



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

Interim Report **2020**



HUI XIAN REIT

Hui Xian Real Estate Investment Trust (“Hui Xian REIT”) (Stock Code: 87001) is a real estate investment trust constituted by a deed of trust entered into on 1 April 2011 between Hui Xian (Cayman Islands) Limited*, as settlor of Hui Xian REIT, Hui Xian Asset Management Limited (as manager of Hui Xian REIT), and DB Trustees (Hong Kong) Limited (“Trustee”) (as amended, modified or supplemented 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.

* dissolved on 9 April 2020



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CHAIRMAN'S STATEMENT

During the first half of 2020, Hui Xian REIT experienced its most challenging period since listing.

COVID-19 has a significant impact on the business of Hui Xian REIT. The interim results for the six months ended 30 June 2020 ("Reporting Period") saw net property income ("NPI") to be RMB751 million, a decline of 27.9% year-on-year. Amount available for distribution was RMB140 million, a decrease of 80.7% over the same period last year.

Since December 2019, the COVID-19 outbreak has had a devastating effect on the world economy. According to World Bank forecast in June 2020, the global gross domestic product ("GDP") will shrink by 5.2% in 2020 — the deepest global recession in decades.

China's economy was also heavily impacted by the COVID-19 pandemic. The country's GDP during the first quarter of 2020 contracted by 6.8% year-on-year, the worst quarterly figure since 1992. While the second quarter showed a slight recovery, the first half of the year still registered a year-on-year contraction of 1.6%, as compared to 6.3% growth for the same period last year.

RMB exchange rate experienced volatility over the first half of 2020. RMB fell to 7.1778 against the US dollar at the end of May 2020, the weakest level in 11 years. As at 30 June 2020, the People's Bank of China RMB rate against Hong Kong Dollar was 0.91344, representing a drop of around 2% as compared to the rate of 0.89578 as at 31 December 2019.

As the entire property portfolio of Hui Xian REIT is located in China, Hui Xian REIT's business of all sectors (retail, office, hotel and serviced apartment) was severely affected.

The hotel portfolio was the worst performing sector, which has been hit particularly hard due to the travel restrictions. The lockdown rulings prohibiting both international and domestic travel had led to a significant reduction in the number of tourists and demand for hotel rooms. Occupancy rates have fallen to dramatically low numbers. All four hotels have recorded operating loss during the Reporting Period.

The impact on the retail business has been immediate as well. Consumers shopped online as they could not leave homes and visit the stores in person during the lockdown. Footfall and turnover at our shopping centres have declined to an unprecedented level.

Office leasing was negatively affected. During the lockdown, stringent restrictions halted most economic activities. As COVID-19 continued to menace the world economy, corporations were shying away from signing new leases. Office leasing demand was weak and rents were under tremendous pressure.

Serviced apartment leasing business was also impacted by the pandemic, though a lesser extent compared to the other sectors. Affected by the travel restrictions and lockdown, it became harder to recruit new tenants, especially expatriates who cannot travel to China.

Two other major factors which also affected the Amount Available for Distribution are the unrealised exchange loss on bank loans resulting from depreciation of RMB against Hong Kong Dollars; and the discontinuation of the early repayment of investment capital through repatriation of depreciation ("Distributable Depreciation") under the new PRC foreign investment law which took effect on 1 January 2020.

Due to the stressed political tension between US and China and the current global uncertain and volatile economic and socio-political environment, the Manager has decided to take a prudent view and discontinued to include the unrealised exchange loss on bank loans as a discretionary distribution during the Reporting Period.

In prior years, Distributable Depreciation was distributed to Unitholders as part of the distribution amount. Under the PRC foreign investment law effective on 1 January 2020, there is no provision for early repayment of investment capital of foreign investors through repatriation of depreciation to outside Mainland China. The amount was retained in the asset companies in the PRC, and could not be repatriated to Hong Kong for distribution.

RESULTS AND DISTRIBUTION

For the period from 1 January 2020 to 30 June 2020

	Six months ended 30 Jun 2020	Six months ended 30 Jun 2019	Percentage Change
Total Revenue (<i>RMB million</i>)	1,203	1,598	-24.7%
Net Property Income (<i>RMB million</i>)	751	1,042	-27.9%
Amount Available for Distribution (<i>RMB million</i>)	140	725	-80.7%
Distributions to Unitholders (<i>RMB million</i>)	126	725	-82.6%
Distribution per Unit (<i>RMB</i>)	0.0212	0.1245	-83.0%

During the Reporting Period, the Amount Available for Distribution was RMB140 million (2019: RMB725 million). The payout ratio for the Reporting Period was 90%. Distributions to Unitholders amounted to RMB126 million (2019: RMB725 million) and distribution per unit ("DPU") was RMB0.0212 (2019: RMB0.1245). Based on the closing unit price of RMB2.15 on 30 June 2020, the annualised distribution yield is 2.0%.

CHAIRMAN'S STATEMENT

Due to the COVID-19 pandemic and its economic impact, the appraised value of the investment properties as at 30 June 2020 was approximately RMB30,841 million compared to RMB32,938 million as at 31 December 2019.

BUSINESS REVIEW

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

To curb the spread of the pandemic, the Chinese government imposed a series of strict lockdown measures during early 2020, including travel restrictions, and closure of workplaces, factories and consumer businesses. The impact on Hui Xian REIT's business has been felt across all four sectors.

(1) Hotel Portfolio

Hui Xian REIT's hotel portfolio comprises four international hotels in four key cities in China. Their businesses deteriorated quickly commencing late January when the COVID-19 outbreak started to spread across the country.

The COVID-19 and the travel restrictions slammed the operations of the hotels during the Reporting Period. In late March 2020, the Chinese government has temporarily suspended the entry into China by foreign nationals. There was a sharp drop in the number of tourists and demand for hotel rooms. As a result, occupancy rates plunged to record low. Not just room revenue, but the business from restaurants, banqueting, conferencing and corporate events were also affected drastically.

Despite the implementation of aggressive cost-cutting measures, including human resources management and deferral of capital expenditure plans, the hotel portfolio still incurred an operating loss during the Reporting Period. The aggregate NPI reported a loss of RMB44 million as compared to a profit of RMB43 million during the same period in 2019.

As the capital city and political centre, the preventive measures in Beijing were particularly strict. Tourists and returning residents were subject to special quarantine measures either before or after entering Beijing. The "Two Sessions" was also postponed from March to May 2020 due to the COVID-19 pandemic. Hotels in Beijing recorded extremely low occupancy rates.

The sudden spike of COVID-19 infections in mid-June in Beijing came as another blow. On 16 June 2020, Beijing raised its COVID-19 emergency response from Level 3 to Level 2, and tighter restrictions were implemented again in the capital city.

During the Reporting Period, Grand Hyatt Beijing has recorded its worst performance since its opening 20 years ago. It has recorded operating loss since February 2020. Occupancy rate dropped significantly from 76.8% a year ago to 15.5%. Average room rate was RMB1,068 (2019: RMB1,284).

Chongqing is one of the most affected cities in China by the pandemic. A series of stringent preventive measures was implemented by the Chongqing government.

In line with the government's guidelines, Hyatt Regency Liberation Square Chongqing was closed for business during February and March 2020. It was reopened in April. Occupancy rate fell from 31.7% in 2019 to 22.7%. Average room rate per night was RMB462 (2019: RMB520). The hotel recorded an operating loss during the Reporting Period.

Shenyang is an important industrial centre in northeast China. Many factories were temporarily shut down in February 2020, in line with government guidelines. In May 2020, there was an increase in new COVID-19 infections in the region, and strict preventive measures were re-imposed. Sofitel Shenyang Lido's occupancy rate dropped from 34.0% a year earlier to 13.4%. Average rate per night was RMB448 (2019: RMB442). An operating loss was incurred.

As for Chengdu, the city's business activities were seriously dampened during February and March 2020. Sheraton Chengdu Lido Hotel recorded an operating loss during the Reporting Period. Occupancy rate was down from 68.4% in 2019 to 34.7%. Average room rate per night was RMB402 (2019: RMB522). Starting in April, the hotel's business began to recover gradually as some corporate bookings returned. Among the four cities, Chengdu seems to have recovered relatively faster. In June 2020, the hotel has returned to cash positive.

(2) Retail Portfolio

The first half of 2020 has been very difficult for many retailers in China. Consumers were forced to stay at home during the lockdown. Social distancing and inter/intra city travel restriction dampened retail traffic and consumer sentiment. There was a substantial decline in foot traffic and turnover in physical stores. Business of sit-down restaurants was particularly hit, with only take-away and delivery services allowed at the height of the outbreak. There was a strict limitation on the seating capacity when they were allowed to open for dine in. Cinemas, gyms and entertainment venues were ordered by the government to close temporarily. As the retail market continued to deteriorate and vacancy rate on the rise, landlords were under as much pressure as their beleaguered tenants. They also had experienced a substantial reduction in their rental income.

Hui Xian REIT's retail portfolio consists of two shopping centres: (i) The Malls at Beijing Oriental Plaza, and (ii) The Mall at Chongqing Oriental Plaza. NPI was RMB344 million (2019: RMB452 million).

Most of our tenants have suffered from a severe drop in business. They also faced various challenges, such as cash flow and supply chain issues. Some tenants sought for rent relief and deferment plan, and others negotiated to restructure the leases. There were also struggling tenants requesting for the leased areas to be shrunk and some requested early termination of their tenancy agreements.

CHAIRMAN'S STATEMENT

At The Malls at Beijing Oriental Plaza, many retail tenants were either closed or only partially opened from February to April 2020, with foot traffic plunged to an unprecedented level. Sales turnover dropped by more than half compared to the same period last year.

In an effort to maintain the occupancy rate and stable rental income during this difficult period, we focused on supporting the existing tenants by offering temporary rent relief on a case-by-case basis, which has immediately hit the revenue and passing rent during the Reporting Period. The financial impact will continue to affect in the second half of 2020 and throughout the entire lease terms. Average monthly passing rent was RMB947 (2019: RMB1,153) per square metre. Occupancy rate was down slightly to 96.7% (2019: 98.0%).

The Mall at Chongqing Oriental Plaza was closed in February 2020 following the local government's instruction, and was reopened in March in phases. Average occupancy rate was 84.2% (2019: 86.7%) and average monthly passing rent was RMB94 (2019: RMB155) per square metre.

(3) Office Portfolio

Hui Xian REIT's office portfolio has been materially impacted by the ongoing China-US trade war since 2019. The COVID-19 pandemic, which has disrupted the global supply chains and international trade, further exacerbated the vulnerability of the situation.

During the lockdown, stringent restrictions halted most economic activities and citizens were not allowed to go to work. Even when offices and workplaces gradually reopened later, there were government restrictions on the area and number of staff that could be allowed to go back to the office to work.

The economic uncertainty and the dampened operating environment severely impacted the leasing demand. Many companies have become extremely cost-conscious and have held off their expansion plans. There were also many cases of tenants scaling back or even reneging on leases. Moreover, COVID-19 has accelerated the adoption of "work from home"; this might have led to lower demand for office space in the long run. All these have affected office leasing prospects and further rental declines are expected.

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. NPI was RMB403 million (2019: RMB499 million).

Against a backdrop of economic uncertainty, a number of tenants at Beijing Oriental Plaza did not renew or requested to early terminate their leases during the Reporting Period. Further, corporations were extremely cost-cautious and had put their expansion plans on hold. As a result, leasing momentum was slow during the Reporting Period and occupancy rate was down to 84.5% (2019: 94.0%). Rental rates continued to be under pressure. Average monthly passing rent was RMB288 (2019: RMB297) per square metre. Newly committed rents were unavoidably lower resulting in negative reversion; and average monthly spot rent was RMB281 (2019: RMB323) per square metre.

Chongqing's office market faced similar leasing challenges, though not as severe as those in Beijing. At The Tower at Chongqing Metropolitan Oriental Plaza, occupancy rate was slightly dropped to 88.2% (2019: 89.7%) and average monthly passing rent was RMB104 (2019: RMB116) per square metre.

(4) Serviced Apartment Portfolio

The leasing business of serviced apartment was also affected by the COVID-19 pandemic, though to a lesser extent than the other sectors. Due to the travel restrictions and lockdown, fewer site inspections for prospective tenants could be arranged. Thus, it became more difficult to recruit new tenants. In addition, expatriates who are a target market cannot travel to China.

Hui Xian REIT's serviced apartment portfolio comprises two projects and NPI was RMB48 million (2019: RMB48 million) during the Reporting Period.

The Towers Apartment at Beijing Oriental Plaza, one of Beijing's largest serviced apartment developments, has a total inventory of 809 units, spreading across four towers. Despite the leasing challenges, occupancy rate was maintained at 84.2% (2019: 84.8%) due to its reputation and central location in downtown Beijing.

Over in Shenyang, the newly-launched "The Residences at Sofitel Shenyang Lido" which offered 134 serviced apartment units started to build up its occupancy and brand awareness. Occupancy rate was 52.5%.

FINANCIAL POSITION

Hui Xian REIT continues to adopt a prudent financial strategy. As at 30 June 2020, bank balances and cash on hand amounted to RMB6,618 million and total debts amounted to RMB11,093 million. Debts to gross asset value ratio was 25.1%, which is below the maximum borrowing limit of 45% permitted under the REIT Code.

OUTLOOK

The outbreak of COVID-19 has caused severe disruptions to the global and Chinese economies since the beginning of the year. It has impacted almost all industries and sectors worldwide.

Policymakers around the world are facing an extraordinary dilemma. Weeks of lockdown helped containing the spread of COVID-19, but also brought negative effects on the economy and people's livelihoods. On the other hand, the relaxation of lockdown restrictions may spark a new wave of infections, resulting in re-tightening of measures.

CHAIRMAN'S STATEMENT

With the pandemic largely under control within its borders, China started to ease lockdown measures. Factories have resumed production. Inter-city business activities in China have gradually resumed to normal despite international business activities still remained weak. China's economy seems to have recovered at a faster pace relative to other parts of the world. It has become among the first major economies to show signs of stabilization. China's GDP has returned to an increase in the second quarter of 2020 and key economic indicators also saw improvements.

To support the economy, the Chinese government has rolled out a series of stimulus policies benefitting both corporations and individuals, such as tax reductions and deferrals and the waiving of social security contributions. It seems the situation in China may have passed its worst; and its business environment is expected to recover gradually.

Hui Xian REIT's portfolio was heavily impacted during the first half of 2020. With the easing of COVID-19 in China, our business is expected to see some improvement and the pandemic impact on the second half of 2020 will be less severe. The pace of recovery of Hui Xian REIT's business would vary across different sectors and would depend greatly on the duration of the pandemic and the degree of relaxation of lockdown measures.

Due to the lack of demand from inbound international travel and MICE (meetings, incentives, conferences and exhibitions), domestic demand is expected to drive the recovery for the hotel business in the second half of 2020. The Ministry of Culture and Tourism announced in July 2020 that inter-provincial group tours, previously suspended in January, would resume. Assuming that there would be no new significant wave of COVID-19 cases, the business of the hotels is expected to pick up gradually and the financial performance is expected to improve in the second half of the year. In June 2020, Sheraton Chengdu Lido Hotel has recorded a cash positive month.

Consumer sentiment in China has showed signs of improvement after the easing of social distancing and lockdown measures. Retail sales in Beijing and Chongqing during the second quarter of 2020 have recovered progressively according to the data published by respective bureaux of statistics. To boost domestic consumption, the respective local governments issued free digital consumption coupons to their residents. The footfall and sales at Hui Xian REIT's shopping centres are recovering gradually.

As the Chinese government started to relax the preventive measures, office workers are returning to work and commercial activities are recovering. It is expected that the leasing business of office and serviced apartment will be stabilized, or may even see some improvement in the second half of 2020.

COVID-19 crisis is not over yet and it will continue to create economic uncertainties. Global economy and international trade may not fully recover within a short period of time. While many countries are still battling COVID-19, we have confidence in China's ability and commitment to combat the spread of the pandemic.

We remain confident in the fundamentals of China, and we look forward to the long-term development of Hui Xian REIT.

On behalf of the Manager, I would like to take this opportunity to express my gratitude to all of our colleagues, especially the front line staff, for their dedication and hardwork during this difficult period. I would also 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, 3 August 2020

MANAGEMENT DISCUSSION AND ANALYSIS

PORTFOLIO HIGHLIGHTS

As at 30 June 2020, 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) Hotel Portfolio

Hui Xian REIT's hotel portfolio consists of four international 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.

Due to the COVID-19 outbreak, travel restrictions have been implemented by many countries and such measures had completely changed the operating landscape of the hotel industry. In March 2020, China has temporarily suspended the entry by foreign nationals. There were also restrictions on domestic travel within China. As a result, there was a drastic drop in both international and domestic tourist arrivals. Room revenue and occupancy rates at our hotels plummeted. Bookings of corporate events, banquets and weddings were also cancelled or postponed according to government guidelines. All these hit the income of our hotels. The aggregate revenue of our hotel portfolio was RMB63 million (2019: RMB231 million) during the Reporting Period. The aggregate NPI recorded a loss of RMB44 million compared to the profit of RMB43 million for the corresponding period in 2019 despite the aggressive cost reduction measures that continue to be in place, including human resources management and deferral of capital expenditure plans.

(i) *Grand Hyatt Beijing*

The pandemic containment measures in Beijing, the capital city, were extremely strict. Hotel business in Beijing was heavily impacted. During the Reporting Period, Grand Hyatt Beijing recorded its worst performance in nearly 20 years, with occupancy hitting record low. Average occupancy rate was 15.5% (2019: 76.8%). Average room rate was RMB1,068 (2019: RMB1,284).

In mid-June, Beijing saw a resurgence in locally transmitted COVID cases and it raised the COVID-19 emergency response from Level 3 to Level 2. Strict restrictions were re-implemented till mid July 2020.

(ii) *Hyatt Regency Liberation Square Chongqing*

Chongqing is one of the most affected cities in China by the pandemic. Tight precautionary measures were imposed by the local government.

Hyatt Regency Liberation Square Chongqing was closed for business during February and March 2020, in line with local government guidelines. It reopened in April. Average room rate per night was RMB462 (2019: RMB520). Occupancy rate was 22.7% (2019: 31.7%).

MANAGEMENT DISCUSSION AND ANALYSIS

(iii) Sofitel Shenyang Lido (70% interest)

Located in northeast China, Shenyang is an important industrial centre. Factories were temporarily shut down in February 2020 following government regulations. In May 2020, strict preventive and control measures were introduced again in the region as there was a rise of new infections.

Sofitel Shenyang Lido's average rate per night was RMB448 (2019: RMB442). Occupancy rate was 13.4% (2019: 34.0%).

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

Chengdu's commercial activities were seriously affected during February and March 2020. Sheraton Chengdu Lido's average room rate per night was RMB402 (2019: RMB522) and average occupancy rate was 34.7% (2019: 68.4%). It recorded an operating loss during the Reporting Period.

Starting in April 2020, the hotel's business began to pick up gradually, driven by corporate bookings. In June 2020, it has returned to cash positive.

(2) Retail Portfolio

The COVID-19 outbreak hit China's retail sector hard. During the lockdown, residents were forced to stay at home. Brick-and-mortar stores saw a plunge in foot traffic and sales. Sit-down restaurants also suffered as only take-away and delivery services were allowed at the height of the pandemic. Following government guidelines, cinemas, gyms and entertainment venues across the country were closed temporarily. China's total retail sales of consumer goods during the first half of 2020 fell by 11.4% year-on-year as compared to 8.4% growth for the same period of 2019.

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 222,000 square metres of retail space. Many of our retail tenants saw a massive drop in business during the Reporting Period. Rent relief were offered, which in turn affected our revenue immediately. During the Reporting Period, revenue was RMB483 million (2019: RMB614 million) and NPI was RMB344 million (2019: RMB452 million).

(i) The Malls at Beijing Oriental Plaza

According to the Beijing Municipal Bureau of Statistics, Beijing's GDP shrank by 3.2% year-on-year to RMB1,621 billion during the first half of 2020. Retail sales contracted by 16.3% year-on-year to RMB597 billion.

During the period from February to April 2020, many tenants of The Malls at Beijing Oriental Plaza were either closed or partially opened. Shopper traffic and sales declined sharply. To support the existing tenants at this difficult time, rent relief was offered on a case-by-case basis. Revenue was RMB454 million (2019: RMB567 million). NPI amounted to RMB337 million (2019: RMB436 million). Average monthly passing rent to RMB947 (2019: RMB1,153) per square metre. Occupancy rate was 96.7% (2019: 98.0%).

(ii) *The Mall at Chongqing Metropolitan Oriental Plaza*

During the first half of 2020, Chongqing's GDP was up by 0.8% year-on-year to RMB1,121 billion while retail sales fell by 7.2% year-on-year according to Chongqing Municipal Bureau of Statistics.

According to the local government's guidelines, The Mall at Chongqing Metropolitan Plaza was closed for business during February 2020 and it was reopened in March in phases. Average monthly passing rent was RMB94 (2019: RMB155) per square metre and average occupancy rate was 84.2% (2019: 86.7%).

(3) Office Portfolio

With increased market uncertainty due to the pandemic and ongoing China-US trade tensions, many corporations continued to focus on cost containment and expansion plans were put on hold. Some struggling tenants even reneged on leases. Office leasing momentum was generally slow during the Reporting Period.

Hui Xian REIT's office portfolio comprises The Tower Offices at Beijing Oriental Plaza and The Tower at Chongqing Metropolitan Oriental Plaza. Revenue was RMB562 million (2019: RMB660 million) and NPI was RMB403 million (2019: RMB499 million)

(i) *The Tower Offices at Beijing Oriental Plaza*

The Tower Offices at Beijing Oriental Plaza comprises eight towers, offering over 300,000 square metres of Grade A office space. It has 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue of The Tower Offices was RMB533 million (2019: RMB627 million). NPI amounted to RMB385 million (2019: RMB479 million). Amid tough economic conditions, a number of tenants did not renew or have requested to early terminate their leases, driving up the vacancy rate. At the same time, leasing activity was slow due to weak demand from corporations. As a result, occupancy rate dropped to 84.5% (2019: 94.0%). Average monthly passing rent was RMB288 (2019: RMB297) per square metre. Given the challenging business environment, it is inevitable that the newly committed rents were lower than last year. Average monthly spot rent was RMB281 (2019: RMB323) per square metre.

(ii) The Tower at Chongqing Metropolitan Oriental Plaza

Located in the heart of Jiefangbei Central Business District, The Tower at Chongqing Metropolitan Oriental Plaza is home to a number of consulates and corporations from a broad range of sectors, including insurance and financial services, electronics, logistics and healthcare.

Revenue was RMB29 million (2019: RMB33 million) and NPI was RMB18 million (2019: RMB20 million). Average occupancy rate was 88.2% (2019: 89.7%); and average monthly passing rent was RMB104 (2019: RMB116) per square metre with average monthly spot rent being RMB129 (2019: RMB117) per square metre.

(4) Serviced Apartment Portfolio

Hui Xian REIT's serviced apartment portfolio encompasses The Tower Apartments at Beijing Oriental Plaza and The Residences at Sofitel Shenyang Lido. During the Reporting Period, revenue was up by 2.4% year-on-year to RMB95 million. NPI amounted to RMB48 million (2019: RMB48 million).

The Tower Apartments at Beijing Oriental Plaza offers a total inventory of 809 units for leasing and is one of the largest serviced apartment developments in downtown Beijing. Occupancy rate was 84.2% (2019: 84.8%).

The newly-launched "The Residences at Sofitel Shenyang Lido" features 134 fully-furnished units for leasing. Occupancy rate was 52.5%. With a dedicated entrance, lobby and exclusive guest lifts, serviced apartment guests can enjoy a new level of privacy, comfort and convenience.

FINANCIAL REVIEW

Net Property Income

The net property income was RMB751 million for the six months ended 30 June 2020.

Distributions

Distribution Amount

Hui Xian REIT will distribute a total of RMB126 million (“2020 Interim Distribution”) to Unitholders for the six months ended 30 June 2020. The 2020 Interim Distribution represents 90% of Hui Xian REIT’s total amount available for distribution during the period from 1 January 2020 to 30 June 2020 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 RMB126 million (2019: RMB244 million).

The year-on-year decrease in distribution amount was primarily caused by a drop in NPI mainly due to the COVID-19 pandemic, unrealised exchange loss on bank loans, and discontinuation of the early repayment of investment capital through repatriation of depreciation in accordance with the PRC foreign investment law which came into effect on 1 January 2020.

Due to the stressed political tension between US and China and the current global uncertain and volatile economic and socio-political environment, the Manager has decided to take a prudent view and discontinued to include the unrealised exchange loss on bank loans as a discretionary distribution during the Reporting Period.

In prior years, Distributable Depreciation was distributed to Unitholders as part of the distribution amount. Under the PRC foreign investment law effective on 1 January 2020, there is no provision for early repayment of investment capital of foreign investors through repatriation of depreciation to outside Mainland China. The amount was retained in the asset companies in the PRC, and could not be repatriated to Hong Kong for distribution.

Distribution per Unit

The interim DPU for the period from 1 January 2020 to 30 June 2020 is RMB0.0212 based on the number of outstanding Units on 30 June 2020. This represents an annualised distribution yield of 2.0% based on the closing unit price of RMB2.15 on 30 June 2020.

Closure of Register of Unitholders

The record date for the 2020 Interim Distribution will be 20 August 2020, Thursday (“Record Date”). The Register of Unitholders will be closed from 18 August 2020, Tuesday to 20 August 2020, Thursday, both days inclusive, during which period no transfer of Units will be registered. The interim distribution is expected to be payable on 25 September 2020, Friday to Unitholders whose names appear on the Register of Unitholders on the Record Date.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2020 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 17 August 2020, Monday.

Debt Positions

In May 2020, Hui Xian Investment drew down an unsecured 3-year term loan of HK\$800 million offered by Hang Seng Bank Limited and China Construction Bank (Asia) Corporation Limited. The purpose of the facility was to refinance the existing credit facility granted in April 2017.

In the same month, Hui Xian Investment also drew down an unsecured 3-year term loan of HK\$600 million offered by Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch. The purpose of the facility was to refinance the existing credit facility granted in June 2015.

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 2020, Hui Xian REIT’s total debts amounted to RMB11,093 million (31 December 2019: RMB10,871 million). Based on Hui Xian REIT’s net assets attributable to Unitholders of RMB24,420 million as at 30 June 2020 (31 December 2019: RMB25,983 million), Hui Xian REIT’s debts to net asset value ratio was 45.4% (31 December 2019: 41.8%). Meanwhile, the debts to gross asset value ratio was 25.1% as at 30 June 2020 (31 December 2019: 23.4%).

Bank Balances and Asset Positions

As at 30 June 2020, Hui Xian REIT’s bank balances and cash amounted to RMB6,618 million (31 December 2019: RMB6,807 million). The bank balances and cash are mainly denominated in RMB. No currency hedge was employed.

Pursuant to the requirements of the Code on Real Estate Investment Trusts (“REIT Code”), D&P China (HK) Limited (“D&P China”) retired as principal valuer after it has conducted valuations of the real estate of Hui Xian REIT for three consecutive years. Knight Frank Petty Limited (“Knight Frank”) was appointed as the principal valuer of Hui Xian REIT and valued its properties portfolio as at 30 June 2020.

Hui Xian REIT is indirectly interested in a 132,584 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.

Knight Frank valued the eight blocks of office towers, the shopping centre and car parking spaces at RMB27,690 million as at 30 June 2020 (31 December 2019: RMB29,442 million), translating into a decrease of 6.0% over the valuation as of 31 December 2019. Together with the hotel and serviced apartment premises, gross property value of BOP was RMB32,230 million as at 30 June 2020, as compared to RMB34,075 million as at 31 December 2019.

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 2020, the shopping centre, office building and car parking spaces were valued by Knight Frank at RMB3,323 million (31 December 2019: RMB3,675 million). Gross property value of the properties as at 30 June 2020 was RMB3,278 million (31 December 2019: RMB3,627 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, 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 Hyatt Regency Liberation Square Chongqing at RMB427 million as at 31 December 2019. Gross property value of the hotel premises as at 30 June 2020 was RMB391 million (31 December 2019: RMB399 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 RMB713 million as at 31 December 2019. Gross property value of the hotel premises as at 30 June 2020 was RMB627 million (31 December 2019: RMB640 million).

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

MANAGEMENT DISCUSSION AND ANALYSIS

D&P China valued the hotel and serviced apartment premises of Shenyang Lido at RMB824 million as at 31 December 2019 while gross property value of the hotel and serviced apartment premises as at 30 June 2020 was RMB637 million (31 December 2019: RMB662 million).

Net Assets Attributable to Unitholders

As at 30 June 2020, net assets attributable to Unitholders amounted to RMB24,420 million (31 December 2019: RMB25,983 million) or RMB4.1017 per Unit, representing a 90.8% premium to the closing unit price of RMB2.15 on 30 June 2020 (31 December 2019: RMB4.4187 per Unit, representing a 34.7% premium to the closing unit price of RMB3.28 on 31 December 2019). Decline in net assets attributable to Unitholders was mainly due to the fair value decrease in investment properties portfolio.

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 2020, 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 2020, Hui Xian REIT, by subsidiaries and through its branches, employed a total of 1,051 employees in Hong Kong and the PRC; of which, 1,013 employees performed hotel operation functions and services, and 38 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 2020.

CORPORATE GOVERNANCE

The Manager was established for the purpose of managing Hui Xian REIT. The Manager is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Manager emphasise a quality board of directors, sound internal control, transparency and accountability to all Unitholders. The Manager has adopted and revised from time to time a compliance manual which sets out the key processes, systems and measures applied by the Manager in order to comply with the Trust Deed, the REIT Code and other applicable legislation, rules and regulations. The compliance manual also contains a corporate governance policy, which regulates, among others, the activities of the board of directors of the Manager.

Throughout the six months ended 30 June 2020, both the Manager and Hui Xian REIT have in material terms complied with the provisions of the compliance manual, the corporate governance policy, the Trust Deed, the REIT Code and applicable provisions of the SFO and the Listing Rules.

AUTHORISATION STRUCTURE

Hui Xian REIT is a collective investment scheme authorised by the SFC under section 104 of the SFO and regulated by the provisions of the REIT Code. The Manager is licensed by the SFC under Section 116 of the SFO to conduct the regulated activity of asset management. As at the date of this report, Mr. CHEUNG Ling Fung, Tom (chief executive officer and executive director of the Manager), Mr. LEE Chi Kin, Casey (chief operating officer and executive director of the Manager), Ms. LAI Wai Yin, Agnes (chief financial officer and executive director 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.

ROLES OF THE TRUSTEE AND THE MANAGER

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

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

CORPORATE GOVERNANCE

BOARD OF DIRECTORS OF THE MANAGER

The Board of Directors of the Manager currently comprises nine members, three of whom are independent non-executive directors.

The Board is responsible for corporate governance and the overall management of the Manager. It establishes goals for the management and monitors the achievement of these goals. The Board is also responsible for the strategic business direction and risk management of Hui Xian REIT. All Board members participate in matters relating to corporate governance, business operations and risks, financial performance and nomination and review of directors. The Board has established a framework for the management of the Manager and Hui Xian REIT, including a system of internal control and a business risk management process.

Directors of the Manager in the six months ended 30 June 2020 were 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).

There were no changes to the composition of the Board or any of its committees in the six months ended 30 June 2020.

BOARD COMMITTEES

The Manager has established the following Board committees:

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

CONFLICTS OF INTERESTS

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

- (1) unless with the approval from the SFC, the Manager does not manage any REIT other than Hui Xian REIT nor does it manage any real estate assets other than those in which Hui Xian REIT has an ownership interest or investment;
- (2) the Manager has established internal control systems to ensure that connected party transactions between Hui Xian REIT and its connected persons are monitored and undertaken according to procedures and/or on terms in compliance with the REIT Code (or where applicable, in compliance with the waiver conditions imposed by the SFC) and that other potential conflicts of interest situation that may arise are monitored;
- (3) all conflicts of interests are required to be managed by the full Board, including the INEDs; and
- (4) any director of the Manager who has a material interest in a matter which is the subject of a resolution proposed at a board meeting of the Manager is required to abstain from voting on the resolution concerned and not to be counted in the quorum at the board meeting at which such resolution is proposed.

REVIEW OF THE INTERIM REPORT

The interim results of Hui Xian REIT for the six months ended 30 June 2020 have been reviewed by the Audit Committee and the interim report has been reviewed by the Disclosures Committee of the Manager in accordance with their respective terms of reference. Hui Xian REIT's condensed consolidated financial statements for the six months ended 30 June 2020 have not been audited but have been reviewed by Messrs. Deloitte Touche Tohmatsu, Certified Public Accountants, Hui Xian REIT's independent auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE

CODE GOVERNING DEALINGS IN UNITS BY DIRECTORS, OR THE MANAGER AND INTERESTS OF THE SIGNIFICANT HOLDERS OF UNITS

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

Specific enquiry having been made with each of the Directors, the Manager and the Management Persons, all of them confirmed that they have complied with the required standard set out in the Units Dealing Code in the six months ended 30 June 2020.

CHANGES IN INFORMATION OF DIRECTORS

Mr. CHENG Hoi Chuen, Vincent has ceased to be an independent non-executive director of CLP Holdings Limited with effect from 8 May 2020.

NEW UNITS ISSUED

In the six months ended 30 June 2020, (i) 22,734,668 new Units were issued to the Manager as payment of part of the Manager’s fees; and (ii) 50,705,174 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 2019 to 31 December 2019.

The total number of Units in issue as at 30 June 2020 was 5,953,702,301 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 2020.

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 2020.

CONNECTED PARTY TRANSACTIONS

A. CONNECTED PARTY TRANSACTIONS AND RELATED WAIVERS

Waivers from Strict Compliance with Certain Requirements under the REIT Code

At the time of authorisation of Hui Xian REIT under section 104 of the SFO in April 2011 and from time to time thereafter, waivers from strict compliance with the disclosure and Unitholders' approval requirements under Chapter 8 of the REIT Code in respect of certain connected party transactions involving Hui Xian REIT (the "Waivers") were granted by the SFC. Some of the Waivers were subsequently applied, modified and/or extended, with the approval of Unitholders where required. The terms and conditions pursuant to which the Waivers were granted and disclosed in the 2011 Interim Report of Hui Xian REIT and the announcements issued by the Manager from time to time. Throughout the six months ended 30 June 2020, Hui Xian REIT has complied with the relevant terms and conditions of the Waivers.

Connected Party Transactions

Set out below is a summary of the information in respect of the connected party transactions entered into in the six months ended 30 June 2020, other than those transactions that are exempted from disclosure and/or excluded pursuant to the waivers granted by the SFC.

Connected Party Transactions — Income

The following table sets out information on connected party transactions from which Hui Xian REIT derived its income for the six months ended 30 June 2020:

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the six months ended 30 June 2020 RMB'000
北京屈臣氏個人用品連鎖商店有限公司 (Beijing Watson's Personal Care Stores Co., Ltd.*)	Associated company of a significant holder ¹	Leasing and licensing transaction	1,284
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Limited*)	Associated company of a significant holder ¹	Leasing and licensing transaction	532
長實(中國)投資有限公司 (CKH (China) Investment Co., Limited*)	Associated company of a significant holder ¹	Leasing and licensing transaction	57

CONNECTED PARTY TRANSACTIONS

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the six months ended 30 June 2020 RMB'000
北京雷霆萬鈞網絡科技有限責任公司 (Beijing Lei Ting Wan Jun Network Technology Limited*)	Associated company of a significant holder ¹	Leasing and licensing transaction	987
北京雷霆無極網絡科技有限公司 (Beijing Lei Ting Wu Ji Network Technology Company Limited*)	Associated company of a significant holder ¹	Leasing and licensing transaction	350
北京雷系科技發展有限公司 (Beijing Lahiji Technology Development Limited*)	Associated company of a significant holder ¹	Leasing and licensing transaction	452
北京幻劍書盟科技發展有限公司 (Beijing Huan Jian Shu Meng Network Technology Limited*)	Associated company of a significant holder ¹	Leasing and licensing transaction	24
諾定(中國)投資有限公司 (TOM.COM (China) Investment Limited*)	Associated company of a significant holder ¹	Leasing and licensing transaction	24
香港 TOM 集團國際有限公司 北京代表處 (TOM Group International Limited Beijing Representative Office*)	Associated company of a significant holder ¹	Leasing and licensing transaction	16
森棟乙(北京)科技有限公司 (Ceng Dong Yi (Beijing) Technology Company Limited*)	Associated company of a significant holder ¹	Leasing and licensing transaction	24
和記黃埔醫藥(上海)有限公司 (Hutchison MediPharma Limited*)	Associated company of a significant holder ¹	Leasing and licensing transaction	690
CK Asset Holdings Limited	Indirect holding company of a significant holder ¹	Leasing and licensing transaction	48

CONNECTED PARTY TRANSACTIONS

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the six months ended 30 June 2020 RMB'000
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	Associated company of a significant holder ¹	Leasing and licensing transaction	948
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	Associated company of a significant holder ¹	Leasing and licensing transaction	1,011
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	Associated company of a significant holder ¹	Leasing and licensing transaction	35
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	Subsidiary of the Manager	Leasing and licensing transaction	243
德意志銀行(中國)有限公司 重慶分行 (Deutsche Bank (China) Co., Ltd. Chongqing Branch*)	Associated company of the Trustee ²	Leasing and licensing transaction	563
Bank of China Limited	Associated company of a significant holder ³	Leasing and licensing transaction	17,154
香港貿易發展局北京辦事處 (The Hong Kong Trade Development Council Beijing Office*)	Associate of a director of Manager ⁴	Leasing and licensing transaction	179
廣州飛機維修工程有限公司 (Guangzhou Aircraft Maintenance Engineering Company Limited*)	Associated company of a significant holder ¹	Hotel room revenue	1

CONNECTED PARTY TRANSACTIONS

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the six months ended 30 June 2020 RMB'000
北京屈臣氏個人用品連鎖商店有限公司 (Beijing Watson's Personal Care Stores Co., Ltd.*)	Associated company of a significant holder ¹	Hotel room revenue	1
廣州屈臣氏個人用品商店有限公司 (Guangzhou Watson's Personal Care Stores Ltd.*)	Associated company of a significant holder ¹	Hotel room revenue	2
上海和黃白貓有限公司 (Shanghai Hutchison Whitecat Company Limited*)	Associated company of a significant holder ¹	Hotel room revenue	2
和記黃埔地產管理有限公司重慶分公司 (Hutchison Whampoa Property Management Limited Chongqing Branch*)	Associated company of a significant holder ¹	Hotel room revenue	50
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited *)	Subsidiary of the Manager	Hotel room revenue	11
Bank of China Limited	Associated company of a significant holder ³	Hotel room revenue	3
中銀國際證券股份有限公司 (BOC International (China) Co., Ltd.*)	Associated company of a significant holder ³	Hotel room revenue	12

CONNECTED PARTY TRANSACTIONS

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the six months ended 30 June 2020 RMB'000
中國人壽財產保險股份有限公司 北京市分公司 (China Life Property and Casualty Insurance Company Limited Beijing Branch*)	Associated company of a significant holder ⁵	Hotel room revenue	1
中國人壽財產保險股份有限公司 內江市分公司 (China Life Property and Casualty Insurance Company Limited Neijiang Branch*)	Associated company of a significant holder ⁵	Hotel room revenue	2
中國人壽財產保險股份有限公司 武威市分公司 (China Life Property and Casualty Insurance Company Limited Wuwei Branch*)	Associated company of a significant holder ⁵	Hotel room revenue	2
國壽投資控股有限公司 (China Life Investment Holding Company Limited*)	Associated company of a significant holder ⁵ and associate of a director of a significant holder ⁶	Hotel room revenue	1
萬達信息股份有限公司 (Wonders Information Co., Ltd.*)	Associate of a director of a significant holder ⁶	Hotel room revenue	1
上海和黃白貓有限公司 (Shanghai Hutchison Whitecat Company Limited*)	Associated company of a significant holder ¹	Food & beverages and other hotel income	— [^]
和記黃埔醫藥(上海)有限公司 (Hutchison MediPharma Limited*)	Associated company of a significant holder ¹	Food & beverages and other hotel income	— [^]

CONNECTED PARTY TRANSACTIONS

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the six months ended 30 June 2020 RMB'000
和記黃埔地產 (重慶兩江新區) 有限公司 (Hutchison Whampoa Properties (Chongqing Liangjiangxinqu) Limited*)	Associated company of a significant holder ¹	Food & beverages and other hotel income	24
和記黃埔地產 (重慶南岸) 有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	Associated company of a significant holder ¹	Food & beverages and other hotel income	14
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.*)	Associated company of a significant holder ¹	Food & beverages and other hotel income	19
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	Associated company of a significant holder ¹	Food & beverages and other hotel income	3
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	Subsidiary of Manager	Food & beverages and other hotel income	3
德意志銀行 (中國) 有限公司 重慶分行 (Deutsche Bank (China) Co., Ltd. Chongqing Branch)	Associated company of the Trustee ²	Food & beverages and other hotel income	6
Bank of China Limited	Associated company of a significant holder ³	Food & beverages and other hotel income	1

CONNECTED PARTY TRANSACTIONS

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the six months ended 30 June 2020 RMB'000
中國人壽財產保險股份有限公司 內江市分公司 (China Life Property and Casualty Insurance Company Limited Neijiang Branch*)	Associated company of a significant holder ⁵	Food & beverages and other hotel income	— [^]
中國人壽保險股份有限公司 成都市分公司 (China Life Insurance Company Limited Chengdu Branch*)	Associated company of a significant holder ⁵	Food & beverages and other hotel income	3
The Hongkong and Shanghai Banking Corporation Limited	Associate of a director of a significant holder ⁷	Interest Income	— [^]
Bank of China Limited	Associated company of a significant holder ³	Interest Income	6,009
Bank of China (Hong Kong) Limited	Associated company of a significant holder ³ and associate of a director of Manager ⁴	Interest Income	95
Hui Xian Asset Management Limited	Manager	Reimbursement of staff cost	570
Total			31,457

CONNECTED PARTY TRANSACTIONS

Notes:

- 1 Significant holder being Noblecrown Investment Limited (“Noblecrown”).
- 2 Trustee being DB Trustees (Hong Kong) Limited.
- 3 These companies are associated companies of Noblecrown which is significant holder of Hui Xian REIT.
- 4 Associates of Dr. CHOI Koon Shum, Jonathan, being the independent non-executive director of the Manager.
- 5 These Companies are associated companies of China Life Insurance (Overseas) Company Limited, a significant holder of Hui Xian REIT, and are subsidiaries or associated companies of China Life Insurance (Group) Company.
- 6 These Companies are associates of Mr. KUANG Tao who is both a director of China Life Insurance (Overseas) Company Limited and/or Po Lian Enterprises Limited, each of which is a significant holder or deemed to be a significant holder of Hui Xian REIT.
- 7 An associate of Mr. LI Tzar Kuoi, Victor, who is a director of Noblecrown, a significant holder of Hui Xian REIT.

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

- * The English name is shown for identification purpose only.
- ^ Transaction amount is greater than zero and smaller than RMB500.

CONNECTED PARTY TRANSACTIONS

Connected Party Transactions — Expenses

The following table sets out information on connected party transactions in which Hui Xian REIT incurred its expenses for the six months ended 30 June 2020:

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Expenses for the six months ended 30 June 2020 RMB'000
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	Associated company of a significant holder ¹	Property management fee	9,135
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	Associated company of a significant holder ¹	Property management fee	11,733
家利物業管理(深圳)有限公司 (Cayley Property Management (Shenzhen) Limited*)	Associated company of a significant holder ¹	Property management fee	3,514
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Limited*)	Associated company of a significant holder ¹	Internet services fee	623
CK Asset Holdings Limited	Indirect holding company of a significant holder ¹	Internet services fee	17
廣州屈臣氏食品飲料有限公司 北京飲料分公司 (Guangzhou Watson's Food and Beverage Company Limited Beijing Beverages Branch*)	Associated company of a significant holder ¹	Beverages	201
上海和黃白貓有限公司 (Shanghai Hutchison Whitecat Company Limited*)	Associated company of a significant holder ¹	Cleaning supplies	195

CONNECTED PARTY TRANSACTIONS

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Expenses for the
			six months ended 30 June 2020 RMB'000
Harbour Grand Hong Kong Catering Limited	Associated company of a significant holder ¹	Hotel services	259
中銀保險有限公司北京分公司 (Bank of China Insurance Co., Ltd. Beijing Branch*)	Associated company of a significant holder ²	Insurance expense	194
中國人壽財產保險股份有限公司 北京市分公司 (China Life Property and Casualty Insurance Company Limited Beijing Branch*)	Associated company of a significant holder ³	Insurance expense	679
中國人壽財產保險股份有限公司 重慶市分公司 (China Life Property and Casualty Insurance Company Limited Chongqing Branch*)	Associated company of a significant holder ³	Insurance expense	92
The Hongkong and Shanghai Banking Corporation Limited	Associate of a director of a significant holder ⁴	Interest expense	15,666
Bank of China (Hong Kong) Limited	Associated company of a significant holder ² and associate of a director of Manager ⁵	Interest expense	35,912
Bank of China Limited	Associated company of a significant holder ²	Bank charges and agency fee	370

CONNECTED PARTY TRANSACTIONS

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Expenses for the
			six months ended 30 June 2020 RMB'000
Bank of China (Hong Kong) Limited	Associated company of a significant holder ² and associate of a director of Manager ⁵	Bank charges and agency fee	58
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	Subsidiary of the Manager	Property Manager's fee	36,021
D&P China (HK) Limited ⁶	—	Valuation fee	27
D&P China (HK) Limited ⁶	—	Title verification service fee	9
Total			114,705

CONNECTED PARTY TRANSACTIONS

Notes:

1. Significant holder being Noblecrown Investment Limited (“Noblecrown”).
2. These companies are an associated companies of Noblecrown, a significant holder of Hui Xian REIT.
3. These companies are associated companies of China Life Insurance (Overseas) Company Limited, a significant holder of Hui Xian REIT, and are subsidiaries or associated companies of China Life Insurance (Group) Company.
4. An associate of Mr. LI Tzar Kuoi, Victor, who is a director of Noblecrown, a significant holder of Hui Xian REIT.
5. Associates of Dr. CHOI Koon Sum, Jonathan, being the independent non-executive director of the Manager.
6. The service charges represent the valuation and title verification services rendered by D&P China (HK) Limited which was the former principal valuer of Hui Xian REIT for the year ended 31 December 2019.

The terms “associated company”, “associate”, “holding company” and “significant holder” have the same meanings as they are defined under the REIT Code and SFO.

- * The English name is shown for identification purpose only.
- ^ Transaction amount is greater than zero and smaller than RMB500.

Terms and Remuneration of Services Provided by the Manager, the Trustee and the Principal Valuer

Pursuant to note 2 to 8.10 of the REIT Code, services provided by the Manager, the Trustee and the Principal Valuer to Hui Xian REIT as contemplated under the constitutive documents of Hui Xian REIT shall not be deemed connected party transactions. Such services are therefore not disclosed in the above sections. The aggregate amount of fees (in cash and/or units) payable by Hui Xian REIT to the Trustee and to the Manager under the Trust Deed for the six months ended 30 June 2020 were RMB1,984,000 and RMB67,997,000 respectively. Particulars of the services provided by the Trustee and the Manager are set out in notes 1(b) and 1(c) respectively to the Consolidated Financial Statements of Hui Xian REIT for the six months ended 30 June 2020 on pages 47 to 48 of this Interim Report. For the six months ended 30 June 2020, the valuation fee payable to the principal valuer, Knight Frank Petty Limited, was RMB290,000.

Revolving credit facilities of US\$180 million granted by Hui Xian Holdings Limited to Hui Xian Investment Limited dated 16 November 2017

For the six months ended 30 June 2020, no revolving credit facilities granted by Hui Xian Holdings Limited to Hui Xian Investment Limited was utilised by Hui Xian REIT group. The revolving credit facilities was expired on 15 May 2020.

DISCLOSURE OF INTERESTS

INTERESTS OF CONNECTED PERSONS

Based on the information available to the Manager as at 30 June 2020, each of the following persons was a connected person of Hui Xian REIT under the REIT Code and, so far as the Manager is aware, held or was interested in the Units of Hui Xian REIT as follows:

Name	As at 30 June 2020	
	No. of Units held	Percentage of Units held ¹
Subsidiaries of CK Asset Holdings Limited (“CKAH”) ²	1,901,598,748	31.93%
Li Ka Shing Foundation Limited ³	600,000	0.01%
The Hongkong and Shanghai Banking Corporation Limited ³	29,006,215	0.49%
Subsidiaries of China Life Insurance (Group) Company ⁴	865,406,000	14.54%
Subsidiary of ARA Asset Management Limited ⁵	2,400,000	0.04%

Notes:

The terms associated company, connected person, controlling entity and significant holder are as defined in the REIT Code or the SFO.

- Based on the total number of 5,953,702,301 Units in issue as at 30 June 2020.
- These subsidiaries of CKAH were Noblecrown Investment Limited (“Noblecrown”) (held 1,077,798,832 Units as at 30 June 2020), Wisdom Ally Limited (“Wisdom Ally”) (held 183,955,995 Units as at 30 June 2020), Wealth Finder Limited (“Wealth Finder”) (held 46,040,442 Units as at 30 June 2020), Heathcliff Developments Limited (“Heathcliff Developments”) (held 579,738,788 Units as at 30 June 2020) and Hui Xian Asset Management Limited (“Manager”) (held 14,064,691 Units as at 30 June 2020). All these companies were significant holders or deemed to be significant holders of Hui Xian REIT.

Separately, by virtue of the deemed application of Part XV of the SFO and based on information available to the Manager:

- as at 30 June 2020, each of CKAH and the intermediate holding companies through which CKAH was interested in the share capital of Noblecrown and Heathcliff Developments (namely, Mighty State Limited, Novel Trend Holdings Limited, Paola Holdings Limited and Burgeon Force Limited) was taken to have an interest in the Units that Noblecrown and Heathcliff Developments were interested in;
 - as at 30 June 2020, Noblecrown, of which Wisdom Ally, Wealth Finder and the Manager were its subsidiaries, was taken to have an interest in the Units held by Wisdom Ally, Wealth Finder and the Manager respectively; and
 - as at 30 June 2020, CKAH, in view of its interest in the above intermediate holding companies through which Noblecrown and Heathcliff Developments were held, was taken to have an interest in the Units held by Wisdom Ally, Wealth Finder and the Manager.
- Associate of Mr. Li Tzar Kuoi, Victor who was a director of Noblecrown, a significant holder of Hui Xian REIT.
 - The subsidiaries were China Life Insurance (Overseas) Company Limited and Po Lian Enterprises Limited which were significant holders or deemed to be significant holders of Hui Xian REIT.
 - The subsidiary being ARA Hui Xian (Holdings) Limited, an indirect wholly-owned subsidiary of ARA Asset Management Limited, which owned 30% of the voting power at general meetings of the Manager.

Interests of the Manager

As at 30 June 2020, the Manager held 14,064,691 Units in Hui Xian REIT.

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

As at 30 June 2020, each of the following persons was a director, senior executive or officer of the Manager and thus a connected person of Hui Xian REIT under the REIT Code and, so far as the Manager is aware, held or was interested in the Units in Hui Xian REIT as follows:

Name	As at 30 June 2020 Number of Units held
KAM Hing Lam	831,073¹
IP Tak Chuen, Edmond	1,100,000²
CHEUNG Ling Fung, Tom	93,386³
TONG BARNES Wai Che, Wendy	142,856⁴

Notes:

1. These Units were held by Mr. KAM Hing Lam, chairman and non-executive director of the Manager, as a bare trustee and this is a voluntary disclosure made by Mr. KAM.
2. These Units were held by Mr. IP Tak Chuen, Edmond, non-executive director of the Manager, as beneficial owner.
3. These Units were held by Mr. CHEUNG Ling Fung, Tom, executive director and chief executive officer of the Manager, as beneficial owner.
4. These Units were held by Mrs. TONG BARNES Wai Che, Wendy, deputy chief executive officer of the Manager, as beneficial owner.

Save as disclosed above, the Manager is not aware of any connected persons of Hui Xian REIT holding any units of Hui Xian REIT as at 30 June 2020.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF HUI XIAN ASSET MANAGEMENT LIMITED

Introduction

We have reviewed the condensed consolidated financial statements of Hui Xian Real Estate Investment Trust (“Hui Xian REIT”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 39 to 75, which comprise the condensed consolidated statement of financial position as of 30 June 2020 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in net assets attributable to unitholders and non-controlling interests, condensed consolidated statement of cash flows and distribution statement for the six months period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. Hui Xian Asset Management Limited, as manager of Hui Xian REIT, is responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

3 August 2020

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	NOTES	2020 RMB million (unaudited)	2019 RMB million (unaudited)
Revenue	5	1,203	1,598
Other income	6	105	116
Decrease in fair value of investment properties		(2,101)	(9)
Inventories consumed		(7)	(21)
Staff costs		(62)	(78)
Depreciation		(180)	(178)
Other operating expenses	7	(371)	(443)
Finance costs	8	(162)	(152)
Exchange loss		(215)	(59)
Manager's fees	9	(68)	(72)
Real estate investment trust expenses	10	(5)	(6)
(Loss) profit before taxation and transactions with unitholders		(1,863)	696
Income tax credit (expense)	11	243	(270)
(Loss) profit for the period, before transactions with unitholders		(1,620)	426
Distribution to unitholders		(126)	(725)
Loss for the period after transactions with unitholders		(1,746)	(299)
Total comprehensive expense for the period		(1,746)	(299)
(Loss) profit for the period, before transactions with unitholders attributable to:			
Non-controlling interests		(21)	(15)
Unitholders		(1,599)	441
		(1,620)	426
Basic (loss) earnings per unit (RMB)	12	(0.2703)	0.0762

DISTRIBUTION STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	2020 RMB million (unaudited)	2019 RMB million (unaudited)
(Loss) profit for the period, before transactions with unitholders	(1,620)	426
Non-controlling interests	21	15
(Loss) profit for the period attributable to unitholders, before transactions with unitholders	(1,599)	441
Adjustments (<i>Note (i)</i>):		
Manager's fees	48	50
Decrease in fair value of investment properties	2,101	9
Deferred tax	(435)	10
Other non-cash gain	(1)	—
Distributable depreciation	—	102
	1,713	171
Distributable income	114	612
Additional items (<i>Note (ii)</i>):		
Depreciation arising from fair value adjustment	26	26
Net unrealised exchange loss on bank loans and loan front-end fee	—	59
Other cash distributions	—	28
	26	113
Amount available for distribution	140	725
Payout ratio (<i>Note (iii)</i>)	90%	100%
Distribution to unitholders	126	725
Distribution per unit (<i>RMB</i>) (<i>Note (iv)</i>)	0.0212	0.1245

DISTRIBUTION STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2020

Notes:

- (i) Adjustments for the period include:
- (a) For the six months ended 30 June 2020, Manager's fees payable in units of RMB48 million (22,262,728 units estimated to be issued) out of the total Manager's fees of RMB68 million. The difference of RMB20 million is payable in cash.

For the six months ended 30 June 2019, 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) Decrease in fair value of investment properties of RMB2,101 million (2019: RMB9 million).
 - (c) Deferred tax charge of RMB3 million (2019: RMB11 million) in relation to accelerated tax depreciation and deferred tax credit of RMB438 million (2019: RMB1 million) in relation to change in fair value of investment properties.
 - (d) Other non-cash gain of RMB1 million (2019: nil).
 - (e) For the six months ended 30 June 2019, distributable depreciation of Beijing Oriental Plaza attributable to unitholders of RMB102 million represented depreciation of RMB102 million less zero capital expenditure. Under the People's Republic of China (the "PRC") foreign investment law which became effective on 1 January 2020, there was no provision for the repatriation of capital in the form of depreciation. As a result, there is no distributable depreciation since 1 January 2020.

Pursuant to the Trust Deed, interim/annual distributable income is defined as the amount calculated by the Manager as representing the consolidated profit attributable to unitholders for the relevant financial period/year, as adjusted to eliminate the effects of certain Adjustments (as defined in the Trust Deed) which have been recorded in the consolidated statement of comprehensive income for the relevant financial period/year.
- (ii) Additional items refer to any additional amount (include capital) to be distributed as determined by the Manager pursuant to clause 11.4.1 of the Trust Deed. Additional items for the period include:
- (1) Depreciation attributable to unitholders arising from fair value adjustment upon acquisition of Shenyang Lido Business Co. Ltd, Chongqing Oriental Plaza Hotel Co., Ltd and Chengdu Changtian Co., Ltd. totalling RMB26 million (2019: RMB26 million).
 - (2) For the six months ended 30 June 2019, net unrealised exchange loss on bank loans and loan front-end fee of RMB59 million.
 - (3) For the six months ended 30 June 2019, other cash distributions of RMB28 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 2020 represent a payout ratio of 90% (2019: 100%) of Hui Xian REIT's distributable income for the period.
- (iv) The distribution per unit of RMB0.0212 for the six months ended 30 June 2020 is calculated based on 90% of Hui Xian REIT's amount available for distribution of RMB140,153,855 over 5,953,702,301 units, representing issued units as at 30 June 2020. The distribution per unit of RMB0.1245 for the six months ended 30 June 2019 was 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.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	NOTES	30.6.2020 RMB million (unaudited)	31.12.2019 RMB million (audited)
Non-current assets			
Investment properties	13	30,841	32,938
Property, plant and equipment	14	2,260	2,311
Right-of-use assets	15	4,185	4,270
Goodwill		2	2
Total non-current assets		37,288	39,521
Current assets			
Inventories	16	27	27
Trade and other receivables	17	195	120
Bank balances and cash	18	6,618	6,807
Total current assets		6,840	6,954
Total assets		44,128	46,475
Current liabilities			
Trade and other payables	19	388	515
Tenants' deposits		290	314
Tax payable		86	42
Manager's fee payable		68	72
Distribution payable		126	548
Bank loans	20	5,520	2,191
Total current liabilities		6,478	3,682
Total assets less current liabilities		37,650	42,793

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	NOTES	30.6.2020 RMB million (unaudited)	31.12.2019 RMB million (audited)
Non-current liabilities, excluding net assets attributable to unitholders			
Bank loans	20	5,573	8,680
Tenants' deposits		477	457
Deferred tax liabilities		6,914	7,386
Total non-current liabilities, excluding net assets attributable to unitholders		12,964	16,523
Total liabilities, excluding net assets attributable to unitholders			
		19,442	20,205
Non-controlling interests		266	287
Net assets attributable to unitholders			
Units in issue ('000)	21	5,953,702	5,880,262
Net asset value per unit (RMB) attributable to unitholders	22	4.1017	4.4187

The condensed consolidated financial statements on pages 39 to 75 were approved and authorised for issue by the Board of Directors of the Manager on 3 August 2020 and were signed on its behalf by:

CHEUNG Ling Fung, Tom
DIRECTOR

LEE Chi Kin, Casey
DIRECTOR

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

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	NOTE	Net assets attributable to unitholders RMB million	Non-controlling interests RMB million	Total RMB million
Net assets as at 1 January 2020 (audited)		25,983	287	26,270
Units issued for settlement of Manager's fees	21	51	—	51
Units issued pursuant to the distribution reinvestment arrangement in respect of 2019 final distribution	21	111	—	111
Loss for the period, before transactions with unitholders		(1,599)	(21)	(1,620)
Interim distribution payable to unitholders		(126)	—	(126)
Net assets as at 30 June 2020 (unaudited)		24,420	266	24,686

	NOTE	Net assets attributable to unitholders RMB million	Non-controlling interests RMB million	Total RMB million
Net assets as at 1 January 2019 (audited)		26,373	319	26,692
Units issued for settlement of Manager's fees	21	51	—	51
Units issued pursuant to the distribution reinvestment arrangement in respect of 2018 final distribution	21	163	—	163
Profit for the period, before transactions with unitholders		441	(15)	426
Interim distribution payable to unitholders		(725)	—	(725)
Net assets as at 30 June 2019 (unaudited)		26,303	304	26,607

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	NOTE	2020 RMB million (unaudited)	2019 RMB million (unaudited)
Net cash from operating activities		375	754
Net cash used in investing activities			
Placement of deposits in banks		(3,688)	(3,872)
Withdrawal of deposits in banks		2,438	3,627
Other investing activities		32	18
		(1,218)	(227)
Net cash used in financing activities			
Distribution payments to unitholders		(437)	(550)
Net proceeds from new bank loan raised		—	680
Payment of loan arrangement fee		(4)	(5)
Other financing cash flows		(155)	(141)
		(596)	(16)
Net (decrease) increase in cash and cash equivalents		(1,439)	511
Cash and cash equivalents at the beginning of the period		4,369	2,480
Cash and cash equivalents at the end of the period, represented by bank balances and cash	<i>18</i>	2,930	2,991

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

1. GENERAL

Hui Xian Real Estate Investment Trust (“Hui Xian REIT”) is a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (the “SFO”) (Chapter 571 of the Laws of Hong Kong). Hui Xian REIT was established on 1 April 2011 and had not carried on any operation prior to 29 April 2011 (date of listing), and its units were listed on The Stock Exchange of Hong Kong Limited (the “HKSE”) since that date. Hui Xian REIT is governed by the Deed of Trust constituting Hui Xian REIT dated 1 April 2011 as amended by 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.

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

(a) Property Manager’s fee

Under the operations management agreement and supplemental agreement entered by Beijing Oriental Plaza Co., Ltd. and Beijing Hui Xian Enterprise Services Limited (the “Beijing Property Manager”) on 29 April 2011 and 22 June 2017, the Beijing Property Manager will receive a property manager’s fee with details as described in Note 1(c) and reimbursements for the employment costs and remuneration of the employees of the Beijing Property Manager for provision of business advisory and management services, marketing and lease management services and property management co-ordination services.

Under the Chongqing Property Manager Agreement and supplemental agreement entered into by Chongqing Metropolitan Oriental Plaza Co., Ltd (“Chongqing Company”) and the Chongqing branch of Beijing Hui Xian Enterprise Services Limited (“Chongqing Property Manager”) on 2 March 2015 and 31 December 2017, the Chongqing Property Manager will be fully reimbursed by Chongqing Company for (i) employment costs and remuneration of the personnel provided or procured by the Chongqing Property Manager engaged solely and exclusively for the provision of its services relating to Metropolitan Plaza and Metropolitan Tower (collectively referred to as “Metropolitan Oriental Plaza”); and (ii) management expenses incurred by the Chongqing Property Manager on Metropolitan Oriental Plaza, including but not limited to the costs and expenses incurred under contracts entered into with third party service providers by the Chongqing Property Manager (as agent for the Chongqing Company) at the request of the Chongqing Company for the provision of cleaning, maintenance, security, car park management and other services for Metropolitan Oriental Plaza.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

1. GENERAL (Continued)

(b) Trustee's fees

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

(c) Manager's fees

Under the Trust Deed, the Manager is entitled to receive the following remuneration for the provision of asset management services:

Base Fee

Under the Trust Deed, the Manager will receive a base fee from Hui Xian REIT at 0.3% per annum of the Property Values.

For the period from the date of listing until 31 December 2011, the base fee, only to the extent that it is referable to Beijing Oriental Plaza, shall be paid to the Manager as to 80% in the form of units and as to 20% in the form of cash. Thereafter, the Manager may elect whether the base fee is to be paid in cash or in units.

On 2 January 2020, the Manager has elected to receive 70% (2019: 70%) base fee in units and 30% (2019: 30%) in cash in respect of the financial year ending 31 December 2020.

Variable Fee

The Trust Deed has been modified on 19 May 2017 in relation to the variable fee structure. Under the Trust Deed, the Manager will receive a variable fee ("Variable Fee") of 3% per annum of the net property income ("NPI") of that real estate (before deduction therefrom of the Variable Fee and, where the property manager is a subsidiary of the Manager, the property manager's fee) in respect of each real estate of Hui Xian REIT, for so long as the property manager is a wholly-owned subsidiary of the Manager, the Manager may elect at any time and from time to time, with effect from the date on which the property manager is appointed or the date of such election by the Manager, whichever is later, that the 3% rate in clause 14.1.2(i)(a) of the Trust Deed be split between the Manager and the property manager, in such proportion as the Manager in its sole discretion deems fit, into 2 portions comprising a variable fee payable to the Manager and a property manager's fee payable to the property manager.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

1. GENERAL (Continued)

(c) Manager's fees (Continued)

Variable Fee (Continued)

The Manager has elected that with effect from 1 July 2017, the 3% rate in respect of Beijing Oriental Plaza be split into 2 portions comprising a variable fee payable to the Manager which is equal to 1% per annum, and a property manager's fee payable to the property manager which is equal to 2% per annum, of NPI of Beijing Oriental Plaza (before deduction therefrom of the Variable Fee and, where the property manager is a subsidiary of the Manager, the property manager's fee).

The 3% rate in respect of the other real estates of Hui Xian REIT is all payable to the Manager at 3% per annum of NPI of the relevant real estate (before deduction therefrom of the Variable Fee and, where the property manager is a subsidiary of the Manager, the property manager's fee).

The Manager may elect whether the variable fee is to be paid in cash or in units in accordance with the provisions in the Trust Deed.

On 2 January 2020, the Manager has elected to receive 70% (2019: 70%) variable fee in units and 30% (2019: 30%) in cash in respect of the financial year ending 31 December 2020.

Acquisition Fee

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

The outbreak of Covid-19 has had negative impacts to the global economy, business environment and directly and indirectly affected the operations of the Group. The Group's hotel portfolio has been hit particularly hard due to both international and domestic travel restrictions. The impact on the Group's mall segment has been immediate due to dampened retail traffic and consumer sentiment as a result of lockdown and social distancing. As such, the financial positions and performance of the Group were affected in different aspects, including decrease in revenue and decrease in fair value of investment properties as disclosed in the relevant notes.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

2. BASIS OF PREPARATION

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2019, except as described below.

Application of new and amendments to HKFRS

In the current interim period, the Group has applied the Amendments to Reference to the Conceptual Framework in Hong Kong Financial Reporting Standards (“HKFRS”) and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the Manager concluded that the application of the Amendments to Reference to the Conceptual Framework in HKFRS and the amendments to HKFRSs in the current period has had no material impact on the amounts reported and/or disclosures set out in the condensed consolidated financial statements.

Impacts of application on Amendments to HKAS 1 and HKAS 8 “Definition of Material”

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impacts of application on Amendments to HKAS 1 and HKAS 8 “Definition of Material” (Continued)

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 December 2020.

Accounting policy newly applied by the Group

In addition, the Group has applied the following accounting policy which became relevant to the Group in the current interim period.

Variable lease payments (the Group as a lessor)

When a lease contract contains a specific clause that provides for rent reduction or suspension of rent in the event that the underlying assets (or any part thereof) are affected by adverse events beyond the control of the Group and the lessee so as to render the underlying assets unfit or not available for use, the relevant rent reduction or suspension of rent resulting from the specific clause is accounted for as part of the original lease and not as a lease modification. Such rent reduction or suspension of rent is recognised in profit or loss in the period in which the event or condition that triggers those payments to occur.

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, Chongqing, the PRC, and Sheraton Chengdu Lido Hotel, Chengdu, the PRC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

4. SEGMENT REPORTING (Continued)

(a) Segment revenue and results

Six months ended 30 June 2020 (unaudited)

	Malls RMB million	Offices RMB million	Apartments RMB million	Hotels RMB million	Consolidated RMB million
Segment revenue	483	562	95	63	1,203
Segment profit (loss)	344	403	48	(44)	751
Decrease in fair value of investment properties					(2,101)
Finance costs					(162)
Depreciation					(169)
Unallocated income and gain					100
Unallocated expense and loss					(282)
Loss before taxation and transactions with unitholders					(1,863)

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					(171)
Unallocated income and gain					113
Unallocated expense and loss					(127)
Profit before taxation and transactions with unitholders					696

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

4. SEGMENT REPORTING (Continued)

(a) Segment revenue and results (Continued)

Segment profit (loss) represents the profit earned or loss incurred 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 expenses, certain other operating expenses, exchange loss and certain other income that are not directly related to each segmental activities and finance costs. This is the measure reported to the Manager for the purposes of resource allocation and performance assessment.

(b) Segment assets

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

	30.6.2020 RMB million (unaudited)	31.12.2019 RMB million (audited)
Malls	16,214	17,286
Offices	14,862	15,822
Apartments	2,462	2,521
Hotels	4,002	4,095
Total segment assets	37,540	39,724
Bank balances and cash	6,511	6,684
Other assets	77	67
Consolidated total assets	44,128	46,475

For the purposes of monitoring segment performances and resources allocation, all investment properties, right-of-use assets, 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.

For the measurement of segment assets and results, property, plant and equipment and right-of-use assets are allocated to segments while their corresponding depreciation are not allocated to segment results on the same basis.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

4. SEGMENT REPORTING (Continued)

(c) Geographical information

All of the Group's revenue is derived from activities and customers located in the PRC and the Group's non-current assets are all located in Beijing, 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 2020 (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	–	2	8	11

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

5. REVENUE

	Malls RMB million	Offices RMB million	Apartments RMB million	Hotels RMB million	Consolidated RMB million
Six months ended 30 June 2020 (unaudited)					
Disaggregation of revenue					
Revenue from contracts with customers within the scope of HKFRS 15					
Room revenue	—	—	64	37	101
Food and beverage	—	—	—	20	20
Carpark revenue	11	—	—	—	11
Ancillary services income	59	91	31	6	187
	70	91	95	63	319
Rental income	413	471	—	—	884
Total revenue	483	562	95	63	1,203
Timing of revenue recognition					
A point in time	16	16	3	21	56
Over time	54	75	92	42	263
Total	70	91	95	63	319

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

5. REVENUE (Continued)

	Malls RMB million	Offices RMB million	Apartments RMB million	Hotels RMB million	Consolidated RMB million
Six months ended 30 June 2019 (unaudited)					
Disaggregation of revenue					
Revenue from contracts with customers within the scope of HKFRS 15					
Room revenue	—	—	65	156	221
Food and beverage	—	—	—	66	66
Carpark revenue	13	—	—	—	13
Ancillary services income	76	124	28	9	237
	89	124	93	231	537
Rental income	525	536	—	—	1,061
Total revenue	614	660	93	231	1,598
Timing of revenue recognition					
A point in time	32	40	3	72	147
Over time	57	84	90	159	390
Total	89	124	93	231	537

The gross rental from investment properties includes variable lease payments that do not depend on an index or a rate of RMB3 million (2019: RMB5 million).

The direct operating expense from investment properties (includes mainly certain other operating expenses, certain Manager's fees and staff costs) amounting to RMB303 million (2019: RMB325 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

6. OTHER INCOME

	2020 RMB million (unaudited)	2019 RMB million (unaudited)
Interest income from banks	99	112
Government subsidies	3	3
Others	3	1
Total	105	116

7. OTHER OPERATING EXPENSES

	2020 RMB million (unaudited)	2019 RMB million (unaudited)
Advertising and promotion	11	12
Audit fee	1	1
Insurance	3	3
Lease agency fee	19	16
Property manager's fee (Note 1(a))	36	44
Property management fees	25	34
Repairs and maintenance	30	34
Other miscellaneous expenses (Note)	62	81
Stamp duty	2	1
Urban land use tax	1	2
Urban real estate tax	134	158
Utilities	42	49
Value added tax surcharges	5	8
	371	443

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

8. FINANCE COSTS

	2020 RMB million (unaudited)	2019 RMB million (unaudited)
Interest expense on unsecured bank loans	162	152

9. MANAGER'S FEES

	2020 RMB million (unaudited)	2019 RMB million (unaudited)
Base Fee (Note 1(c))	60	60
Variable Fee (Note 1(c))	8	12
	68	72

10. REAL ESTATE INVESTMENT TRUST EXPENSES

	2020 RMB million (unaudited)	2019 RMB million (unaudited)
Trustee's fee (Note 1(b))	2	2
Legal and professional fees	1	2
Public relations-related expenses	—	1
Trust administrative expenses and others	2	1
	5	6

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

11. INCOME TAX (CREDIT) EXPENSE

	2020 RMB million (unaudited)	2019 RMB million (unaudited)
The income tax (credit) expense comprises:		
Current tax		
— PRC Enterprise Income Tax	165	231
— Withholding tax	64	64
Deferred taxation	(472)	(25)
	(243)	270

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. (LOSS) EARNINGS PER UNIT

The (loss) earnings per unit is calculated by dividing the loss for the period attributable to unitholders before transactions with unitholders of RMB1,599 million (2019: profit of RMB441 million) by 5,914,410,612 units (2019: 5,784,101,171 units) being the weighted average number of units in issue during the period of 5,903,226,256 units (2019: 5,776,607,636 units), plus the weighted average number of units issuable for settlement of Manager's fees for the period from 1 January 2020 to 30 June 2020 of 11,184,356 units (2019: for the period from 1 January 2019 to 30 June 2019 of 7,493,535 units).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

13. INVESTMENT PROPERTIES

	30.6.2020	31.12.2019
	RMB million	RMB million
	(unaudited)	(audited)
FAIR VALUE		
At the beginning of the period/year	32,938	33,086
Additions	4	34
Transferred from property, plant and equipment	—	8
Transferred from right-of-use assets	—	36
Decrease in fair value recognised in profit or loss	(2,101)	(214)
Transferred to property, plant and equipment	—	(5)
Transferred to right-of-use assets	—	(7)
At the end of the period/year	30,841	32,938

- (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 2020 and 31 December 2019 by Knight Frank Petty Limited and D&P China (HK) Limited, independent professional valuers with appropriate professional qualifications and experiences in the valuation of similar properties in the relevant locations respectively. The valuations of properties have been principally arrived at by using the income capitalisation approach which is a method of valuation whereby valuation is the sum of capitalised value of the term income and the appropriately deferred reversionary income for the remaining term of the land use rights of the properties. The capitalised value of the term income is derived by capitalising the rental income derived from existing tenancies for their respective unexpired terms of contractual tenancies, while the capitalised value of reversionary income is derived by capitalising the current market rents for the remaining terms of the land use rights of the properties. Capitalisation rates are estimated with reference to the yield generally accepted by the market for comparable properties.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The investment properties are included in level 3 (31 December 2019: level 3) of the fair value hierarchy.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group acquired property, plant and equipment of RMB46 million (2019: RMB74 million) and no property, plant and equipment was transferred from investment properties (2019: RMB2 million).

No building and plant and machinery were transferred to investment properties during the six months ended 30 June 2020 (2019: RMB4 million).

Items of plant and equipment with a carrying value of RMB2 million were disposed of during the six months ended 30 June 2020 (2019: RMB1 million).

15. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2020, there was no transfer from investment properties to right-of-use assets (2019: RMB8 million).

During the six months ended 30 June 2020, there was no transfer from right-of-use assets to investment properties (2019: RMB16 million after revaluation).

16. INVENTORIES

	30.6.2020 RMB million (unaudited)	31.12.2019 RMB million (audited)
Food and beverage	3	4
Other consumables	24	23
	27	27

17. TRADE AND OTHER RECEIVABLES

	30.6.2020 RMB million (unaudited)	31.12.2019 RMB million (audited)
Trade receivables	90	29
Deposits and prepayments	8	15
Advance to suppliers	14	10
Interest receivables	46	30
Other receivables	37	36
	195	120

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

17. TRADE AND OTHER RECEIVABLES (Continued)

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

	30.6.2020 RMB million (unaudited)	31.12.2019 RMB million (audited)
Less than or equal to 1 month	45	16
1–3 months	29	7
Over 3 months	16	6
	90	29

18. BANK BALANCES AND CASH

	30.6.2020 RMB million (unaudited)	31.12.2019 RMB million (audited)
Cash at bank or on hand	2,186	1,817
Time deposits (with original maturity of three months or less)	744	2,552
Cash and cash equivalents	2,930	4,369
Time deposits (with original maturity of more than three months)	3,688	2,438
	6,618	6,807

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

19. TRADE AND OTHER PAYABLES

	30.6.2020 RMB million (unaudited)	31.12.2019 RMB million (audited)
Trade payables	106	136
Receipts in advance (Note (i))	159	223
Others (Note (ii))	123	156
	388	515

Notes:

(i) Included in receipts in advance are contract liabilities amounting to RMB61 million, RMB65 million and RMB59 million as at 30 June 2020, 31 December 2019 and 1 January 2019 respectively 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:

	30.6.2020 RMB million (unaudited)	31.12.2019 RMB million (audited)
Less than or equal to 3 months	52	92
Over 3 months	54	44
	106	136

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

20. BANK LOANS

	30.6.2020 RMB million (unaudited)	31.12.2019 RMB million (audited)
Unsecured term loans	11,121	10,906
Loan front-end fees	(28)	(35)
	11,093	10,871
The maturities of the above bank loans are as follows:		
Within one year	5,520	2,191
More than one year but not exceeding two years	1,821	4,469
More than two years but not exceeding five years	3,752	4,211
	11,093	10,871
Less: Amounts shown under current liabilities	(5,520)	(2,191)
Amounts due after one year	5,573	8,680

In relation to the credit facility of HK\$800 million granted to the Group on 28 April 2020 to refinance the credit facility granted in April 2017, the total amount of the credit facility utilised by the Group as at 30 June 2020 was HK\$800 million (equivalent to RMB731 million) (31 December 2019: HK\$800 million (equivalent to RMB717 million)). It bears interest at floating interest rate of Hong Kong Interbank Offered Rate ("HIBOR") plus 0.90% per annum and is repayable in full in May 2023.

In relation to the credit facility of HK\$600 million granted to the Group on 25 May 2020 to refinance the credit facility granted in June 2015, the total amount of the credit facility utilised by the Group as at 30 June 2020 was HK\$600 million (equivalent to RMB548 million) (31 December 2019: HK\$600 million (equivalent to RMB537 million)). It bears interest at floating interest rate of HIBOR plus 0.95% per annum and is repayable in full in May 2023.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

21. UNITS IN ISSUE

As at 30 June 2020, Hui Xian REIT had 5,953,702,301 (31 December 2019: 5,880,262,459) issued units.

During the period, movements of units in issue are as below:

	Number of units	RMB million
Balance at 1 January 2019	5,757,337,072	28,365
Payment of Manager's fees through issuance of new units during the period	30,992,992	101
Units issued pursuant to the distribution reinvestment arrangement in respect of 2018 final and 2019 interim distributions	91,932,395	295
Balance at 31 December 2019	5,880,262,459	28,761
Payment of Manager's fees through issuance of new units during the period	22,734,668	51
Units issued pursuant to the distribution reinvestment arrangement in respect of 2019 final distribution	50,705,174	111
Balance at 30 June 2020	5,953,702,301	28,923

On 14 April 2020, 22,734,668 units at RMB2.23 per unit were issued to the Manager as settlement of Manager's fee for period from 1 July 2019 to 31 December 2019.

On 15 May 2020, 50,705,174 scrip units at issue price of RMB2.19 per unit were issued to unitholders pursuant to the distribution reinvestment arrangement in respect of 2019 final distribution.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

21. UNITS IN ISSUE (Continued)

Details of units issued during the year ended 31 December 2019 as payment of Manager's fees are as follows:

Issue date	Payment of Manager's fees for the period	Average price per unit determined based on Trust Deed RMB	Number of units issued
12 April 2019	1 July 2018 to 31 December 2018	3.32	15,347,661
22 August 2019	1 January 2019 to 30 June 2019	3.22	15,645,331
			30,992,992

On 17 May 2019, 50,225,761 scrip units at an issue price of RMB3.25 per unit were issued to unitholders pursuant to the distribution reinvestment arrangement in respect of 2018 final distribution.

On 26 September 2019, 41,706,634 scrip units at an issue price of RMB3.16 per unit were issued to unitholders pursuant to the distribution reinvestment arrangement in respect of 2019 interim distribution.

22. 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 2020 of RMB24,420 million (31 December 2019: RMB25,983 million) and the total number of 5,953,702,301 units in issue as at 30 June 2020 (31 December 2019: 5,880,262,459 units).

23. NET CURRENT ASSETS

As at 30 June 2020, the Group's net current assets, defined as total current assets less total current liabilities, amounted to RMB362 million (31 December 2019: RMB3,272 million).

24. TOTAL ASSETS LESS CURRENT LIABILITIES

As at 30 June 2020, the Group's total assets less current liabilities amounted to RMB37,650 million (31 December 2019: RMB42,793 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

25. CAPITAL COMMITMENTS

	30.6.2020	31.12.2019
	RMB million	RMB million
	(unaudited)	(audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	63	67

26. CONNECTED AND RELATED PARTY TRANSACTIONS

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

Name of Connected/Related Party	Notes	1.1.2020 to 30.6.2020	1.1.2019 to 30.6.2019
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Rent and rental related income			
北京屈臣氏個人用品連鎖商店有限公司 (Beijing Watson's Personal Care Stores Co., Ltd.*)	(a)	1,284	1,261
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Limited*)	(a)	532	511
長實(中國)投資有限公司 (CKH (China) Investment Co., Limited*)	(a)	57	57
北京雷霆萬鈞網絡科技有限責任公司 (Beijing Lei Ting Wan Jun Network Technology Limited*)	(a)	987	790
北京雷霆無極網絡科技有限公司 (Beijing Lei Ting Wu Ji Network Technology Company Limited*)	(a)	350	525
北京雷系科技發展有限公司 (Beijing Lahiji Technology Development Limited*)	(a)	452	678
北京幻劍書盟科技發展有限公司 (Beijing Huan Jian Shu Meng Network Technology Limited*)	(a)	24	35
諾定(中國)投資有限公司 (TOM.COM (China) Investment Limited*)	(a)	24	35
香港 TOM 集團國際有限公司北京代表處 (TOM Group International Limited Beijing Representative Office*)	(a)	16	24
森棟乙(北京)科技有限公司 (Ceng Dong Yi (Beijing) Technology Company Limited*)	(a)	24	35

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

26. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Name of Connected/Related Party	Notes	1.1.2020 to	1.1.2019 to
		30.6.2020	30.6.2019
		RMB'000	RMB'000
		(unaudited)	(unaudited)
和記黃埔醫藥(上海)有限公司 (Hutchison MediPharma Limited*)	(a)	690	690
CK Asset Holdings Limited	(b)	48	48
和記黃埔地產(重慶兩江新區)有限公司 (Hutchison Whampoa Properties (Chongqing Liangjiangxinqu) Limited*)	(b)	—	154
和記黃埔地產(重慶南岸)有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	(b)	—	834
和記黃埔地產(重慶經開園)有限公司 (Hutchison Whampoa Properties (Chongqing Jingkaiyuan) Limited*)	(b)	—	248
和記黃埔地產管理有限公司重慶分公司 (Hutchison Whampoa Property Management Limited Chongqing Branch*)	(b)	—	3
和記黃埔地產(北京朝陽)有限公司 (Hutchison Whampoa Properties (Beijing Chaoyang) Limited*)	(b)	—	2,426
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.*)	(b)	—	6
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.*)	(b)	—	1
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	(b)	948	896
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	(b)	1,011	956
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	(b)	35	33
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(e)	243	243
德意志銀行(中國)有限公司重慶分行 (Deutsche Bank (China) Co., Ltd. Chongqing Branch*)	(g)	563	555
Bank of China Limited	(h)	17,154	14,822
香港貿易發展局 (The Hong Kong Trade Development Council*)	(i)	—	123
香港貿易發展局北京辦事處 (The Hong Kong Trade Development Council Beijing Office*)	(i)	179	145

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

26. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Name of Connected/Related Party	Notes	1.1.2020 to	1.1.2019 to
		30.6.2020	30.6.2019
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Hotel room revenue			
廣州飛機維修工程有限公司 (Guangzhou Aircraft Maintenance Engineering Company Limited*)	(a)	1	—
北京屈臣氏個人用品連鎖商店有限公司 (Beijing Watson's Personal Care Stores Co., Ltd.*)	(a)	1	—
廣州屈臣氏個人用品商店有限公司 (Guangzhou Watson's Personal Care Stores Ltd.*)	(a)	2	—
上海和黃白貓有限公司 (Shanghai Hutchison Whitecat Company Limited*)	(a)	2	2
和記黃埔(中國)商貿有限公司 (Hutchison Whampoa (China) Commerce Limited*)	(a)	—	1
和記地產集團有限公司 (Hutchison Property Group Limited*)	(b)	—	2
和記黃埔地產管理有限公司重慶分公司 (Hutchison Whampoa Property Management Limited Chongqing Branch*)	(b)	50	55
達威設計顧問有限公司 (T W Design Consultants Limited *)	(b)	—	1
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(e)	11	9
Bank of China Limited	(h)	3	40
中銀國際證券股份有限公司 (BOC International (China) Co., Ltd.*)	(h)	12	16
香港貿易發展局成都辦事處 (The Hong Kong Trade Development Council Chengdu Office*)	(i)	—	1
復旦大學 (Fudan University*)	(i)	—	6
中國人壽財產保險股份有限公司北京市分公司 (China Life Property and Casualty Insurance Company Limited Beijing Branch*)	(k)	1	—
中國人壽財產保險股份有限公司內江市分公司 (China Life Property and Casualty Insurance Company Limited Neijiang Branch*)	(k)	2	—

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

26. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Name of Connected/Related Party	Notes	1.1.2020 to	1.1.2019 to
		30.6.2020	30.6.2019
		RMB'000	RMB'000
		(unaudited)	(unaudited)
中國人壽財產保險股份有限公司武威市分公司 (China Life Property and Casualty Insurance Company Limited Wuwei Branch*)	(k)	2	—
國壽投資控股有限公司 (China Life Investment Holding Company Limited*)	(k) & (m)	1	—
萬達信息股份有限公司 (Wonders Information Co., Ltd.*)	(m)	1	—
中信證券股份有限公司 (CITIC Securities Company Limited*)	(m)	—	53
Food & beverages and other hotel income			
上海和黃白貓有限公司 (Shanghai Hutchison Whitecat Company Limited*)	(a)	— [^]	—
和記黃埔醫藥(上海)有限公司 (Hutchison MediPharma Limited*)	(a)	— [^]	5
和記黃埔地產(重慶兩江新區)有限公司 (Hutchison Whampoa Properties (Chongqing Liangjiangxinqu) Limited*)	(b)	24	17
和記黃埔地產(重慶南岸)有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	(b)	14	324
和記黃埔地產(北京朝陽)有限公司 (Hutchison Whampoa Properties (Beijing Chaoyang) Limited*)	(b)	—	38
和記地產集團有限公司 (Hutchison Property Group Limited*)	(b)	—	1
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.*)	(b)	—	3
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.*)	(b)	19	—
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	(b)	3	7
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(e)	3	1
德意志銀行(中國)有限公司重慶分行 (Deutsche Bank (China) Co., Ltd. Chongqing Branch*)	(g)	6	—

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

26. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Name of Connected/Related Party	Notes	1.1.2020 to	1.1.2019 to
		30.6.2020	30.6.2019
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Bank of China Limited	(h)	1	8
中銀國際證券股份有限公司 (BOC International (China) Co., Ltd.*)	(h)	—	2
中銀集團投資有限公司 (Bank of China Group Investment Limited*)	(h)	—	2
復旦大學 (Fudan University*)	(i)	—	3
大連達達房地產開發有限公司 (Dalian Dalian Property Development Co., Ltd.*)	(j)	—	8
中國人壽財產保險股份有限公司內江市分公司 (China Life Property and Casualty Insurance Company Limited Neijiang Branch*)	(k)	— [^]	—
中國人壽保險股份有限公司成都市分公司 (China Life Insurance Company Limited Chengdu Branch*)	(k)	3	—
中信証券股份有限公司 (CITIC Securities Company Limited*)	(m)	—	12
Interest income from banks			
The Hongkong and Shanghai Banking Corporation Limited	(c)	— [^]	— [^]
Bank of China Limited	(h)	6,009	4,504
Bank of China (Hong Kong) Limited	(h) & (j)	95	272
Reimbursement of staff cost			
Hui Xian Asset Management Limited	(d)	570	528
Property management fee			
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	(b)	9,135	10,301
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	(b)	11,733	11,242
家利物業管理(深圳)有限公司 (Cayley Property Management (Shenzhen) Limited*)	(b)	3,514	3,904
海逸酒店管理有限公司 (Harbour Plaza Hotel Management Limited*)	(b)	—	120

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

26. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Name of Connected/Related Party	Notes	1.1.2020 to	1.1.2019 to
		30.6.2020	30.6.2019
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Internet services fee			
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Limited*)	(a)	623	638
CK Asset Holdings Limited	(b)	17	18
Beverages			
廣州屈臣氏食品飲料有限公司北京飲料分公司 (Guangzhou Watson's Food and Beverage Company Limited Beijing Beverages Branch*)	(a)	201	188
Cleaning supplies			
上海和黃白貓有限公司 (Shanghai Hutchison Whitecat Company Limited*)	(a)	195	724
Hotel services			
Harbour Grand Hong Kong Catering Limited	(a)	259	219
Trademark license fee			
海逸酒店企業有限公司 (Harbour Plaza Hotel Enterprises Limited*)	(b)	—	12
Insurance expense			
中銀保險有限公司北京分公司 (Bank of China Insurance Co., Ltd. Beijing Branch*)	(h)	194	193
中國人壽財產保險股份有限公司北京市分公司 (China Life Property and Casualty Insurance Company Limited Beijing Branch*)	(k)	679	674
中國人壽財產保險股份有限公司重慶市分公司 (China Life Property and Casualty Insurance Company Limited Chongqing Branch*)	(k)	92	95

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

26. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Name of Connected/Related Party	Notes	1.1.2020 to	1.1.2019 to
		30.6.2020	30.6.2019
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Interest expense			
The Hongkong and Shanghai Banking Corporation Limited	(c) & (j)	15,666	13,370
Bank of China (Hong Kong) Limited	(h), (i) & (j)	35,912	34,172
Bank charges and agency fee			
Bank of China Limited	(h)	370	1,736
Bank of China (Hong Kong) Limited	(h), (i) & (j)	58	55
Trustee's fee			
DB Trustees (Hong Kong) Limited	(g)	1,984	2,009
Manager's fees			
Hui Xian Asset Management Limited	(d)	67,997	71,969
Property Manager's fee			
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(e)	36,021	43,674
Valuation fee			
Knight Frank Petty Limited	(f)	290	—
D&P China (HK) Limited	(f)	27	237
Title verification service fee			
D&P China (HK) Limited	(n)	9	—

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

26. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Balances with connected and related parties as at 30 June 2020 and 31 December 2019 are as follows:

Name of Connected/Related Party	Notes	30.6.2020	31.12.2019
		RMB'000 (unaudited)	RMB'000 (audited)
Bank loans			
The Hongkong and Shanghai Banking Corporation Limited	(c) & (j)	1,092,963	1,070,827
Bank of China (Hong Kong) Limited	(h), (j) & (j)	2,457,554	2,407,475
Bank balances			
The Hongkong and Shanghai Banking Corporation Limited	(c)	589	489
Bank of China Limited	(h)	833,417	638,838
Bank of China (Hong Kong) Limited	(h) & (j)	126,581	107,098
Deposits placed with the Group for the lease of the Group properties			
北京屈臣氏個人用品連鎖商店有限公司 (Beijing Watson's Personal Care Stores Co., Ltd.*)	(a)	737	737
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Limited*)	(a)	567	567
長實(中國)投資有限公司 (CKH (China) Investment Co., Limited*)	(a)	29	29
北京雷霆萬鈞網絡科技有限責任公司 (Beijing Lei Ting Wan Jun Network Technology Limited*)	(a)	—	464
北京雷霆無極網絡科技有限公司 (Beijing Lei Ting Wu Ji Network Technology Company Limited*)	(a)	—	349
北京雷系科技發展有限公司 (Beijing Lahiji Technology Development Limited*)	(a)	—	451
北京幻劍書盟科技發展有限公司 (Beijing Huan Jian Shu Meng Network Technology Limited*)	(a)	—	24
諾定(中國)投資有限公司 (TOM.COM (China) Investment Limited*)	(a)	—	24
香港 TOM 集團國際有限公司北京代表處 (TOM Group International Limited Beijing Representative Office*)	(a)	—	16
森棟乙(北京)科技有限公司 (Ceng Dong Yi (Beijing) Technology Company Limited*)	(a)	—	24
和記黃埔醫藥(上海)有限公司 (Hutchison MediPharma Limited*)	(a)	448	448

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

26. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Name of Connected/Related Party	Notes	30.6.2020	31.12.2019
		RMB'000 (unaudited)	RMB'000 (audited)
CK Asset Holdings Limited	(b)	24	24
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.*)	(b)	1	1
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.*)	(b)	1	1
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	(b)	474	474
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	(b)	506	506
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	(b)	18	16
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(e)	122	122

Notes:

- (a) These companies are associated companies¹ of Noblecrown Investment Limited ("Noblecrown") which is a significant holder² of Hui Xian REIT, and are subsidiaries or associated companies of CK Hutchison Holdings Limited ("CK Hutchison").
- (b) These companies are holding companies or associated companies¹ of Noblecrown which is a significant holder² of Hui Xian REIT, and are subsidiaries or associated companies of CK Asset Holdings Limited.
- (c) This company is an associate³ of Mr. Li Tzar Kuoi, Victor, a director of Noblecrown, a significant holder² of Hui Xian REIT.
- (d) This company is the manager of Hui Xian REIT ("Manager").
- (e) This company is a subsidiary of the Manager.
- (f) Knight Frank Petty Limited is the principal valuer of Hui Xian REIT for the six months ended 30 June 2020 and D&P China (HK) Limited was the former principal valuer of Hui Xian REIT for the year ended 31 December 2019.
- (g) These companies are either DB Trustees (Hong Kong) Limited, the trustee of Hui Xian REIT ("Trustee") or associated companies¹ of the Trustee.
- (h) Bank of China Limited is an associated company¹ of Noblecrown which is a significant holder² of Hui Xian REIT. These companies are subsidiaries or associated companies¹ of Bank of China Limited.
- (i) These institutions/companies are associates³ of Dr. Choi Koon Shum, Jonathan, an independent non-executive director of the Manager, by virtue of his position as council member/director in these institutions/companies.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

26. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Notes: (Continued)

- (j) The bank loans represent part of the outstanding bank loans (Note 20) as at 30 June 2020. The interest expense represents the respective interest expense under part of the outstanding bank loans for the six months ended 30 June 2020.
- (k) These companies are associated companies¹ of Po Lian Enterprises Limited ("Po Lian") and/or China Life Insurance (Overseas) Company Limited, both of them are significant holders² or deemed to be significant holders² of Hui Xian REIT, and are subsidiaries or associated companies of China Life Insurance (Group) Company.
- (l) This company is an associate³ of (i) Mr. Kam Hing Lam who is a director of Noblecrown and Heathcliff, (ii) Mr. Ip Tak Chuen, Edmond who is a director of Noblecrown, (iii) Mr. Chung Sun Keung, Davy who is a director of Noblecrown and (iv) Mr. Chow Wai Kam, Raymond who is a director of Heathcliff. Noblecrown and Heathcliff are significant holders² or deemed to be significant holders² of Hui Xian REIT. Mr. Kam Hing Lam, Mr. Ip Tak Chuen, Edmond, Mr. Chung Sun Keung, Davy and Mr. Chow Wai Kam, Raymond ceased to be directors of this company on 17 September 2019.
- (m) These companies are associates³ of Mr. Kuang Tao who is a director of China Life Insurance (Overseas) Company Limited, a significant holder² of Hui Xian REIT. Mr Kuang has been appointed as director of CITIC Securities Company Limited ("Citics") on 6 September 2018 and ceased to be director of Citics on 31 December 2019.
- (n) The service charges represent the title verification service rendered by D&P China (HK) Limited which was the former principal valuer of Hui Xian REIT for the year ended 31 December 2019.

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

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

³ As defined in the SFO, a company is an associate of a person if the person is a director of that company.

* The English name is shown for identification purpose only.

^ Transaction amount is greater than zero and smaller than RMB500.

SUMMARY

FINANCIAL INFORMATION

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

SUMMARY OF CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1.1.2020 to 30.6.2020 RMB million	1.1.2019 to 30.6.2019 RMB million	1.1.2018 to 30.6.2018 RMB million	1.1.2017 to 30.6.2017 RMB million	1.1.2016 to 30.6.2016 RMB million
Revenue					
Gross rental from investment properties	1,018	1,211	1,199	1,193	1,237
Income from hotel operation	63	231	266	250	238
Income from serviced apartments operation	95	93	83	73	69
Rental related income	27	63	46	67	31
	1,203	1,598	1,594	1,583	1,575
(Loss) profit before taxation and transactions with unitholders	(1,863)	696	790	882	368
Income tax credit (expense)	243	(270)	(286)	(242)	(205)
(Loss) profit for the period, before transactions with unitholders	(1,620)	426	504	640	163
(Loss) profit for the period attributable to unitholders, before transactions with unitholders	(1,599)	441	518	647	170
	RMB	RMB	RMB	RMB	RMB
Basic (loss) earnings per unit	(0.2703)	0.0762	0.0921	0.1178	0.0315

SUMMARY OF DISTRIBUTIONS

	1.1.2020 to 30.6.2020 RMB million	1.1.2019 to 30.6.2019 RMB million	1.1.2018 to 30.6.2018 RMB million	1.1.2017 to 30.6.2017 RMB million	1.1.2016 to 30.6.2016 RMB million
Distributions to unitholders	126	725	804	761	781
	RMB	RMB	RMB	RMB	RMB
Distribution per unit	0.0212	0.1245	0.1414	0.1377	0.1439

SUMMARY OF CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30.6.2020 RMB million	31.12.2019 RMB million	31.12.2018 RMB million	31.12.2017 RMB million	31.12.2016 RMB million
Non-current assets	37,288	39,521	39,736	39,875	39,549
Current assets	6,840	6,954	6,431	7,734	7,391
Total assets	44,128	46,475	46,167	47,609	46,940
Current liabilities	6,478	3,682	3,355	6,642	2,619
Non-current liabilities, excluding net assets attributable to unitholders	12,964	16,523	16,120	13,834	17,639
Total liabilities, excluding net assets attributable to unitholders	19,442	20,205	19,475	20,476	20,258
Non-controlling interests	266	287	319	350	243
Net assets attributable to unitholders	24,420	25,983	26,373	26,783	26,439
	RMB	RMB	RMB	RMB	RMB
Net asset value per unit attributable to unitholders	4.1017	4.4187	4.5807	4.7943	4.8403

PERFORMANCE TABLE

	Notes	30.6.2020	31.12.2019	31.12.2018	31.12.2017	31.12.2016
Net assets attributable to unitholders (<i>RMB million</i>)		24,420	25,983	26,373	26,783	26,439
Net asset value per unit attributable to unitholders (<i>RMB</i>)		4.1017	4.4187	4.5807	4.7943	4.8403
Market capitalisation (<i>RMB million</i>)		12,800	19,287	18,366	17,597	17,151
Units issued (<i>units</i>)		5,953,702,301	5,880,262,459	5,757,337,072	5,586,412,489	5,462,193,939
Debts to net asset value ratio	1	45.4%	41.8%	37.6%	41.0%	40.9%
Debts to total asset value ratio	2	25.1%	23.4%	21.5%	23.0%	23.0%
		1.1.2020 to 30.6.2020	1.1.2019 to 31.12.2019	1.1.2018 to 31.12.2018	1.1.2017 to 31.12.2017	1.1.2016 to 31.12.2016
Highest traded unit price (<i>RMB</i>)		3.30	3.45	3.35	3.22	3.51
Highest premium of the traded unit price to net asset value per unit	3	N/A	N/A	N/A	N/A	N/A
Lowest traded unit price (<i>RMB</i>)		1.97	3.16	3.03	3.02	2.98
Highest discount of the traded unit price to net asset value per unit		52.0%	28.5%	33.9%	37.0%	38.4%
Distribution per unit (<i>RMB</i>)		0.0212	0.2177	0.2653	0.2681	0.2754
Annualised distribution yield per unit	4	1.98%	6.64%	8.32%	8.51%	8.77%

Notes:

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

INVESTOR CALENDAR

On or around

Interim results announcement for the six months ended 30 June 2020 announcing, among other information, the interim distribution for the six months ended 30 June 2020 ("2020 Interim Distribution") and the distribution reinvestment arrangement ("DRA")	3 August 2020 (Monday)
Units quoted ex-2020 Interim Distribution	14 August 2020 (Friday)
Ten consecutive trading days to determine unit price for new units to be issued from scrip distribution under the DRA ("Scrip Units")	14 August 2020 (Friday) to 27 August 2020 (Thursday) (both dates inclusive)
Closure of register of Unitholders (for ascertaining entitlement to the 2020 Interim Distribution)	18 August 2020 (Tuesday) to 20 August 2020 (Thursday) (both dates inclusive)
Announcement in relation to the DRA	20 August 2020 (Thursday)
Record date for 2020 Interim Distribution	20 August 2020 (Thursday)
Despatch of circular and election form for the DRA	25 August 2020 (Tuesday)
Announcement in relation to the DRA to disclose the issue price of scrip units	28 August 2020 (Friday)
Latest time for return of election form for the DRA ¹	by 4:30 p.m., 16 September 2020 (Wednesday)
Payment of the 2020 Interim Distribution for cash distribution election	25 September 2020 (Friday)
Despatch of new unit certificates for scrip distribution election	25 September 2020 (Friday)
Expected first day of dealings in Scrip Units (subject to the granting of listing approval by the Stock Exchange)	28 September 2020 (Monday)

1. A distribution reinvestment arrangement is available to eligible Unitholders who may elect to receive the 2020 Interim Distribution for the six months ended 30 June 2020 wholly in cash or in the form of new units or a combination of both. An announcement regarding the distribution reinvestment arrangement was published on or around 20 August 2020 (Thursday) and a circular together with the relevant election form will be delivered by post to the Unitholders on or around 25 August 2020 (Tuesday). An announcement containing details of the issue of scrip units and, inter alia, the issue price for each scrip unit for the distribution reinvestment arrangement will be published on or about 28 August 2020 (Friday). The election form for scrip distribution must be lodged with and received by the Computershare Hong Kong Investor Services Limited (at its address at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) not later than 4:30 pm on 16 September 2020 (Wednesday). Please refer to the relevant circular and election form for the details of such distribution reinvestment arrangement. Unitholders should note that any election form arrived or received after the deadline set out above will be treated and taken as invalid.

CORPORATE INFORMATION

MANAGER

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

BOARD OF DIRECTORS OF THE MANAGER

Chairman and Non-executive Director

KAM Hing Lam

Executive Directors

CHEUNG Ling Fung, Tom (*Chief Executive Officer*)
LEE Chi Kin, Casey (*Chief Operating Officer*)
LAI Wai Yin, Agnes (*Chief Financial Officer*)

Non-executive Directors

IP Tak Chuen, Edmond
LIM Hwee Chiang

Independent Non-executive Directors

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

BOARD COMMITTEES

Audit Committee

CHENG Hoi Chuen, Vincent (*Chairman*)
LEE Chack Fan
CHOI Koon Shum, Jonathan
IP Tak Chuen, Edmond

Disclosures Committee

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

Designated (Finance) Committee

IP Tak Chuen, Edmond (*Chairman*)
CHEUNG Ling Fung, Tom
CHOI Koon Shum, Jonathan

COMPANY SECRETARY OF THE MANAGER

Fair Wind Secretarial Services Limited

TRUSTEE

DB Trustees (Hong Kong) Limited

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL VALUER

Knight Frank Petty Limited

LEGAL ADVISER

Woo Kwan Lee & Lo

UNIT REGISTRAR

Computershare Hong Kong Investor Services
Limited
17M Floor Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong
Tel: (852) 2862 8555
Fax: (852) 2865 0990

INVESTOR RELATIONS

TONG BARNES Wai Che, Wendy
Tel: (852) 2121 1128
Fax: (852) 2121 1138
Email: info@huixianreit.com

PROPERTY MANAGER

北京匯賢企業管理有限公司
(Beijing Hui Xian Enterprise Services Limited*)

STOCK CODE

87001

WEBSITE

www.huixianreit.com

GLOSSARY

Board	the board of directors of the Manager
BOP	北京東方廣場有限公司 (Beijing Oriental Plaza Co., Ltd.), a Sino-foreign co-operative joint venture established in the PRC
Director(s)	director(s) of the Manager
DPU	distribution per unit
GDP	gross domestic product
Hui Xian Cayman	Hui Xian (Cayman Islands) Limited
Hui Xian Holdings	Hui Xian Holdings Limited
Hui Xian Investment	Hui Xian Investment Limited
Hui Xian REIT	Hui Xian Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorised under section 104 of the SFO
Hui Xian REIT group	Hui Xian REIT and other companies or entities held or controlled by Hui Xian REIT
Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Manager	Hui Xian Asset Management Limited, a company incorporated in Hong Kong and a corporation licensed to carry on the regulated activity of asset management under the SFO
PRC	People's Republic of China
REIT Code	Code on Real Estate Investment Trusts
RMB	Renminbi
SFC	Securities and Futures Commission of Hong Kong
SFO	Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong)
Shenyang Investment BVI	Shenyang Investment (BVI) Limited

GLOSSARY

Shenyang Investment HK	Shenyang Investment (Hong Kong) Limited
Shenyang Lido	瀋陽麗都商務有限公司 (Shenyang Lido Business Co. Ltd*), a Sino-foreign co-operative joint venture established in the PRC
Stock Exchange	The Stock Exchange of Hong Kong Limited
Trust Deed	Deed of Trust constituting Hui Xian REIT dated 1 April 2011 as amended, modified or supplemented from time to time
Trustee	DB Trustees (Hong Kong) Limited, the trustee of Hui Xian REIT
Unit(s)	unit(s) of Hui Xian REIT
Unitholder(s)	any person(s) registered as holding a Unit or Units

* The English name is shown for identification purpose only

The information as set out in this interim report is updated as of 3 August 2020