution will be 8 August 2014, Friday (“Record Date”). The Register of Unitholders will be closed from 6 August 2014, Wednesday to 8 August 2014, Friday, both days inclusive, during which period no transfer of Units will be registered. The interim distribution is expected to be payable on 25 September 2014, Thursday to Unitholders whose names appear on the Register of Unitholders on the Record Date.

Subject to obtaining authorisation from the Securities and Futures Commission of Hong Kong (“SFC”), a distribution reinvestment arrangement will be made available to Unitholders under which eligible Unitholders will be entitled to have a scrip distribution in lieu of a cash distribution. Eligible Unitholders can elect to receive their distribution in the form of cash, in the form of new Units of Hui Xian REIT (subject to any fractional entitlement being disregarded), or a combination of both.

In order to qualify for the 2014 Interim Distribution, all properly completed transfer forms (accompanied by the relevant Unit certificates) must be lodged for registration with Hui Xian REIT’s Unit Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 5 August 2014, Tuesday.

**Debt Positions**

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

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

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

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

In May 2014, Hui Xian Investment drew down a new unsecured 3-year term loan of HK\$800 million offered by Hang Seng Bank Limited and China Construction Bank (Asia) Corporation Limited (the “2014 Credit Facility”). The purpose of the 2014 Credit Facility was to finance the repayment of outstanding loans from Hui Xian Holdings and the general corporate funding needs of the Hui Xian REIT group.

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

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

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

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

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

Pursuant to the requirements of the Code on Real Estate Investment Trusts ("REIT Code"), American Appraisal China Limited ("American Appraisal") retired as principal valuer after it has conducted valuations of the real estate of Hui Xian REIT for three consecutive years. Knight Frank Petty Limited ("Knight Frank") was appointed as the principal valuer of Hui Xian REIT and valued its properties portfolio as at 30 June 2014.

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

Knight Frank valued the eight blocks of office towers, the shopping mall and car parking spaces at RMB30,671 million as at 30 June 2014 (31 December 2013: RMB30,080 million), translating into an increase of 2.0% over the valuation as of 31 December 2013. Together with the hotel and serviced apartment premises, gross property value of BOP was RMB36,373 million as at 30 June 2014, as compared to RMB35,865 million as at 31 December 2013.

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

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

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

As at 30 June 2014, net assets attributable to Unitholders amounted to RMB28,426 million (31 December 2013: RMB27,963 million) or RMB5.4487 per Unit, representing a 62.6% premium to the closing unit price of RMB3.35 on 30 June 2014 (31 December 2013: RMB5.4144 per Unit, representing a 40.3% premium to the closing unit price of RMB3.86 on 31 December 2013).

### **Pledge of Assets**

Hui Xian REIT does not pledge its properties to any financial institutions or banks. The Trustee (as trustee of Hui Xian REIT) and certain special purpose vehicles of Hui Xian REIT provide guarantees for the 2011 Credit Facility, the April 2013 Credit Facility, the November 2013 Credit Facility, the December 2013 Credit Facility and the 2014 Credit Facility.

### **Commitments**

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

### **Employees**

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

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

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

## **CORPORATE GOVERNANCE**

With the objectives of establishing and maintaining high standards of corporate governance, certain policies and procedures with built-in checks and balances have been put in place to promote the operation of Hui Xian REIT in a transparent manner. In particular, 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, among others, the activities of the board of directors of the Manager.

Throughout the six months ended 30 June 2014, both the Manager and Hui Xian REIT have in material terms complied with the provisions of the compliance manual, the corporate governance policy, the Trust Deed, the REIT Code, applicable provisions of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (“SFO”) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### **Authorisation Structure**

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

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

### **Review of the Interim Results**

The interim results of Hui Xian REIT for the six months ended 30 June 2014 have been reviewed by the Audit Committee and Disclosures Committee of the Manager in accordance with their respective terms of reference.

### **New Units Issued**

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

The total number of Units in issue as at 30 June 2014 was 5,217,013,997 Units.

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

There were no repurchase, sale or redemption of the Units of Hui Xian REIT by the Manager on behalf of Hui Xian REIT or any of the special purpose vehicles that were owned and controlled by Hui Xian REIT in the six months ended 30 June 2014.

### **Public Float of the Units**

As far as the Manager is aware, more than 25% of the issued and outstanding Units of Hui Xian REIT were held in public hands as at 30 June 2014.

**Issuance of the Interim Report 2014**

The interim report of Hui Xian REIT for the six months ended 30 June 2014 will be published on the respective websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and Hui Xian REIT at [www.huixianreit.com](http://www.huixianreit.com), and will be sent to Unitholders on or before 30 August 2014.

By order of the Board  
**Hui Xian Asset Management Limited**  
**滙賢房託管理有限公司**  
*(as manager of Hui Xian Real Estate Investment Trust)*  
**Mak Sum Wun, Simmy**  
*Company Secretary*

Hong Kong, 23 July 2014

*As at the date of this announcement, the Directors of the Manager are Mr. Kam Hing Lam (Chairman and non-executive Director); Mr. Cheung Ling Fung, Tom and Mr. Lee Chi Kin, Casey (executive Directors); Mr. Ip Tak Chuen, Edmond, Mr. Lim Hwee Chiang and Mr. Yin Ke (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).*

## FINANCIAL INFORMATION

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2014

	<u>NOTES</u>	<u>2014</u> <b>RMB million</b> <b>(unaudited)</b>	<u>2013</u> RMB million (unaudited)
Revenue	5	<b>1,383</b>	1,319
Rental related income	6	<b>28</b>	23
Other income	7	<b>72</b>	33
Increase in fair value of investment properties		<b>590</b>	160
Hotel inventories consumed		<b>(24)</b>	(25)
Staff costs		<b>(54)</b>	(38)
Depreciation and amortisation		<b>(141)</b>	(151)
Other operating expenses	8	<b>(371)</b>	(391)
Finance costs	9	<b>(48)</b>	(41)
Exchange (loss) gain		<b>(24)</b>	14
Manager's fees	10	<b>(74)</b>	(74)
Real estate investment trust expenses	11	<b>(3)</b>	(5)
Profit before taxation and transactions with unitholders		<b>1,334</b>	824
Income tax expense	12	<b>(395)</b>	(262)
Profit for the period, before transactions with unitholders		<b>939</b>	562
Distribution to unitholders		<b>(663)</b>	(616)
Profit (loss) and total comprehensive income (expense) for the period, after transactions with unitholders		<b>276</b>	(54)
Attributable to:			
Non-controlling interest		<b>(6)</b>	(7)
Unitholders		<b>282</b>	(47)
		<b>276</b>	(54)
Basic earnings per unit (RMB)	13	<b>0.1819</b>	0.1117

## FINANCIAL INFORMATION

### DISTRIBUTION STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2014

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

## FINANCIAL INFORMATION

Notes:

(i) *Adjustments for the period include:*

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

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

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

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

(ii) *Discretionary distribution refers to any additional amount (include capital) to be distributed as determined by the Manager pursuant to clause 11.4.2 of the Trust Deed. Discretionary distributions for the period include:*

- (1) *Depreciation and amortisation attributable to unitholders arising from fair value adjustment upon acquisition of Shenyang Lido Business Co. Ltd by the Group of RMB10 million (2013: RMB19 million).*
- (2) *Other cash distributions of RMB10 million (2013: nil).*

(iii) *The distribution per unit of RMB0.1271 for six months ended 30 June 2014 is calculated based on Hui Xian REIT's amount available for distribution of RMB662,869,672 over 5,217,013,997 units, representing issued units as at 30 June 2014. The distribution per unit of RMB0.1203 for the six months ended 30 June 2013 was calculated based on Hui Xian REIT's amount available for distribution of RMB616,186,083 over 5,120,210,562 units, representing issued units as at 30 June 2013.*



## FINANCIAL INFORMATION

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	NOTES	30.6.2014 RMB million (unaudited)	31.12.2013 RMB million (audited)
<b>Non-current assets</b>			
Investment properties	14	30,671	30,080
Property, plant and equipment	15	2,359	2,417
Land and related costs	16	4,215	4,278
Total non-current assets		37,245	36,775
<b>Current assets</b>			
Hotel inventories		25	24
Land and related costs	16	127	128
Trade and other receivables	17	61	60
Bank balances and cash		4,596	3,740
Total current assets		4,809	3,952
<b>Total assets</b>		42,054	40,727
<b>Current liabilities</b>			
Trade and other payables	18	436	463
Tenants' deposits		200	220
Tax payable		61	64
Manager's fee payable		74	73
Distribution payable		663	646
Bank loans	19	1,108	157
Total current liabilities		2,542	1,623
<b>Total assets less current liabilities</b>	22	39,512	39,104
<b>Non-current liabilities, excluding net assets attributable to unitholders</b>			
Bank loans	19	2,775	3,060
Tenants' deposits		476	424
Deferred tax liabilities		7,556	7,372
Total non-current liabilities, excluding net assets attributable to unitholders		10,807	10,856
<b>Total liabilities, excluding net assets attributable to unitholders</b>		13,349	12,479
Non-controlling interest		279	285
<b>Net assets attributable to unitholders</b>		28,426	27,963
Units in issue ('000)		5,217,014	5,164,525
Net asset value per unit (RMB) attributable to unitholders	20	5.4487	5.4144

## FINANCIAL INFORMATION

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

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#### 1. GENERAL

Hui Xian Real Estate Investment Trust ("Hui Xian REIT") is a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Hui Xian REIT was established on 1 April 2011 and had not carried on any operation prior to 29 April 2011 (date of listing), and its units were listed on The Stock Exchange of Hong Kong Limited (the "HKSE") since that date. Hui Xian REIT is governed by the Deed of Trust constituting Hui Xian REIT dated 1 April 2011 as amended by the Supplemental Deeds dated 24 May 2013 and 16 May 2014 (the "Trust Deed") made between Hui Xian Asset Management Limited (the "Manager") and DB Trustees (Hong Kong) Limited (the "Trustee"), and the Code on Real Estate Investment Trusts (the "REIT Code") issued by the Securities and Futures Commission (the "SFC").

The principal activity of Hui Xian REIT and its subsidiaries (the "Group") is to own and invest in high quality commercial properties with the objective of producing stable and sustainable distributions to unitholders and to achieve long term growth in the net asset value per unit.

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

#### 2. BASIS OF PREPARATION

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

#### 3. SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013, except as described below.

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

## FINANCIAL INFORMATION

### 3. SIGNIFICANT ACCOUNTING POLICIES - continued

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) - Int 21	Levies

The Manager concluded that the application of the above new and revised HKFRSs had no material impact on the results and the financial position of the Group.

### 4. SEGMENT REPORTING

Hui Xian REIT determines its operating segments based on internal reports that are regularly reviewed by the chief operating decision maker (i.e. the Manager) for the purpose of allocating resources to segments and assessing their performance.

The following are identified operating and reportable segments:

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

#### (a) Segment revenue and results

##### Six months ended 30 June 2014 (unaudited)

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

## FINANCIAL INFORMATION

### 4. SEGMENT REPORTING - continued

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

Six months ended 30 June 2013 (unaudited)

	The Malls RMB million	The Tower Offices RMB million	The Tower Apartments RMB million	The Hotels RMB million	Consolidated RMB million
Segment revenue	<u>528</u>	<u>440</u>	<u>64</u>	<u>287</u>	<u>1,319</u>
Segment profit	<u>426</u>	<u>328</u>	<u>32</u>	<u>84</u>	<u>870</u>
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					<u>824</u>

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.

#### (b) Segment assets

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

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

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

## FINANCIAL INFORMATION

### 4. SEGMENT REPORTING - continued

#### (c) Geographical information

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

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

#### (d) Other segment information

##### Six months ended 30 June 2014 (unaudited)

	The <u>Malls</u> RMB million	The Tower <u>Offices</u> RMB million	The Tower <u>Apartments</u> RMB million	The <u>Hotels</u> RMB million	<u>Consolidated</u> RMB million
Depreciation of property, plant and equipment	<u>-</u>	<u>1</u>	<u>1</u>	<u>3</u>	<u>5</u>

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

	The <u>Malls</u> RMB million	The Tower <u>Offices</u> RMB million	The Tower <u>Apartments</u> RMB million	The <u>Hotels</u> RMB million	<u>Consolidated</u> RMB million
Depreciation of property, plant and equipment	<u>-</u>	<u>-</u>	<u>1</u>	<u>4</u>	<u>5</u>

### 5. REVENUE

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

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

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

## FINANCIAL INFORMATION

### 6. RENTAL RELATED INCOME

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

### 7. OTHER INCOME

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

### 8. OTHER OPERATING EXPENSES

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

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

## FINANCIAL INFORMATION

### 9. FINANCE COSTS

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

### 10. MANAGER'S FEES

	<u>2014</u> RMB million (unaudited)	<u>2013</u> RMB million (unaudited)
Base Fee	55	56
Variable Fee	19	18
	<u>74</u>	<u>74</u>

### 11. REAL ESTATE INVESTMENT TRUST EXPENSES

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

### 12. INCOME TAX EXPENSE

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

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

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

## FINANCIAL INFORMATION

### 12. INCOME TAX EXPENSE - continued

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

### 13. EARNINGS PER UNIT

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

### 14. INVESTMENT PROPERTIES

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

- (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 2014 and 31 December 2013 by Knight Frank Petty Limited and American Appraisal China Limited respectively, independent valuers with appropriate professional qualifications and experiences in the valuation of similar properties in the relevant locations.



## FINANCIAL INFORMATION

### 15. PROPERTY, PLANT AND EQUIPMENT

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

### 16. LAND AND RELATED COSTS

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

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

### 17. TRADE AND OTHER RECEIVABLES

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

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

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

## FINANCIAL INFORMATION

### 18. TRADE AND OTHER PAYABLES

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

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

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

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

### 19. BANK LOANS

	<b><u>30.6.2014</u></b> <b>RMB million</b> <b>(unaudited)</b>	<b><u>31.12.2013</u></b> <b>RMB million</b> <b>(audited)</b>
Unsecured term loans	<b>3,909</b>	3,243
Loan front-end fees	<b>(26)</b>	(26)
	<b><u>3,883</u></b>	<u>3,217</u>

The maturities of the above bank loans are as follows:

Within one year	<b>1,108</b>	157
More than one year but not exceeding two years	<b>946</b>	937
More than two years but not exceeding five years	<b>1,829</b>	2,123
	<b><u>3,883</u></b>	<u>3,217</u>
Less: Amounts shown under current liabilities	<b>(1,108)</b>	(157)
Amount due after one year	<b><u>2,775</u></b>	<u>3,060</u>

## FINANCIAL INFORMATION

### 19. BANK LOANS - continued

In relation to the credit facility of HK\$800 million (equivalent to RMB635 million) granted to Group on 21 May 2014 to finance the repayment of any outstanding amounts under the revolving credit facility granted from Hui Xian Holdings Limited ("Hui Xian Holdings") and to finance the general corporate funding needs of the Group, the total amount of the credit facility utilised by the Group as at 30 June 2014 was HK\$800 million (equivalent to RMB635 million) (31 December 2013: nil). It bears interest at floating interest rate of Hong Kong Interbank Offered Rate ("HIBOR") plus 1.55% and is repayable in full in May 2017.

In relation to the credit facility of HK\$200 million (equivalent to RMB158 million) granted to the Group on 19 December 2013 to finance the general working capital requirement of the Group, the total amount of the credit facility utilised by the Group as at 30 June 2014 was HK\$200 million (equivalent to RMB158 million) (31 December 2013: HK\$200 million (equivalent to RMB157 million)). It bears interest at floating interest rate of HIBOR plus 2% and is repayable in full in December 2014.

In relation to the credit facility of HK\$1,525 million (equivalent to RMB1,210 million) granted to Group on 6 November 2013 to finance the repayment of any outstanding amounts under the revolving credit facility granted from Hui Xian Holdings and to finance the general corporate funding needs of the Group, the total amount of the credit facility utilised by the Group as at 30 June 2014 was HK\$1,525 million (equivalent to RMB1,210 million) (31 December 2013: HK\$1,525 million (equivalent to RMB1,200 million)). It bears interest at floating interest rate of HIBOR plus 1.85% and is repayable in full in November 2016.

In relation to the credit facility of HK\$1,200 million (equivalent to RMB953 million) granted to the Group on 22 April 2013 to finance the repayment of any outstanding amounts under the revolving credit facility granted from Hui Xian Holdings and to finance the general corporate funding needs of the Group, the total amount of the credit facility utilised by the Group as at 30 June 2014 was HK\$1,200 million (equivalent to RMB953 million) (31 December 2013: HK\$1,200 million (equivalent to RMB943 million)). It bears interest at floating interest rate of HIBOR plus 1.95% and is repayable in full in April 2016.

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

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

## FINANCIAL INFORMATION

### 20. NET ASSET VALUE PER UNIT ATTRIBUTABLE TO UNITHOLDERS

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

### 21. NET CURRENT ASSETS

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

### 22. TOTAL ASSETS LESS CURRENT LIABILITIES

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