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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

匯賢房託管理有限公司

INTERIM RESULTS ANNOUNCEMENT FOR THE PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018

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 (as manager of Hui Xian REIT), and DB Trustees (Hong Kong) Limited (“**Trustee**”) (as amended from time to time) (“**Trust Deed**”). Units of Hui Xian REIT were first listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 29 April 2011.

REIT MANAGER

Hui Xian REIT is managed by Hui Xian Asset Management Limited (the “**Manager**”), a company incorporated in Hong Kong for the sole purpose of managing Hui Xian REIT. The Manager is a direct wholly-owned subsidiary of World Deluxe Enterprises Limited, which in turn is ultimately owned as to 70% by CK Asset 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 2018 to 30 June 2018 (“**Reporting Period**”) as follows:

FINANCIAL HIGHLIGHTS

For the period from 1 January 2018 to 30 June 2018

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

Notes:

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

CHAIRMAN’S STATEMENT

Results and Distribution

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

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

Business Environment in China

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

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

Business Review

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

(1) Office Portfolio

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

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

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

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

(2) Retail Portfolio

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

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

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

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

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

(3) Serviced Apartment Portfolio

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

(4) Hotel Portfolio

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

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

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

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

Strong Financial Position

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

Outlook

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

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

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

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

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

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

KAM Hing Lam
Chairman
Hui Xian Asset Management Limited
(as manager of Hui Xian Real Estate Investment Trust)
Hong Kong, 27 July 2018

MANAGEMENT DISCUSSION AND ANALYSIS

PORTFOLIO HIGHLIGHTS

As at 30 June 2018, Hui Xian REIT's portfolio included:

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

The English name is shown for identification purpose only

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

OPERATIONS REVIEW

(1) Office Portfolio

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

(i) The Tower Offices at Beijing Oriental Plaza

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

Consisting of eight towers of over 300,000 square metres of Grade A office space, The Tower Offices at Beijing Oriental Plaza provide stable rental income from a diversified tenant base across different industries, including finance and banking, accounting, high technology, legal, pharmaceutical, media and advertising as well as consumer products; there are also education and professional institutions, and government-related organisations.

Revenue of The Tower Offices was RMB606 million, up by 6.2% year-on-year. NPI was RMB456 million, an increase of 5.7% year-on-year. Average monthly passing rent was RMB292 per square metre, up 3.9% over the previous year. Average monthly spot rent was RMB332 per square metre. Rental reversion was 5.5%. Average occupancy rate was 96.0%.

(ii) The Tower at Chongqing Metropolitan Oriental Plaza

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

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

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

(2) Retail Portfolio

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

(i) The Malls at Beijing Oriental Plaza

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

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

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

(ii) The Mall at Chongqing Metropolitan Oriental Plaza

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

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

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

(3) Serviced Apartment Portfolio

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

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

(4) Hotel Portfolio

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

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

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

(ii) Harbour Plaza Chongqing

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

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

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

(iv) Grand Hyatt Beijing, Beijing

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

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

FINANCIAL REVIEW

Net Property Income

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

Distributions

Distribution Amount

Hui Xian REIT will distribute a total of RMB804 million ("**2018 Interim Distribution**") to Unitholders for the six months ended 30 June 2018. The 2018 Interim Distribution represents 100% of Hui Xian REIT's total amount available for distribution during the period from 1 January 2018 to 30 June 2018 and will be paid in RMB. The distribution amount includes certain profit elements in the capital nature of Hui Xian REIT. The amount of capital nature items is RMB289 million (2017: RMB173 million).

Distribution per Unit

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

Closure of Register of Unitholders

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

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

In order to qualify for the 2018 Interim Distribution, all properly completed transfer forms (accompanied by the relevant Unit certificates) must be lodged for registration with Hui Xian REIT's Unit Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 10 August 2018, Friday.

Debt Positions

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

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

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

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

Bank Balances and Asset Positions

As at 30 June 2018, Hui Xian REIT's bank balances and cash amounted to RMB6,995 million (31 December 2017: RMB7,401 million). The bank balances and cash are mainly denominated in RMB. No currency hedge was employed.

Hui Xian REIT is indirectly interested in a 131,344 square metre shopping centre, eight blocks of Grade A office, three serviced apartment towers and a 718-room five-star hotel in a 787,059 square metre building complex at 1 East Chang'an Avenue, Beijing, PRC which are collectively named as Beijing Oriental Plaza. Hui Xian REIT's interests in Beijing Oriental Plaza are held through its special purpose vehicle, Hui Xian Investment, which is the foreign joint venture partner of BOP. BOP holds the land use rights and building ownership rights of Beijing Oriental Plaza.

D&P China (HK) Limited ("D&P China") valued the eight blocks of office towers, the shopping centre and car parking spaces at RMB29,617 million as at 30 June 2018 (31 December 2017: RMB29,551 million), translating into an increase of 0.2% over the valuation as of 31 December 2017. Together with the hotel and serviced apartment premises, gross property value of BOP was RMB34,537 million as at 30 June 2018, as compared to RMB34,574 million as at 31 December 2017.

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

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

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

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

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

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

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

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

Net Assets Attributable to Unitholders

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

Pledge of Assets

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

Commitments

As at 30 June 2018, except for capital commitment in respect of the asset enhancement programmes for Sofitel Shenyang Lido, Chongqing Metropolitan Oriental Plaza and Harbour Plaza Chongqing, Hui Xian REIT did not have any significant commitments.

Employees

As at 30 June 2018, Hui Xian REIT, by subsidiaries and through its branches, employed a total of 1,394 employees in Hong Kong and the PRC; of which, 1,367 employees performed hotel operation functions and services, and 27 employees handled legal, regulatory and other administrative matters and provided commercial functions and services, including leasing and some other property management functions and services, other than the hotel operation functions and services.

Save as disclosed above, Hui Xian REIT is managed by the Manager and did not directly employ any staff as at 30 June 2018.

CORPORATE GOVERNANCE

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 2018, both the Manager and Hui Xian REIT have in material terms complied with the provisions of the compliance manual, the corporate governance policy, the Trust Deed, the REIT Code and applicable provisions of the 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 and chief operating officer of the Manager), Ms. LAI Wai Yin, Agnes (executive director and 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 2018 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 2018, (i) 16,608,424 new Units were issued to the Manager as payment of part of the Manager's fees; and (ii) 84,030,526 new Units were issued to Unitholders who elected scrip distribution pursuant to the distribution reinvestment arrangement in respect of the final distribution for the period from 1 July 2017 to 31 December 2017.

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

Buy-Back, Sale or Redemption of Units

There was no buy-back, sale or redemption of the Units of Hui Xian REIT by the Manager on behalf of Hui Xian REIT or any of the special purpose vehicles that were owned and controlled by Hui Xian REIT in the six months ended 30 June 2018.

Public Float of the Units

As far as the Manager is aware, more than 25% of the issued and outstanding Units of Hui Xian REIT were held in public hands as at 30 June 2018.

Issuance of the Interim Report 2018

The interim report of Hui Xian REIT for the six months ended 30 June 2018 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 2018.

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, 27 July 2018

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, Mr. LEE Chi Kin, Casey and Ms. LAI Wai Yin, Agnes (executive Directors); Mr. IP Tak Chuen, Edmond and Mr. LIM Hwee Chiang (non-executive Directors); and Mr. CHENG Hoi Chuen, Vincent, Professor LEE Chack Fan and Dr. CHOI Koon Shum, Jonathan (independent non-executive Directors).

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

FINANCIAL INFORMATION

DISTRIBUTION STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

FINANCIAL INFORMATION

Notes:

(i) Adjustments for the period include:

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

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

(b) Deferred tax charge of RMB7 million (2017: RMB11 million) in relation to accelerated tax depreciation and deferred tax charge of RMB16 million (2017: deferred tax credit of RMB38 million) in relation to change in fair value of investment properties.

(c) Distributable depreciation and amortisation of the Beijing Oriental Plaza attributable to unitholders of RMB106 million (2017: RMB106 million) represented depreciation and amortisation of RMB106 million (2017: RMB106 million) less zero capital expenditure (2017: nil).

(d) Increase in fair value of investment properties of RMB55 million (2017: Decrease in fair value of RMB361 million).

(e) Net unrealised exchange gain on bank loans and loan front-end fee of RMB342 million for the six months ended 30 June 2017.

(f) Gain on bargain purchase on acquisition of subsidiaries of RMB85 million for the six months ended 30 June 2017.

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

(ii) Additional items refer to any additional amount (include capital) to be (deducted) distributed as determined by the Manager pursuant to clause 11.4.1 of the Trust Deed. Additional items for the period include:

(1) Depreciation and amortisation attributable to unitholders arising from fair value adjustment upon acquisition of Shenyang Lido Business Co. Ltd, Chongqing Oriental Plaza Hotel Co., Ltd. ("Chongqing Hotel Company") (formerly known as Harbour Plaza Chongqing Co. Ltd.) and Chengdu Changtian Co., Ltd. totalling RMB26 million (2017: RMB20 million).

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

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

(4) Other cash distributions of RMB25 million (2017: RMB23 million).

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

Distributions to unitholders for the six months period ended 30 June 2018 represent a payout ratio of 100% (2017: 100%) of Hui Xian REIT's distributable income for the period.

(iv) The distribution per unit of RMB0.1414 for the six months ended 30 June 2018 is calculated based on 100% of Hui Xian REIT's amount available for distribution of RMB804,265,161 over 5,687,051,439 units, representing issued units as at 30 June 2018. The distribution per unit of RMB0.1377 for the six months ended 30 June 2017 was calculated based on 100% of Hui Xian REIT's amount available for distribution of RMB760,535,258 over 5,523,493,330 units, representing issued units as at 30 June 2017.

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	<u>NOTES</u>	30.6.2018 RMB million (unaudited)	31.12.2017 RMB million (audited)
Non-current assets			
Investment properties	13	33,085	32,981
Property, plant and equipment	14	2,344	2,408
Land and related costs	15	4,380	4,484
Goodwill		2	2
Total non-current assets		39,811	39,875
Current assets			
Inventories		28	28
Land and related costs	15	174	172
Trade and other receivables	16	134	133
Bank balances and cash		6,995	7,401
Total current assets		7,331	7,734
Total assets		47,142	47,609
Current liabilities			
Trade and other payables	17	465	495
Tenants' deposits		299	292
Tax payable		112	46
Manager's fee payable		72	72
Distribution payable		804	728
Bank loans	18	1,852	5,009
Total current liabilities		3,604	6,642
Total assets less current liabilities	21	43,538	40,967
Non-current liabilities, excluding net assets attributable to unitholders			
Bank loans	18	8,532	5,960
Tenants' deposits		482	490
Deferred tax liabilities		7,375	7,384
Total non-current liabilities, excluding net assets attributable to unitholders		16,389	13,834
Total liabilities, excluding net assets attributable to unitholders		19,993	20,476
Non-controlling interests		336	350
Net assets attributable to unitholders		26,813	26,783
Units in issue ('000)		5,687,051	5,586,412
Net asset value per unit (RMB) attributable to unitholders	19	4.7148	4.7943

FINANCIAL INFORMATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

1. GENERAL

Hui Xian Real Estate Investment Trust ("Hui Xian REIT") is a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Hui Xian REIT was established on 1 April 2011 and had not carried on any operation prior to 29 April 2011 (date of listing), and its units were listed on The Stock Exchange of Hong Kong Limited (the "HKSE") since that date. Hui Xian REIT is governed by the Deed of Trust constituting Hui Xian REIT dated 1 April 2011 as amended by four supplemental deeds dated 24 May 2013, 16 May 2014, 28 May 2015 and 19 May 2017 (the "Trust Deed") made between Hui Xian Asset Management Limited (the "Manager") and DB Trustees (Hong Kong) Limited (the "Trustee"), and the Code on Real Estate Investment Trusts (the "REIT Code") issued by the Securities and Futures Commission (the "SFC").

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

The condensed consolidated financial statements are presented in Renminbi, 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.

FINANCIAL INFORMATION

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Application of new and amendments to HKFRS

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

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

The Manager concluded that the application of the above new and amendments to HKFRSs had no material impact on the amounts reported in the condensed consolidated financial statements but only with additional disclosures set out in the condensed consolidated financial statements.

4. SEGMENT REPORTING

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

The following are identified operating and reportable segments:

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

FINANCIAL INFORMATION

4. SEGMENT REPORTING - continued

(a) Segment revenue and results

Six months ended 30 June 2018 (unaudited)

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

Six months ended 30 June 2017 (unaudited)

	<u>Malls</u> RMB million	<u>Offices</u> RMB million	<u>Apartments</u> RMB million	<u>Hotels</u> RMB million	<u>Consolidated</u> RMB million
Segment revenue	<u>657</u>	<u>603</u>	<u>73</u>	<u>250</u>	<u>1,583</u>
Segment profit	<u>494</u>	<u>451</u>	<u>39</u>	<u>67</u>	<u>1,051</u>
Decrease in fair value of investment properties					(361)
Finance costs					(130)
Depreciation and amortisation					(159)
Gain on bargain purchase on acquisition of subsidiaries					85
Unallocated income and gain					472
Unallocated expense					(76)
Profit before taxation and transactions with unitholders					<u>882</u>

Segment profit represents the profit earned by each segment without allocation of the changes in fair value of investment properties, gain on bargain purchase on acquisition of subsidiaries, certain Manager's fees and real estate investment trust expenses, certain depreciation and amortisation expenses, certain other operating expenses, exchange (loss) gain and certain other income that are not directly related to each segmental activities, fair value change on derivative financial instrument and finance costs. This is the measure reported to the Manager for the purposes of resource allocation and performance assessment.

FINANCIAL INFORMATION

4. SEGMENT REPORTING - continued

(b) Segment assets

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

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

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

(c) Geographical information

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

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

(d) Other segment information

Six months ended 30 June 2018 (unaudited)

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

FINANCIAL INFORMATION

4. SEGMENT REPORTING - continued

(d) Other segment information- continued

Six months ended 30 June 2017 (unaudited)

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

5. REVENUE

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

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

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

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

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

6. OTHER INCOME

	<u>2018</u> RMB million (unaudited)	<u>2017</u> RMB million (unaudited)
Interest income from banks	147	132
Government subsidies	-	1
Others	-	2
Total	147	135

FINANCIAL INFORMATION

7. OTHER OPERATING EXPENSES

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

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

8. FINANCE COSTS

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

9. MANAGER'S FEES

	<u>2018</u> RMB million (unaudited)	<u>2017</u> RMB million (unaudited)
Base Fee	60	61
Variable Fee	12	22
Acquisition Fee	-	5
	<u>72</u>	<u>88</u>

10. REAL ESTATE INVESTMENT TRUST EXPENSES

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

FINANCIAL INFORMATION

11. INCOME TAX EXPENSE

	<u>2018</u> RMB million (unaudited)	<u>2017</u> RMB million (unaudited)
The income tax expense comprises:		
Current tax		
- PRC Enterprise Income Tax	230	236
- Withholding tax	34	-
Deferred taxation	22	6
	<u>286</u>	<u>242</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 15%-25% on the estimated assessable profits of the Group's PRC subsidiaries. Following the Catalogue of Encouraged Industries in Western Region which was promulgated by the National Development and Reform Commission of the PRC in 2014, a subsidiary which is operating in Chongqing was granted a concessionary tax rate of 15% by the local tax bureau.

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

12. EARNINGS PER UNIT

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

13. INVESTMENT PROPERTIES

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

FINANCIAL INFORMATION

13. INVESTMENT PROPERTIES - continued

- (a) The Group's investment properties held under operating leases are located in Beijing and Chongqing, the PRC under medium-term leases and are measured using the fair value model.
- (b) Investment properties were revalued on 30 June 2018 and 31 December 2017 by D&P China (HK) Limited, an independent professional valuer with appropriate professional qualifications and experiences in the valuation of similar properties in the relevant locations.

14. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

15. LAND AND RELATED COSTS

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

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

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

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

FINANCIAL INFORMATION

16. TRADE AND OTHER RECEIVABLES

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

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

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

17. TRADE AND OTHER PAYABLES

	<u>30.6.2018</u> RMB million (unaudited)	<u>31.12.2017</u> RMB million (audited)
Trade payables	55	73
Rental received in advance	215	218
Others (<i>Note</i>)	195	204
	<u>465</u>	<u>495</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>30.6.2018</u> RMB million (unaudited)	<u>31.12.2017</u> RMB million (audited)
Less than or equal to 3 months	40	59
Over 3 months	15	14
	<u>55</u>	<u>73</u>

FINANCIAL INFORMATION

18. BANK LOANS

	<u>30.6.2018</u> RMB million (unaudited)	<u>31.12.2017</u> RMB million (audited)
Unsecured term loans	10,433	11,013
Loan front-end fees	(49)	(44)
	<u>10,384</u>	<u>10,969</u>

The maturities of the above bank loans are as follows:

Within one year	1,852	5,009
More than one year but not exceeding two years	2,625	1,603
More than two years but not exceeding five years	5,907	4,357
	<u>10,384</u>	<u>10,969</u>
Less: Amounts shown under current liabilities	(1,852)	(5,009)
Amount due after one year	<u>8,532</u>	<u>5,960</u>

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

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

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

FINANCIAL INFORMATION

19. NET ASSET VALUE PER UNIT ATTRIBUTABLE TO UNITHOLDERS

The net asset value per unit is calculated based on the net assets attributable to unitholders as at 30 June 2018 of RMB26,813 million (31 December 2017: RMB26,783 million) and the total number of 5,687,051,439 units in issue as at 30 June 2018 (31 December 2017: 5,586,412,489 units).

20. NET CURRENT ASSETS

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

21. TOTAL ASSETS LESS CURRENT LIABILITIES

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