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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 2016 TO 30 JUNE 2016

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 three supplemental deeds dated 24 May 2013, 16 May 2014 and 28 May 2015 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 Company Limited, 30% by Cheung Kong Property 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 2016 to 30 June 2016 (“**Reporting Period**”) as follows:

FINANCIAL HIGHLIGHTS

For the period from 1 January 2016 to 30 June 2016

	Six months ended 30 Jun 2016	Six months ended 30 Jun 2015	Percentage Change
Total Revenue ⁽¹⁾⁽²⁾ (RMB million)	1,575	1,547	+1.8%
Net Property Income (RMB million)	1,098	1,033	+6.3%
Amount Available for Distribution (RMB million)	805	745	+8.1%
Distributions to Unitholders (RMB million)	781	730	+7.0%
Distribution per Unit (RMB)	0.1439	0.1363	+5.6%
Payout Ratio	97%	98%	N/A
Annualised Distribution Yield	9.1% ⁽³⁾	7.9% ⁽⁴⁾	N/A

Notes:

- (1) Rental related income is reclassified to Revenue in the current period. The comparative figures have been changed to conform to the presentation in the current period.
- (2) Value-added tax (“VAT”) has been introduced to construction, real estate, financial services and consumer services sectors starting from 1 May 2016. For comparative illustration, the year-on-year growth of revenue net of business tax and VAT for both 2015 and 2016 would be 3.4%.
- (3) Based on the closing price of the units of Hui Xian REIT (“Units”) on 30 June 2016 and the annualised actual distribution amount for the period from 1 January 2016 to 30 June 2016.
- (4) Based on the closing price of the Units on 30 June 2015 and the annualised actual distribution amount for the period from 1 January 2015 to 30 June 2015.

CHAIRMAN’S STATEMENT

The first half of 2016 was a volatile and challenging time for the world economy. Lingering concerns about the slowdown of China’s economy and the devaluation of RMB remained. Britain’s vote to leave the European Union in June 2016 has further heightened global market uncertainty.

Despite the challenging macroeconomic environment, Hui Xian REIT achieved growth in the first half of 2016. The result was driven by a full six-month contribution during the Reporting Period from Chongqing Metropolitan Oriental Plaza (“**New Investment**”) acquired in March 2015; and organic growth from Beijing Oriental Plaza and Sofitel Shenyang Lido acquired in 2011 and 2012 (“**Initial Portfolio**”).

Results and Distribution

Total revenue for the Reporting Period was RMB1,575 million, an increase of 1.8% year-on-year. The revenue stated in this results announcement is not strictly comparable to the prior year’s figure due to the introduction of value-added tax (“VAT”) to construction, real estate, financial services and consumer services sectors starting from 1 May 2016.

Before the implementation date, business tax was included in the presentation of revenues in the financial statements. After 1 May 2016, the revenues and expenses presented in the financial statements are net of VAT and hence are reduced compare to that reported during the period before the implementation of new tax reform.

The year-on-year growth of revenue net of business tax and VAT for both 2015 and 2016 would be 3.4%.

Net property income (“NPI”) was RMB1,098 million, a year-on-year rise of 6.3%.

The amount available for distribution for the Reporting Period was RMB805 million, a year-on-year growth of 8.1%.

Amount Available for Distribution contributed from	2016 Interim Results RMB million	2015 Interim Results RMB million	Variance
Initial Portfolio	757	707	7.2%
New Investment	48	38	24.6%
Total	805	745	8.1%

The distributions to unitholders of Hui Xian REIT (“**Unitholders**”) for the Reporting Period was RMB781 million and the payout ratio was 97%. The distribution per unit (“**DPU**”) for the Reporting Period was RMB0.1439, an increase of 5.6% year-on-year. This represented an annualised distribution yield of 9.1% based on the closing unit price of RMB3.17 on 30 June 2016.

Business Environment in China

After witnessing a double-digit growth for nearly three decades, the Chinese economy has started showing signs of slowness. In the first half of 2016, the country’s gross domestic product (“**GDP**”) growth rate decelerated to 6.7% year-on-year to RMB34.1 trillion according to the National Bureau of Statistics of China.

China’s national per capita disposable income was up by 8.7% year-on-year in the first half of 2016, slower than the 9.0% recorded in 2015. The pace of minimum wage growth has also slowed down in 2016 and some provinces had announced that their minimum wages would be frozen for two years.

The Central Government’s ongoing anti-extravagance policy, together with the rising overseas shopping, had a severe impact on the luxury brands’ sales in China. Many luxury retailers reported reduced revenues and profits, and shrank their store networks.

While the country’s total retail sales of consumer goods in the first half of 2016 grew by 10.3% year-on-year to RMB15,614 billion, its online retail sales recorded a surge of 28.2% to RMB2,237 billion. Online shopping, supported by convenient mobile payment and low logistics cost, is starting to bring structural change to China’s retail industry and is revolutionizing the Chinese consumer behaviour. Consumer spending has been shifting from physical shops to online purchase, thus hitting sales and traffic at bricks and mortar stores.

Rising vacancy rate and plummeting rents in shopping malls are becoming increasingly common across China.

RMB Exchange Rate

In the first half of 2016, we saw global currency fluctuation, including that of RMB. The RMB exchange rate against Hong Kong Dollars was down by approximately 2%* since the end of 2015. This would have affected the investment sentiment towards RMB-denominated assets.

All of the projects in Hui Xian REIT’s current portfolio are located in China and they generate revenue in RMB. As a RMB-denominated REIT, Hui Xian REIT’s financial statements are presented in RMB and its distribution to Unitholders is also in RMB. The RMB exchange rate fluctuation does not have any significant impact on the performance of Hui Xian REIT’s projects. Nevertheless, as its current borrowings are in Hong Kong Dollars, the RMB exposure may appear when the exchange gain or loss is realised upon loan repayment.

*Based on the People’s Bank of China RMB rate against Hong Kong Dollars on 30 June 2016 and 31 December 2015

Business Review

Hui Xian REIT’s portfolio consists of (1) Initial Portfolio: Beijing Oriental Plaza’s retail, office and serviced apartment businesses, and two hotels (Grand Hyatt Beijing and Sofitel Shenyang Lido) acquired in 2011 and 2012; and (2) New Investment: Chongqing Metropolitan Oriental Plaza acquired in March 2015.

(1) Initial Portfolio

(A) Retail Portfolio

The retail portfolio consists of The Malls at Beijing Oriental Plaza, featuring 130,000 square metre of retail space. The Malls continues to be popular among retailers and shoppers due to its unrivalled location, well-balanced tenant mix and heavy foot traffic, making it resilient in a challenging retail environment.

Two large areas at The Malls, totaling about 6,000 square metres, were scheduled to expire in the second half of 2015. We took the initiative to commence a large-scale asset enhancement and tenant mix optimisation programme in these two zones in anticipation of a more challenging retail landscape. The objective is to position The Malls as a comprehensive shopping destination which caters to every shopper's needs, with focus being affordable luxury and mass market brands.

The enhancement works in the two zones have been completed and the space fully let. One zone was converted into 16 stand-alone shops, while another was transformed into an open retail environment featuring a number of pop-up stores and eateries. The Malls' variety and diversity of choices were further broadened as a result.

The Malls recorded rental and NPI growth with average monthly passing rent being RMB1,258, up by 5.6% year-on-year; and NPI being RMB500 million, up by 3.7% year-on-year. The average occupancy rate was 96.0%.

(B) Office Portfolio

The office portfolio comprises The Tower Offices at Beijing Oriental Plaza, offering over 300,000 square metres of Grade A office space over eight blocks. Despite the volatile external environment, the office portfolio maintained a high occupancy level and achieved positive rental reversion during the Reporting Period.

The office portfolio's NPI was RMB435 million, an increase of 6.3% year-on-year. The average monthly passing rent was RMB277 per square metre, a year-on-year growth of 3.6%. The average monthly spot rent was RMB337 per square metre, up by 7.8% year-on-year. The average occupancy rate stood at 95.8%.

(C) Serviced Apartment Portfolio

The serviced apartment portfolio consists of The Tower Apartments at Beijing Oriental Plaza, providing over 600 fully-furnished units in two towers.

The NPI of serviced apartment portfolio was RMB37 million, an increase of 8.1% year-on-year. The average occupancy rate was 91.8%.

(D) Hotel Portfolio

The hotel portfolio includes Grand Hyatt Beijing and Sofitel Shenyang Lido. We continued to exercise stringent cost controls, resulting in an improvement in NPI during the Reporting Period. The combined NPI of the two five-star hotels increased 17.4% year-on-year to RMB67 million.

Beijing's foreign tourist arrivals continued to decline in the first half of 2016. Grand Hyatt Beijing's average occupancy rate was 55.4%, similar to that in 2015. The average room rate per night fell by 3.2% year-on-year to RMB1,491. Accordingly, the RevPAR decreased 3.4% year-on-year to RMB826.

Sofitel Shenyang Lido's average occupancy rate improved to 41.8% from 35.9% a year earlier, while the average room rate per night dropped 4.0% year-on-year to RMB498. The revenue per available room ("RevPAR") increased 11.7% year-on-year to RMB208.

(2) New Investment

Since the takeover of the mixed-use project in Chongqing in March 2015, Hui Xian REIT rebranded it as "Chongqing Metropolitan Oriental Plaza". We took this opportunity to launch a three-year intensive asset enhancement and revamp programme, objectives of which are to realise its full potential and establish a foundation for future growth.

During the Reporting Period, the NPI was RMB59 million compared to RMB51 million a year earlier.

Chongqing Metropolitan Oriental Plaza consists of a mall and an office tower. During the Reporting Period, the mall maintained an average occupancy rate of 73.7%. The average monthly passing rent was RMB236 per square metre.

The average monthly passing rent and monthly spot rent of the office tower were RMB125 per square metre and RMB135 per square metre respectively. The average occupancy rate was 91.5%.

Strong Financial Position

Hui Xian REIT has continued to adhere to its prudent financial management strategy throughout the Reporting Period. As at 30 June 2016, bank balances and cash on hand amounted to RMB6,240 million and total debts amounted to RMB9,638 million. Debts to gross asset value ratio stood at 20.8%. Hui Xian REIT has ample financial capacity to capture new investment opportunities.

Outlook

Whilst we are mindful of the weak macroeconomic environment, we remain positive about China's underlying economic fundamentals. We will continue to build on our solid foundation, and strive to further enhance the competitiveness of our three assets through active asset management. We will continue to pursue investment opportunities which could generate returns and bring long-term benefits for the Unitholders.

With its quality portfolio and strong financial position, we are confident that Hui Xian REIT is resilient and well placed to meet the challenges ahead.

On behalf of the Manager, I would like to thank all the Unitholders and the Trustee for their continued 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, 26 July 2016

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[#]) (“**BOP**”), which is a sino-foreign cooperative joint venture established in the People's Republic of China (“**PRC**”). BOP holds the land use rights and building ownership rights of Beijing Oriental Plaza,

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

(3) 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[#]) (“**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:

Property	City	Sector	Gross Floor Area (sq m)
(1) Beijing Oriental Plaza <i>The Malls</i> <i>The Tower Offices</i> <i>The Tower Apartments</i> <i>Grand Hyatt Beijing</i> <i>Car parking spaces & other ancillary facilities</i>	Beijing	Retail	130,195
		Office	309,552
		Serviced Apartment	81,603
		Hotel	125,420
		Carpark (1,901 car parking spaces)	140,289
(2) Chongqing Metropolitan Oriental Plaza <i>Mall and car parking spaces</i> <i>Office</i>	Chongqing	Retail (including 370 car parking spaces)	109,743
		Office	54,617
(3) Sofitel Shenyang Lido	Shenyang	Hotel	78,746
Total			1,030,165

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

OPERATIONS REVIEW

(1) Initial Portfolio

The initial portfolio consists of retail, office and serviced apartment businesses of Beijing Oriental Plaza, and two hotels (Grand Hyatt Beijing and Sofitel Shenyang Lido).

As stated in the Chairman's Statement, China has extended the policy of replacing business tax with VAT to construction, real estate, financial services and consumer services sectors starting 1 May 2016. Before the implementation date, business tax was included in the presentation of revenues in the financial statements. After 1 May 2016, the revenues and expenses presented in the financial statements are net of VAT and hence are reduced compare to that reported during the period before the implementation of new tax reform.

(A) Retail Portfolio

Beijing's GDP in the first half of 2016 grew 6.7% year-on-year according to Beijing Municipal Bureau of Statistics. The city's retail sales of consumer goods increased 3.8% year-on-year to RMB497.6 billion. Disposable income per capita of Beijing's urban residents increased 8.7% year-on-year to RMB28,448.

The retail portfolio includes The Malls at Beijing Oriental Plaza, a 3-level mall offering over 130,000-square metres of retail space. The Malls offers a wide selection of goods and services, including fast and high fashion, watches and jewellery shops, gifts and accessories stores, showrooms, banks, beauty and personal care stores, fast food chains, casual and fine dining restaurants, and a cinema.

During the Reporting Period, the large-scale asset enhancement programme in two zones at The Malls has been completed. The two zones with about 6,000 square metres are fully let — they feature a number of new shops, such as banila co, CASIO, Chow Tai Fook, initial, Lee, MOISELLE, RADO, Swatch and Ted Baker.

The Malls continued to enjoy stable rental growth, high occupancy and heavy visitor traffic during the Reporting Period. The Malls' average monthly passing rent was RMB1,258, up by 5.6%. Revenue was RMB600 million, a year-on-year increase of 1.0%. NPI was RMB500 million, up by 3.7%. Rental reversion was 2.9%. The average occupancy rate was 96.0%.

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

Gross Revenue	RMB600 million, +1.0% YoY
Net Property Income	RMB500 million, +3.7% YoY
Average Occupancy Rate	96.0%
Average Monthly Passing Rent	RMB1,258 per square metre, +5.6% YoY
Average Monthly Spot Rent	RMB1,587 per square metre, +81.5% YoY

(B) Office Portfolio

Beijing's office market remained stable in the first half of 2016. The capital city's new office supply remained at an optimum level. However, amidst the economic slowdown, corporations have become more cost-conscious as well as conservative in office expansion.

The office portfolio comprises eight towers of Grade A office towers, collectively known as The Tower Offices at Beijing Oriental Plaza. Spanning a total GFA about 300,000 square metres, The Tower Offices generates a steady revenue income from a diversified tenant base across a range of industries, including corporations from finance and banking, accounting, high technology, law, media and advertising, consumer products, education sectors, as well as government-related organisations.

Leasing demand for The Tower Offices remained resilient during the Reporting Period, with both rental and occupancy rates holding firm. The NPI was RMB435 million, an increase of 6.3% year-on-year. The average occupancy rate stood at 95.8%. The average monthly passing rent was RMB277 per square metre, an increase of 3.6% year-on-year. The average monthly spot rent was RMB337 per square metre, up by 7.8% over the same period in 2015. Rental reversion was 17.9%.

Gross Revenue	RMB565 million, +2.2% YoY
Net Property Income	RMB435 million, +6.3% YoY
Average Occupancy Rate	95.8%
Average Monthly Passing Rent	RMB277 per square metre, +3.6% YoY
Average Monthly Spot Rent	RMB337 per square metre, +7.8% YoY

(C) Serviced Apartment Portfolio

The leasing market for high-end serviced apartments in Beijing remained stable during the Reporting Period.

The serviced apartment portfolio consists of The Tower Apartments at Beijing Oriental Plaza, which provides over 600 fully-furnished units in two blocks. It was awarded as “Outstanding Serviced Apartment - Service” by “That’s Beijing 2016 Lifestyle Awards”.

The NPI rose by 8.1% year-on-year to RMB37 million. The average occupancy rate was 91.8%.

Gross Revenue	RMB69 million, +1.8% YoY
Net Property Income	RMB37 million, +8.1% YoY
Average Occupancy Rate	91.8%

(D) Hotel Portfolio

Hui Xian REIT’s hotel portfolio encompasses two five-star hotels: Grand Hyatt Beijing at Beijing Oriental Plaza; and Sofitel Shenyang Lido. During the Reporting Period, we continued to implement stringent cost control measures. The NPI of the two hotels combined increased 17.4% year-on-year to RMB67 million.

Grand Hyatt Beijing, Beijing

During the first half of 2016, Beijing’s foreign tourist arrivals continued to fall by 0.9% year-on-year to 1.7 million according to Beijing Municipal Bureau of Statistics.

Grand Hyatt Beijing’s average occupancy rate was 55.4%, similar to the corresponding period in 2015, while the average room rate per night was down by 3.2% year-on-year to RMB1,491. RevPAR fell by 3.4% year-on-year to RMB826.

Given the economic uncertainty, corporations were price-sensitive and conservative on meeting and travel spending. The number of events held at the hotel in the first half of 2016 dropped compared to a year ago.

Sofitel Shenyang Lido, Shenyang

Sofitel Shenyang Lido continued to implement proactive and flexible pricing strategies. The average occupancy rate in the first half of 2016 was up from 35.9% in 2015 to 41.8% despite keen competition from the large supply of new hotels opened in the past few years. However, the average room rate per night was down by 4.0% year-on-year to RMB498. RevPAR increased 11.7% year-on-year to RMB208.

Gross Revenue	RMB238 million, -3.4% YoY
Net Property Income	RMB67 million, +17.4% YoY
<i>Grand Hyatt Beijing</i>	
Average Occupancy Rate	55.4%
Average room rate per night	RMB1,491, -3.2% YoY
RevPAR	RMB826, -3.4% YoY
<i>Sofitel Shenyang Lido</i>	
Average Occupancy Rate	41.8%
Average room rate per night	RMB498, -4.0% YoY
RevPAR	RMB208, +11.7% YoY

(2) New Investment – Chongqing Metropolitan Oriental Plaza

Chongqing Metropolitan Oriental Plaza was acquired by Hui Xian REIT in March 2015. The project comprises a shopping mall and a Grade A office tower and its NPI was RMB59 million during the first half of 2016.

Centrally located at Jiefangbei, the shopping mall of Chongqing Metropolitan Oriental Plaza offers a wide variety of retail, dining and entertainment options.

An intensive three-year asset enhancement and revamp programme commenced after Hui Xian REIT took over the management. Such initiatives are expected to establish a foundation for future long-term growth. During the Reporting Period, the mall's average occupancy rate being 73.7% and the average monthly passing rent being RMB236 per square metre.

Chongqing Metropolitan Oriental Plaza's office tower is one of the few Grade A office buildings in Chongqing that has single asset title ownership. It is home to five consulates and a number of multinational corporations of different industries such as insurance and financial services, electronics, and healthcare. During the reporting period, the average occupancy rate was 91.5%. The average monthly passing rent and the average monthly spot rent were RMB125 per square metre and RMB135 per square metre respectively.

Gross Revenue	RMB103 million
Net Property Income	RMB59 million
<i>Mall</i>	
Average Occupancy Rate	73.7%
Average Monthly Passing Rent	RMB236 per square metre
<i>Office</i>	
Average Occupancy Rate	91.5%
Average Monthly Passing Rent	RMB125 per square metre
Average Monthly Spot Rent	RMB135 per square metre

FINANCIAL REVIEW

Net Property Income

The net property income was RMB1,098 million for the six months ended 30 June 2016.

Distributions

Distribution Amount

Hui Xian REIT will distribute a total of RMB781 million ("**2016 Interim Distribution**") to Unitholders for the six months ended 30 June 2016. The 2016 Interim Distribution represents 97% of Hui Xian REIT's total amount available for distribution during the period from 1 January 2016 to 30 June 2016 and will be paid in RMB. The distribution amount includes certain profit elements in the capital nature of Hui Xian REIT. The amount of capital nature items is RMB326 million.

Distribution per Unit

The DPU for the period from 1 January 2016 to 30 June 2016 is RMB0.1439 based on the number of outstanding Units on 30 June 2016. This represents an annualised distribution yield of 9.1% based on the closing unit price of RMB3.17 on 30 June 2016.

Closure of Register of Unitholders

The record date for the 2016 Interim Distribution will be 12 August 2016, Friday ("**Record Date**"). The Register of Unitholders will be closed from 10 August 2016, Wednesday to 12 August 2016, Friday, both days inclusive, during which period no transfer of Units will be registered. The interim distribution is expected to be payable on 29 September 2016, 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 2016 Interim Distribution, all properly completed transfer forms (accompanied by the relevant Unit certificates) must be lodged for registration with Hui Xian REIT’s Unit Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 9 August 2016, Tuesday.

Debt Positions

In April 2016, 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 purpose of the facility was to refinance the credit facility granted by the same lenders in April 2013.

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

As at 30 June 2016, Hui Xian REIT’s total debts amounted to RMB9,638 million (31 December 2015: RMB9,435 million). Based on Hui Xian REIT’s net assets attributable to Unitholders of RMB27,099 million as at 30 June 2016 (31 December 2015: RMB27,557 million), Hui Xian REIT’s debts to net asset value ratio increased to 35.6% (31 December 2015: 34.2%). Meanwhile, the debts to gross asset value ratio was 20.8% as at 30 June 2016 (31 December 2015: 20.2%).

Bank Balances and Asset Positions

As at 30 June 2016, Hui Xian REIT’s bank balances and cash amounted to RMB6,240 million (31 December 2015: RMB6,107 million). The bank balances and cash are mainly denominated in RMB. No currency hedge was employed.

Hui Xian REIT is indirectly interested in a 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 Beijing Oriental Plaza. Hui Xian REIT’s interests in Beijing Oriental Plaza are held through its special purpose vehicle, Hui Xian Investment, which is the foreign joint venture partner of BOP. BOP holds the land use rights and building ownership rights of Beijing Oriental Plaza.

Knight Frank Petty Limited (“**Knight Frank**”) valued the eight blocks of office towers, the shopping mall and car parking spaces at RMB29,760 million as at 30 June 2016 (31 December 2015: RMB29,960 million), translating into a decrease of 0.7% over the valuation as of 31 December 2015. Together with the hotel and serviced apartment premises, gross property value of BOP was RMB35,081 million as at 30 June 2016, as compared to RMB35,383 million as at 31 December 2015.

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

Knight Frank valued the hotel premises of Shenyang Lido at RMB910 million as at 31 December 2015 while gross property value of hotel premises as at 30 June 2016 was RMB798 million (31 December 2015: RMB832 million).

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

As at 30 June 2016, the shopping mall and office building are valued by Knight Frank at RMB3,990 million (31 December 2015: RMB4,100 million). Gross property value of the properties as at 30 June 2016 was RMB3,990 million (31 December 2015: RMB4,100 million).

Net Assets Attributable to Unitholders

As at 30 June 2016, net assets attributable to Unitholders amounted to RMB27,099 million (31 December 2015: RMB27,557 million) or RMB4.9918 per Unit, representing a 57.5% premium to the closing unit price of RMB3.17 on 30 June 2016 (31 December 2015: RMB5.1231 per Unit, representing a 53.8% premium to the closing unit price of RMB3.33 on 31 December 2015).

Pledge of Assets

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

Commitments

As at 30 June 2016, Hui Xian REIT did not have any significant commitments.

Employees

As at 30 June 2016, Hui Xian REIT, by subsidiaries and through its branches, employed a total of 840 employees in the PRC, of which 814 employees performed hotel operation functions and services, and 26 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.

Save as disclosed above, Hui Xian REIT is managed by the Manager and did not directly employ any staff as at 30 June 2016.

CORPORATE GOVERNANCE

With the objectives of establishing and maintaining high standards of corporate governance, certain policies and procedures with built-in checks and balances have been put in place. In particular, the Manager has adopted, and revised from time to time, a compliance manual which sets out the key processes, systems and measures the Manager will apply in order to comply with the Trust Deed, the Code on Real Estate Investment Trusts (“**REIT Code**”) and other applicable legislation, rules and regulations. The compliance manual also contains a corporate governance policy which regulates, among others, the activities of the board of directors of the Manager.

Throughout the six months ended 30 June 2016, both the Manager and Hui Xian REIT have in material terms complied with the provisions of the compliance manual, the corporate governance policy, the Trust Deed, the REIT Code and applicable provisions of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (“**SFO**”) and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Authorisation Structure

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

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

Review of the Interim Results

The interim results of Hui Xian REIT for the six months ended 30 June 2016 have been reviewed by the Audit Committee and Disclosures Committee of the Manager in accordance with their respective terms of reference.

New Units Issued

In the six months ended 30 June 2016, (i) 20,204,574 new Units were issued to the Manager as payment of part of the Manager's fees; and (ii) 29,499,170 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 2015 to 31 December 2015.

The total number of Units in issue as at 30 June 2016 was 5,428,677,596 Units.

Buy-Back, Sale or Redemption of Units

There was no buy-back, sale or redemption of the Units of Hui Xian REIT by the Manager on behalf of Hui Xian REIT or any of the special purpose vehicles that were owned and controlled by Hui Xian REIT in the six months ended 30 June 2016.

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 2016.

Issuance of the Interim Report 2016

The interim report of Hui Xian REIT for the six months ended 30 June 2016 will be published on the respective websites of the Stock Exchange at www.hkexnews.hk and Hui Xian REIT at www.huixianreit.com, and will be sent to Unitholders on or before 30 August 2016.

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

Hong Kong, 26 July 2016

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

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2016

	<u>NOTES</u>	<u>2016</u> RMB million (unaudited)	<u>2015</u> RMB million (unaudited)
Revenue	5, 23	1,575	1,547
Other income	6	107	93
Fair value gain from top-up amount asset	19	2	-
Decrease in fair value of investment properties		(334)	(138)
Hotel inventories consumed		(20)	(23)
Staff costs		(57)	(52)
Depreciation and amortisation		(142)	(142)
Other operating expenses	7	(376)	(416)
Finance costs	8	(109)	(84)
Exchange (loss) gain		(190)	30
Manager's fees	9	(84)	(121)
Real estate investment trust expenses	10	(4)	(5)
Profit before taxation and transactions with unitholders		368	689
Income tax expense	11	(205)	(237)
Profit for the period, before transactions with unitholders		163	452
Distribution to unitholders		(781)	(730)
Loss and total comprehensive expense for the period, after transactions with unitholders		(618)	(278)
Profit for the period, before transactions with unitholders attributable to:			
Non-controlling interest		(7)	(6)
Unitholders		170	458
		163	452
Basic earnings per unit (RMB)	12	0.0315	0.0858

FINANCIAL INFORMATION

DISTRIBUTION STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	<u>2016</u> RMB million (unaudited)	<u>2015</u> RMB million (unaudited)
Profit for the period, before transactions with unitholders	163	452
Non-controlling interest	<u>7</u>	<u>6</u>
Profit for the period attributable to unitholders, before transactions with unitholders	<u>170</u>	<u>458</u>
Adjustments (<i>Note (i)</i>):		
Manager's fees	59	100
Deferred tax	(71)	(25)
Distributable depreciation and amortisation	106	89
Decrease in fair value of investment properties	334	138
Fair value gain from top-up amount asset	(2)	-
Unrealised exchange gain	<u>-</u>	<u>(33)</u>
	<u>426</u>	<u>269</u>
Distributable income	<u>596</u>	<u>727</u>
Additional items (<i>Note (ii)</i>):		
Depreciation and amortisation arising from fair value adjustment	10	10
Net unrealised exchange loss on bank loans and loan front-end fee	190	-
Other cash distributions	<u>9</u>	<u>8</u>
	<u>209</u>	<u>18</u>
Amount available for distribution	<u>805</u>	<u>745</u>
Payout ratio (<i>Note (iii)</i>)	97%	98%
Distributions to unitholders	<u>781</u>	<u>730</u>
Distribution per unit (<i>RMB</i>) (<i>Note (iv)</i>)	<u>0.1439</u>	<u>0.1363</u>

FINANCIAL INFORMATION

Notes:

(i) Adjustments for the period include:

- (a) For the six months ended 30 June 2016, Manager's fees paid and payable in units of RMB59 million (18,579,767 units estimated to be issued) out of the total Manager's fees of RMB84 million. The difference of RMB25 million is payable in cash.

For the six months ended 30 June 2015, Manager's fees paid and payable in units of RMB100 million out of the total Manager's fees of RMB121 million. The difference of RMB21 million was paid or payable in cash.

- (b) Deferred tax charge of RMB13 million (2015: RMB9 million) in relation to accelerated tax depreciation and deferred tax credit of RMB84 million (2015: RMB34 million) in relation to change in fair value of investment properties.
- (c) Distributable depreciation and amortisation of the Beijing Oriental Plaza attributable to unitholders of RMB106 million (2015: RMB89 million) represented depreciation and amortisation of RMB106 million (2015: RMB107 million) less zero capital expenditure (2015: RMB18 million).
- (d) Decrease in fair value of investment properties of RMB334 million (2015: RMB138 million).
- (e) For the six months ended 30 June 2015, there was an unrealised exchange gain on bank loans of RMB33 million. Net unrealised exchange loss on bank loans and loan front-end fee for the six months ended 30 June 2016 is shown in Note (ii)(2) below.
- (f) Fair value gain from top-up amount asset of RMB2 million (2015: nil).

Pursuant to the Trust Deed, interim/annual distributable income is defined as the amount calculated by the Manager as representing the consolidated profit attributable to unitholders for the relevant financial period/year, as adjusted to eliminate the effects of certain Adjustments (as defined in the Trust Deed) which have been recorded in the consolidated statement of comprehensive income for the relevant financial period/year.

(ii) Additional items refer to any additional amount (include capital) to be distributed as determined by the Manager pursuant to clause 11.4.2 of the Trust Deed. Additional items for the period include:

- (1) Depreciation and amortisation attributable to unitholders arising from fair value adjustment upon acquisition of Shenyang Lido Business Co. Ltd of RMB10 million (2015: RMB10 million).
- (2) Net unrealised exchange loss on bank loans and loan front-end fee of RMB190 million (2015: nil).
- (3) Other cash distributions of RMB9 million (2015: RMB8 million).

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

Distributions to unitholders for the six months ended 30 June 2016 represent a payout ratio of 97% (2015: 98%) of Hui Xian REIT's distributable income for the period.

(iv) The distribution per unit of RMB0.1439 for six months ended 30 June 2016 is calculated based on 97% of Hui Xian REIT's amount available for distribution of RMB805,569,982 over 5,428,677,596 units, representing issued units as at 30 June 2016. The distribution per unit of RMB0.1363 for the six months ended 30 June 2015 was calculated based on 98% of Hui Xian REIT's amount available for distribution of RMB744,927,112 over 5,355,686,880 units, representing issued units as at 30 June 2015.

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	<u>NOTES</u>	<u>30.6.2016</u> RMB million (unaudited)	<u>31.12.2015</u> RMB million (audited)
Non-current assets			
Investment properties	13	33,689	34,060
Property, plant and equipment	14	2,104	2,161
Land and related costs	15	4,002	4,022
Top-up amount asset	19	-	39
Total non-current assets		<u>39,795</u>	<u>40,282</u>
Current assets			
Hotel inventories		24	24
Land and related costs	15	129	128
Trade and other receivables	16	129	163
Top-up amount asset	19	41	-
Bank balances and cash		<u>6,240</u>	<u>6,107</u>
Total current assets		<u>6,563</u>	<u>6,422</u>
Total assets		<u>46,358</u>	<u>46,704</u>
Current liabilities			
Trade and other payables	17	405	479
Tenants' deposits		262	249
Tax payable		111	104
Manager's fee payable		84	81
Distribution payable		781	719
Bank loans	18	<u>1,130</u>	<u>1,443</u>
Total current liabilities		<u>2,773</u>	<u>3,075</u>
Total assets less current liabilities	22	<u>43,585</u>	<u>43,629</u>
Non-current liabilities, excluding net assets attributable to unitholders			
Bank loans	18	8,508	7,992
Tenants' deposits		492	489
Deferred tax liabilities		<u>7,237</u>	<u>7,335</u>
Total non-current liabilities, excluding net assets attributable to unitholders		<u>16,237</u>	<u>15,816</u>
Total liabilities, excluding net assets attributable to unitholders		<u>19,010</u>	<u>18,891</u>
Non-controlling interest		<u>249</u>	<u>256</u>
Net assets attributable to unitholders		<u>27,099</u>	<u>27,557</u>
Units in issue ('000)		<u>5,428,678</u>	<u>5,378,974</u>
Net asset value per unit (RMB) attributable to unitholders	20	<u>4.9918</u>	<u>5.1231</u>

FINANCIAL INFORMATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

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 three supplemental deeds dated 24 May 2013, 16 May 2014 and 28 May 2015 (the "Trust Deed") made between Hui Xian Asset Management Limited (the "Manager") and DB Trustees (Hong Kong) Limited (the "Trustee"), and the Code on Real Estate Investment Trusts (the "REIT Code") issued by the Securities and Futures Commission (the "SFC").

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

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

2. BASIS OF PREPARATION

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

Certain comparative amounts in the condensed consolidated statement of comprehensive income have been reclassified to conform with the presentation in the current period (see Note 23).

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015, except as described below.

FINANCIAL INFORMATION

3. SIGNIFICANT ACCOUNTING POLICIES - continued

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

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKFRS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 - 2014 Cycle

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.
The Chongqing Property:	Renting of the shopping mall, car parking spaces and office in Metropolitan Oriental Plaza in Chongqing, the PRC.

FINANCIAL INFORMATION

4. SEGMENT REPORTING - continued

(a) Segment revenue and results

Six months ended 30 June 2016 (unaudited)

	The Malls RMB million	The Tower Offices RMB million	The Tower Apartments RMB million	The Hotels RMB million	The Chongqing Property RMB million	Consolidated RMB million
Segment revenue	<u>600</u>	<u>565</u>	<u>69</u>	<u>238</u>	<u>103</u>	<u>1,575</u>
Segment profit	<u>500</u>	<u>435</u>	<u>37</u>	<u>67</u>	<u>59</u>	<u>1,098</u>
Decrease in fair value of investment properties						(334)
Finance costs						(109)
Depreciation and amortisation						(138)
Increase in fair value of top-up amount asset						2
Unallocated income						103
Unallocated expense						(254)
Profit before taxation and transactions with unitholders						<u>368</u>

Six months ended 30 June 2015 (unaudited)

	The Malls RMB million	The Tower Offices RMB million	The Tower Apartments RMB million	The Hotels RMB million	The Chongqing Property RMB million	Consolidated RMB million
Segment revenue (<i>Note 23</i>)	<u>594</u>	<u>553</u>	<u>68</u>	<u>246</u>	<u>86</u>	<u>1,547</u>
Segment profit	<u>482</u>	<u>409</u>	<u>34</u>	<u>57</u>	<u>51</u>	<u>1,033</u>
Decrease in fair value of investment properties						(138)
Finance costs						(84)
Depreciation and amortisation						(137)
Unallocated income						90
Unallocated expense						(75)
Profit before taxation and transactions with unitholders						<u>689</u>

Segment profit represents the profit earned by each segment without allocation of the changes in fair value of investment properties and top-up amount asset, 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.

FINANCIAL INFORMATION

4. SEGMENT REPORTING - continued

(b) Segment assets

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

	<u>30.6.2016</u> RMB million (unaudited)	<u>31.12.2015</u> RMB million (audited)
The Malls	14,854	15,062
The Tower Offices	14,965	14,955
The Tower Apartments	1,971	2,004
The Hotels	4,413	4,501
The Chongqing Property	4,286	4,315
Total segment assets	40,489	40,837
Bank balances and cash	5,826	5,718
Other assets	43	149
Consolidated total assets	<u>46,358</u>	<u>46,704</u>

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

(c) Geographical information

All of the Group's revenue is derived from activities and customers located in the PRC and the Group's non-current assets are all located in Beijing, Chongqing 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 2016 (unaudited)

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

FINANCIAL INFORMATION

4. SEGMENT REPORTING - continued

(d) Other segment information- continued

Six months ended 30 June 2015 (unaudited)

	The Malls RMB million	The Tower Offices RMB million	The Tower Apartments RMB million	The Hotels RMB million	The Chongqing Property RMB million	Consolidated RMB million
Depreciation of property, plant and equipment	-	1	1	3	-	5

5. REVENUE

	<u>2016</u> RMB million (unaudited)	<u>2015</u> RMB million (unaudited)
Gross rental from investment properties	1,237	1,201
Income from hotel operation	238	246
Income from serviced apartments operation	69	68
Rental related income (<i>Note 23</i>)	31	32
Total	<u>1,575</u>	<u>1,547</u>

The gross rental from investment properties includes contingent rents of RMB7 million (2015: RMB7 million).

The direct operating expense from investment properties (includes mainly certain other operating expenses, certain Manager's fees and staff costs) amounting to RMB274 million (2015: RMB291 million).

6. OTHER INCOME

	<u>2016</u> RMB million (unaudited)	<u>2015</u> RMB million (unaudited)
Interest income from banks	102	91
Government subsidies	4	2
Others	1	-
Total	<u>107</u>	<u>93</u>

FINANCIAL INFORMATION

7. OTHER OPERATING EXPENSES

	<u>2016</u> RMB million (unaudited)	<u>2015</u> RMB million (unaudited)
Advertising and promotion	10	10
Audit fee	1	1
Business tax	62	86
Insurance	3	3
Lease agency fee	15	14
Property manager's fee	25	23
Property management fees	38	31
Repairs and maintenance	34	52
Other miscellaneous expenses (<i>Note</i>)	70	73
Stamp duty	1	2
Urban land use tax	1	1
Urban real estate tax	62	60
Utilities	51	60
Value added tax surcharges	3	-
	376	416

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

8. FINANCE COSTS

	<u>2016</u> RMB million (unaudited)	<u>2015</u> RMB million (unaudited)
Interest expense on unsecured bank loans	109	82
Interest expense on loans from a unitholder	-	2
	109	84

9. MANAGER'S FEES

	<u>2016</u> RMB million (unaudited)	<u>2015</u> RMB million (unaudited)
Base Fee	61	60
Variable Fee	23	22
Acquisition Fee	-	39
	84	121

FINANCIAL INFORMATION

10. REAL ESTATE INVESTMENT TRUST EXPENSES

	<u>2016</u> RMB million (unaudited)	<u>2015</u> RMB million (unaudited)
Trustee's fee	2	2
Legal and professional fees	1	2
Public relations - related expenses	1	1
	<u>4</u>	<u>5</u>

11. INCOME TAX EXPENSE

	<u>2016</u> RMB million (unaudited)	<u>2015</u> RMB million (unaudited)
The income tax expense comprises:		
Current tax		
- PRC Enterprise Income Tax	242	228
- Withholding tax	61	61
Deferred taxation	(98)	(52)
	<u>205</u>	<u>237</u>

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

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

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

12. EARNINGS PER UNIT

The earnings per unit is calculated by dividing the profit for the period attributable to unitholders before transactions with unitholders of RMB170 million (2015: RMB458 million) by 5,403,295,133 units (2015: 5,331,292,148 units) being the weighted average number of units in issue during the period of 5,393,954,206 units (2015: 5,322,470,108 units), plus the weighted average number of units issuable for settlement of Manager's fees for the period from 1 January 2016 to 30 June 2016 of 9,340,927 units (2015: for the period from 1 January 2015 to 30 June 2015 of 8,822,040 units).

FINANCIAL INFORMATION

13. INVESTMENT PROPERTIES

	<u>30.6.2016</u> RMB million (unaudited)	<u>31.12.2015</u> RMB million (audited)
FAIR VALUE		
At the beginning of the period/year	34,060	30,760
Additions	24	24
Additions through acquisition of a subsidiary	-	3,912
Decrease in fair value recognised in profit or loss	(334)	(636)
Transferred to property, plant and equipment	(16)	-
Transferred to land and related costs	(45)	-
At the end of the period/year	<u>33,689</u>	<u>34,060</u>

- (a) The Group's investment properties held under operating leases are located in Beijing and Chongqing, the PRC under medium-term leases and are measured using the fair value model.
- (b) Investment properties were revalued on 30 June 2016 and 31 December 2015 by Knight Frank Petty Limited, independent valuer with appropriate professional qualifications and experiences in the valuation of similar properties in the relevant locations.

14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group acquired property, plant and equipment of RMB5 million (2015: RMB27 million) and an amount of RMB16 million was transferred from investment properties.

15. LAND AND RELATED COSTS

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

	<u>30.6.2016</u> RMB million (unaudited)	<u>31.12.2015</u> RMB million (audited)
Non-current asset	4,002	4,022
Current asset	129	128
	<u>4,131</u>	<u>4,150</u>

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

FINANCIAL INFORMATION

16. TRADE AND OTHER RECEIVABLES

	<u>30.6.2016</u> RMB million (unaudited)	<u>31.12.2015</u> RMB million (audited)
Trade receivables	76	60
Deposits and prepayments	9	18
Advance to suppliers	22	10
Interest receivables	14	10
Top-up amount receivable (<i>Note 19</i>)	-	58
Other receivables	8	7
	<u>129</u>	<u>163</u>

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

	<u>30.6.2016</u> RMB million (unaudited)	<u>31.12.2015</u> RMB million (audited)
Less than or equal to 1 month	65	49
1 - 3 months	7	7
Over 3 months	4	4
	<u>76</u>	<u>60</u>

17. TRADE AND OTHER PAYABLES

	<u>30.6.2016</u> RMB million (unaudited)	<u>31.12.2015</u> RMB million (audited)
Trade payables	74	70
Rental received in advance	185	222
Others (<i>Note</i>)	146	187
	<u>405</u>	<u>479</u>

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

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

	<u>30.6.2016</u> RMB million (unaudited)	<u>31.12.2015</u> RMB million (audited)
Less than or equal to 3 months	55	59
Over 3 months	19	11
	<u>74</u>	<u>70</u>

FINANCIAL INFORMATION

18. BANK LOANS

	<u>30.6.2016</u> RMB million (unaudited)	<u>31.12.2015</u> RMB million (audited)
Unsecured term loans	9,722	9,530
Loan front-end fees	(84)	(95)
	<u>9,638</u>	<u>9,435</u>

The maturities of the above bank loans are as follows:

Within one year	1,130	1,443
More than one year but not exceeding two years	5,421	834
More than two years but not exceeding five years	3,087	7,158
	9,638	9,435
Less: Amounts shown under current liabilities	(1,130)	(1,443)
Amount due after one year	<u>8,508</u>	<u>7,992</u>

In relation to the credit facility of HK\$1,200 million (equivalent to RMB1,026 million) granted to the Group on 19 April 2016 to refinance the credit facility granted by the same lenders in April 2013, the total amount of the credit facility utilised by the Group as at 30 June 2016 was HK\$1,200 million (equivalent to RMB1,026 million) (31 December 2015: HK\$1,200 million (equivalent to RMB1,005 million)). It bears interest at floating interest rate of Hong Kong Interbank Offered Rate plus 1.10% and is repayable in full in April 2019.

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

19. TOP-UP AMOUNT ASSET

On 2 March 2015, the Group completed the acquisition of Metropolitan Oriental Plaza through the acquisition of the entire equity interest in Chongqing Investment Limited. Pursuant to a deed of guarantee executed by Cheerjoy Limited ("Cheerjoy") and Joinpower Holdings Ltd. ("Joinpower") on 2 March 2015 (the "Guarantee"), Cheerjoy and Joinpower had guaranteed to the Group that the Chongqing Company's Total Income (as defined in the Guarantee) shall not be less than RMB299.28 million per annum ("Guaranteed Income Level") in respect of the five financial years ending 31 December 2015, 2016, 2017, 2018 and 2019 ("Relevant Period"). If the Total Income of the Chongqing Company in respect of a financial year in the Relevant Period is less than the Guaranteed Income Level, each of Cheerjoy and Joinpower will top-up such shortfall by paying to the Group an amount equal to 50% of such shortfall. The total top-up amount payable by Cheerjoy and Joinpower for the entire Relevant Period shall not exceed RMB100 million.

The top-up amount receivable from Cheerjoy and Joinpower in respect of the period from 2 March 2015 to 31 December 2015, which represents the shortfall of the Total Income and Guaranteed Income Level of the Chongqing Company, was RMB58 million in aggregate.

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19. TOP-UP AMOUNT ASSET- continued

Top-up amount asset is accounted for as a financial derivative and is measured at fair value at the end of the reporting period. The Group applies a valuation model that has taken into account the expected future cash flows based on market rents and discount rate. A fair value gain of RMB2 million (2015: nil) was credited to the condensed consolidated statement of comprehensive income during the six months ended 30 June 2016. The fair value measurement of the top-up amount asset is classified as Level 3 in the fair value hierarchy. If a lower market rent or a lower discount rate has been used, the fair value of the top-up amount asset would be higher. There would be an opposite impact on the fair value of the top-up amount asset if a higher market rent or a higher discount rate has been used.

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 2016 of RMB27,099 million (31 December 2015: RMB27,557 million) and the total number of 5,428,677,596 units in issue as at 30 June 2016 (31 December 2015: 5,378,973,852 units).

21. NET CURRENT ASSETS

As at 30 June 2016, the Group's net current assets, defined as total current assets less total current liabilities, amounted to RMB3,790 million (31 December 2015: RMB3,347 million).

22. TOTAL ASSETS LESS CURRENT LIABILITIES

As at 30 June 2016, the Group's total assets less current liabilities amounted to RMB43,585 million (31 December 2015: RMB43,629 million).

23. COMPARATIVE FIGURES

Rental related income, which was presented in a separate line in the condensed consolidated statement of comprehensive income in prior periods, is reclassified to Revenue in the current period. Accordingly, the comparative figures of Revenue in the condensed consolidated statement of comprehensive income and segment reporting (Note 4) have been changed to conform to the presentation in the current period. Rental related income for the six months ended 30 June 2016 amounted to RMB31 million (2015: RMB32 million).