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HUI XIAN REIT
匯賢產業信託

Hui Xian Real Estate Investment Trust

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

(Stock Code: 87001)

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 2019 TO 30 JUNE 2019

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 indirectly 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 2019 to 30 June 2019 ("**Reporting Period**") as follows:

FINANCIAL HIGHLIGHTS

For the period from 1 January 2019 to 30 June 2019

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

CHAIRMAN'S STATEMENT

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

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

Results and Distribution

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

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

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

Business Review

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

(1) Office Portfolio

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

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

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

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

(2) Retail Portfolio

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

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

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

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

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

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

(3) Serviced Apartment Portfolio

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

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

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

(4) Hotel Portfolio

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

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

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

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

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

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

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

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

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

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

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

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

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

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

H L KAM
Chairman
Hui Xian Asset Management Limited
(as manager of Hui Xian Real Estate Investment Trust)
Hong Kong, 26 July 2019

MANAGEMENT DISCUSSION AND ANALYSIS

PORTFOLIO HIGHLIGHTS

As at 30 June 2019, Hui Xian REIT's portfolio included:
(1) its investment in Hui Xian (B.V.I.) Limited, which in turn holds Hui Xian Investment Limited ("**Hui Xian Investment**"), the foreign joint venture partner of 北京東方廣場有限公司 (Beijing Oriental Plaza Co., Ltd#) ("**BOP**"), which is a Sino-foreign cooperative joint venture established in the People's Republic of China ("**PRC**"). BOP holds the land use rights and building ownership rights of Beijing Oriental Plaza;

(2) its investment in Chongqing Overseas Investment Limited, which in turn holds Chongqing Investment Limited. Chongqing Investment Limited owns the entire interest in 重慶大都會東方廣場有限公司 (Chongqing Metropolitan Oriental Plaza Co., Ltd#), which holds the land use rights and building ownership rights of Chongqing Metropolitan Oriental Plaza;

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

(4) its investment in Chongqing Hotel Investment Limited, which in turn holds Highsmith (HK) Limited. Highsmith (HK) Limited owns the entire interest in 重慶東廣飯店有限公司 (Chongqing Oriental Plaza Hotel Co., Ltd #), which holds the land use rights and building ownership rights of Hyatt Regency Liberation Square Chongqing (formerly known as Harbour Plaza Chongqing); and

(5) its investment in New Sense Resources Limited, which in turn holds Chengdu Investment Limited, the foreign joint venture partner of 成都長天有限公司 (Chengdu Changtian Co., Ltd.#) ("**Chengdu Changtian**"). Chengdu Investment Limited is entitled to 69% interest in Chengdu Changtian, which is a Sino-foreign cooperative joint venture established in the PRC. Chengdu Changtian holds the land use rights and building ownership rights in Sheraton Chengdu Lido Hotel.

The English name is shown for identification purpose only

OPERATIONS REVIEW

(1) Office Portfolio

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

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

(i) The Tower Offices at Beijing Oriental Plaza

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

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

(ii) The Tower at Chongqing Metropolitan Oriental Plaza

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

(2) Retail Portfolio

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

(i) The Malls at Beijing Oriental Plaza

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

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

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

(ii) The Mall at Chongqing Metropolitan Oriental Plaza

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

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

(3) Serviced Apartment Portfolio

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

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

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

(4) Hotel Portfolio

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

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

(ii) Sheraton Chengdu Lido Hotel (69% interest)
Sheraton Chengdu Lido's average room rate per night was RMB522 (2018: RMB562) and occupancy rate was 68.4% (2018: 70.3%). RevPAR was RMB357 (2018: RMB395).

(iii) Sofitel Shenyang Lido, Shenyang (70% interest)
Sofitel Shenyang Lido's asset enhancement programme continued throughout the Reporting Period. During the renovation period, average occupancy rate and average room rate per night were 34.0% (2018: 35.4%) and RMB442 (2018: RMB446) respectively.

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

FINANCIAL REVIEW

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

Distributions
Distribution Amount
Hui Xian REIT will distribute RMB725 million ("**2019 Interim Distribution**") to Unitholders for the six months ended 30 June 2019. The 2019 Interim Distribution represents 100% of Hui Xian REIT's total amount available for distribution during the period from 1 January 2019 to 30 June 2019 and will be paid in RMB. The distribution amount includes certain profit elements in the capital nature of Hui Xian REIT. The amount of capital nature items is RMB244 million (2018: RMB289 million).

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

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

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

In order to qualify for the 2019 Interim Distribution, all properly completed transfer forms (accompanied by the relevant Unit certificates) must be lodged for registration with Hui Xian REIT's Unit Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 9 August 2019, Friday.

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

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

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

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

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

Hui Xian REIT is indirectly interested in a 129,614 square metre shopping centre, eight blocks of Grade A office, four serviced apartment towers and a five-star hotel in a 787,059 square metre building complex at 1 East Chang'an Avenue, Beijing, PRC which are collectively named as Beijing Oriental Plaza. Hui Xian REIT's interests in Beijing Oriental Plaza are held through its special purpose vehicle, Hui Xian Investment, which is the foreign joint venture partner of BOP. BOP holds the land use rights and building ownership rights of Beijing Oriental Plaza.

D&P China (HK) Limited ("**D&P China**") valued the eight blocks of office towers, the shopping centre and car parking spaces at RMB29,613 million as at 30 June 2019 (31 December 2018: RMB29,618 million), translating into a decrease of 0.02% over the valuation as of 31 December 2018. Together with the hotel and serviced apartment premises, gross property value of BOP was RMB34,338 million as at 30 June 2019, as compared to RMB34,443 million as at 31 December 2018.

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

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

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

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

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

D&P China valued the hotel premises of Hyatt Regency Liberation Square Chongqing at RMB406 million as at 31 December 2018. Gross property value of the hotel premises as at 30 June 2019 was RMB381 million (31 December 2018: RMB385 million).

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

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

Net Assets Attributable to Unitholders

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

Pledge of Assets

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

Commitments

As at 30 June 2019, except for capital commitment in respect of the asset enhancement programmes for Sofitel Shenyang Lido, Sheraton Chengdu Lido Hotel, Chongqing Metropolitan Oriental Plaza and Hyatt Regency Liberation Square Chongqing, Hui Xian REIT did not have any significant commitments.

Employees

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

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

CORPORATE GOVERNANCE

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 2019, both the Manager and Hui Xian REIT have in material terms complied with the provisions of the compliance manual, the corporate governance policy, the Trust Deed, the REIT Code and applicable provisions of the 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 2019 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 2019, (i) 15,347,661 new Units were issued to the Manager as payment of part of the Manager's fees; and (ii) 50,225,761 new Units were issued to Unitholders who elected scrip distribution pursuant to the distribution reinvestment arrangement in respect of the final distribution for the period from 1 July 2018 to 31 December 2018.

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

Buy-Back, Sale or Redemption of Units
There was no buy-back, sale or redemption of the Units of Hui Xian REIT by the Manager on behalf of Hui Xian REIT or any of the special purpose vehicles that were owned and controlled by Hui Xian REIT in the six months ended 30 June 2019.

Public Float of the Units
As far as the Manager is aware, more than 25% of the issued and outstanding Units of Hui Xian REIT were held in public hands as at 30 June 2019.

Issuance of the Interim Report 2019
The interim report of Hui Xian REIT for the six months ended 30 June 2019 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 2019.

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)
H L KAM
Chairman of the Manager

Hong Kong, 26 July 2019

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 2019

	NOTES	**2019** **RMB million** **(unaudited)**	2018 RMB million (unaudited)
Revenue	*5*	**1,598**	1,594
Other income	*6*	**116**	147
(Decrease) increase in fair value of investment properties		**(9)**	55
Inventories consumed		**(21)**	(23)
Staff costs		**(78)**	(85)
Depreciation and amortisation		**(178)**	(179)
Other operating expenses	*7*	**(443)**	(435)
Finance costs	*8*	**(152)**	(135)
Exchange loss		**(59)**	(95)
Fair value gain on derivative financial instruments		**-**	22
Manager's fees	*9*	**(72)**	(72)
Real estate investment trust expenses	*10*	**(6)**	(4)
Profit before taxation and transactions with unitholders		**696**	790
Income tax expense	*11*	**(270)**	(286)
Profit for the period, before transactions with unitholders		**426**	504
Distribution to unitholders		**(725)**	(804)
Loss for the period after transactions with unitholders		**(299)**	(300)
Other comprehensive income:			
Item that will not be reclassified to profit or loss			
Gain on revaluation of land and related costs upon transfer to investment properties		**-**	10
Total comprehensive expense for the period		**(299)**	(290)
Profit for the period, before transactions with unitholders attributable to:			
Non-controlling interests		**(15)**	(14)
Unitholders		**441**	518
		426	504
Basic earnings per unit *(RMB)*	*12*	**0.0762**	0.0921

FINANCIAL INFORMATION

DISTRIBUTION STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2019

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

Notes:

(i) Adjustments for the period include:

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

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

(b) Deferred tax charge of RMB11 million (2018: RMB7 million) in relation to accelerated tax depreciation and deferred tax credit of RMB1 million (2018: deferred tax charge of RMB16 million) in relation to change in fair value of investment properties.

(c) Distributable depreciation and amortisation of the Beijing Oriental Plaza attributable to unitholders of RMB102 million (2018: RMB106 million) represented depreciation and amortisation of RMB102 million (2018: RMB106 million) less zero capital expenditure (2018: nil).

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

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

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

(1) Depreciation and amortisation attributable to unitholders arising from fair value adjustment upon acquisition of Shenyang Lido Business Co. Ltd, Chongqing Oriental Plaza Hotel Co., Ltd. ("Chongqing Hotel Company") and Chengdu Changtian Co., Ltd. totalling RMB26 million (2018: RMB26 million).

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

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

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

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

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

(iv) The distribution per unit of RMB0.1245 for the six months ended 30 June 2019 is calculated based on 100% of Hui Xian REIT's amount available for distribution of RMB724,960,420 over 5,822,910,494 units, representing issued units as at 30 June 2019. The distribution per unit of RMB0.1414 for the six months ended 30 June 2018 was calculated based on 100% of Hui Xian REIT's amount available for distribution of RMB804,265,161 over 5,687,051,439 units, representing issued units as at 30 June 2018.

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	NOTES	**30.6.2019** **RMB million** **(unaudited)**	31.12.2018 RMB million (audited)
Non-current assets			
Investment properties	*13*	**33,096**	33,086
Property, plant and equipment	*14*	**2,335**	2,356
Land and related costs	*15*	**-**	4,292
Right-of-use assets	*16*	**4,371**	**-**
Goodwill		**2**	2
Total non-current assets		**39,804**	39,736
Current assets			
Inventories		**28**	29
Land and related costs	*15*	**-**	173
Trade and other receivables	*17*	**106**	122
Structured deposit		**20**	**-**
Bank balances and cash		**6,863**	6,107
Total current assets		**7,017**	6,431
Total assets		**46,821**	46,167
Current liabilities			
Trade and other payables	*18*	**441**	504
Tenants' deposits		**329**	335
Tax payable		**111**	45
Manager's fee payable		**72**	73
Distribution payable		**725**	713
Bank loans	*19*	**1,866**	1,685
Total current liabilities		**3,544**	3,355
Total assets less current liabilities	*22*	**43,277**	42,812
Non-current liabilities, excluding net assets attributable to unitholders			
Bank loans	*19*	**8,801**	8,236
Tenants' deposits		**478**	468
Deferred tax liabilities		**7,391**	7,416
Total non-current liabilities, excluding net assets attributable to unitholders		**16,670**	16,120
Total liabilities, excluding net assets attributable to unitholders		**20,214**	19,475
Non-controlling interests		**304**	319
Net assets attributable to unitholders		**26,303**	26,373
Units in issue *('000)*		**5,822,910**	5,757,337
Net asset value per unit *(RMB)* attributable to unitholders	*20*	**4.5172**	4.5807

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2019

1. GENERAL

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

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Application of new and amendments to HKFRS

In the current interim period, the Group has applied, for the first time, the following new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") and an interpretation issued by the Hong Kong Institute of Certified Public Accountants which are mandatorily effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 Leases, and the related interpretations. Upfront payments for leasehold lands in the People's Republic of China (the "PRC") were classified as land and related costs as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of land and related costs were reclassified to right-of-use assets as at 1 January 2019. Except as described, the Manager concluded that the application of the above new and amendments to HKFRSs and the interpretation in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements.

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

4. SEGMENT REPORTING - continued

(a) Segment revenue and results

Six months ended 30 June 2019 (unaudited)

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

Six months ended 30 June 2018 (unaudited)

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

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

4. SEGMENT REPORTING - continued

(b) Segment assets

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

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

For the purposes of monitoring segment performances and resources allocation, all investment properties, right-of-use assets (2018: land and related costs), inventories, certain bank balances and cash, certain property, plant and equipment (mainly buildings), trade and certain other receivables are allocated to operating segments. Other corporate assets (including remaining bank balances and cash, certain equipment and certain other receivables) are unallocated.

(c) Geographical information

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

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

(d) Other segment information

Six months ended 30 June 2019 (unaudited)

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

4. SEGMENT REPORTING - continued

(d) **Other segment information**- continued

Six months ended 30 June 2018 (unaudited)

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

5. REVENUE

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

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

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

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

6. OTHER INCOME

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

7. OTHER OPERATING EXPENSES

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

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

8. FINANCE COSTS

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

9. MANAGER'S FEES

	2019 RMB million (unaudited)	2018 RMB million (unaudited)
Base Fee	**60**	60
Variable Fee	**12**	12
	72	72

10. REAL ESTATE INVESTMENT TRUST EXPENSES

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

11. INCOME TAX EXPENSE

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

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

PRC Enterprise Income Tax was provided at the applicable enterprise income tax rate of 15%-25% on the estimated assessable profits of the Group's PRC subsidiaries. Following the Catalogue of Encouraged Industries in Western Region which was promulgated by the National Development and Reform Commission of the PRC in 2014, a subsidiary which is operating in Chongqing was granted a concessionary tax rate of 15% by the local tax bureau.

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

12. EARNINGS PER UNIT

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

13. INVESTMENT PROPERTIES

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

(a) The Group's investment properties held under operating leases are located in Beijing and Chongqing, the PRC under medium-term leases and are measured using the fair value model.

(b) Investment properties were revalued on 30 June 2019 and 31 December 2018 by D&P China (HK) Limited, an independent professional valuer with appropriate professional qualifications and experiences in the valuation of similar properties in the relevant locations.

14. PROPERTY, PLANT AND EQUIPMENT

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

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

Items of plant and equipment with a carrying value of RMB1 million were disposed of during the six months ended 30 June 2019 (2018: RMB2 million).

15. LAND AND RELATED COSTS

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

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

15. LAND AND RELATED COSTS- continued

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

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

Upon application of HKFRS16 on 1 January 2019, the current and non-current portion of land and related costs were reclassified to right-of-use assets.

16. RIGHT-OF-USE ASSETS

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

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

17. TRADE AND OTHER RECEIVABLES

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

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

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

18. TRADE AND OTHER PAYABLES

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

18. TRADE AND OTHER PAYABLES - continued

Note:

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

(ii) Others comprise mainly accrued salaries, accrued staff welfare and certain operating expense payables.

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

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

19. BANK LOANS

	30.6.2019 **RMB million** **(unaudited)**	31.12.2018 RMB million (audited)
Unsecured term loans	**10,710**	9,967
Loan front-end fees	**(43)**	(46)
	10,667	9,921

The maturities of the above bank loans are as follows:

Within one year	**1,866**	1,685
More than one year but not exceeding two years	**5,129**	1,963
More than two years but not exceeding five years	**3,672**	6,273
	10,667	9,921
Less: Amounts shown under current liabilities	**(1,866)**	(1,685)
Amount due after one year	**8,801**	8,236

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

19. BANK LOANS - continued

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

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

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 2019 of RMB26,303 million (31 December 2018: RMB26,373 million) and the total number of 5,822,910,494 units in issue as at 30 June 2019 (31 December 2018: 5,757,337,072 units).

21. NET CURRENT ASSETS

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

22. TOTAL ASSETS LESS CURRENT LIABILITIES

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