



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 2023



CONTENTS



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HUI XIAN REIT

Hui Xian Real Estate Investment Trust (“Hui Xian REIT”) is a real estate investment trust constituted by a deed of trust entered on 1 April 2011 between, amongst the others, 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 (a wholly-owned subsidiary of ESR Group Limited).

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CHAIRMAN'S STATEMENT

HIGH INTEREST EXPENSES OVERSHADOWED OPERATION RECOVERY

Notwithstanding the end of COVID-19, the first half of ("H1") 2023 turned out to be another turbulent year. In June 2023, the World Bank warned that the global economy would remain in a precarious position.

In addition to the protracted effects of the pandemic, geopolitical tensions, climate change, currency volatility and trade disputes, a significant challenge many corporations face is rising interest rates. High inflation in many countries has prompted the most aggressive interest rate hike cycle in decades. Corporations face high interest expenses, which eat into profits and reduce cash flow. Elevated borrowing costs are also adding to risks that some highly leveraged companies may default on their debt. The World Bank projected that the global growth would decelerate to 2.1% in 2023, down from 3.1% in 2022.

In China, the lifting of anti-pandemic measures in late 2022 helped drive a gradual economic recovery though the recovery pace was slower than market expectations. The RMB exchange rate experienced volatility during the year. Against the Hong Kong Dollar, the RMB exchange rate as at 30 June 2022 was 1:0.85519* as compared to 1:0.92198* as at 30 June 2023, representing a depreciation of 7.2% year-on-year.

* Based on the People's Bank of China RMB rate against Hong Kong Dollar

(A) SIGNIFICANT SURGE IN INTEREST EXPENSES WIPED OUT NPI GROWTH, IMPACTING NEGATIVELY INTERIM DISTRIBUTIONS

	1 January – 30 June 2023	1 January – 30 June 2022	Variance	
			Amount	Percentage
Total Revenue (<i>RMB million</i>)	1,142	1,100	+42	+3.8%
Net Property Income (<i>RMB million</i>)	700	657	+43	+6.5%
Amount Available for Distribution (<i>RMB million</i>)	243	354	-111	-31.5%
Distributions to Unitholders (<i>RMB million</i>)	219	319	-100	-31.4%
Distribution per Unit (<i>RMB</i>)	0.0348	0.0516	-0.0168	-32.6%

NPI Grew by 6.5%YoY

Hui Xian REIT's operation showed signs of recovery in H1 2023, mainly driven by the improved performance of the hotel portfolio as the pandemic impact gradually subsided. During H1 2023, revenue grew by RMB42 million to RMB1,142 million, representing a 3.8% increase year-on-year. Net property income ("NPI") rose by RMB43 million to RMB700 million, an increase of 6.5% year-on-year.

Interest Expenses Increased over 200%YoY

HIBOR has increased substantially over the year. As at 30 June 2022, 1-month HIBOR was 0.87101%**. As at 30 June 2023, the rate rose to 4.93405%**.

Interest expenses were one of the major expenses for Hui Xian REIT. The amount surged 204.5% from RMB61 million in H1 2022 to RMB186 million in H1 2023. The increase in interest expenses of RMB125 million was more than the increase in NPI of RMB43 million, hence impacting Hui Xian REIT's distributions.

** Sources: The Hong Kong Association of Banks' website

Interim DPU Declined by 32.6%YoY

The NPI growth achieved in H1 2023 was more than offset by the increase in interest expenses, leading to the decline in 2023 interim distributions.

Amount Available for Distribution during H1 2023 was RMB243 million (2022: RMB354 million, this amount consisted of a one-off exchange gain which was distributed to the Unitholders). The payout ratio was 90% (2022: 90%). Distributions to Unitholders amounted to RMB219 million (2022: RMB319 million).

From January to June 2023, the interim distribution per unit ("DPU") was down by 32.6% year-on-year to RMB0.0348 (2022: RMB0.0516). The interim DPU will be paid on 27 September 2023, Wednesday to Unitholders whose names appear on the Register of Unitholders of Hui Xian REIT on 16 August 2023, Wednesday.

CHAIRMAN'S STATEMENT

(B) IMPROVED OPERATIONAL PERFORMANCE, DRIVEN BY THE HOTEL PORTFOLIO

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

With China's economy improving from the pandemic, Hui Xian REIT's operation performance saw a gradual recovery. During H1 2023, NPI increased 6.5% year-on-year to RMB700 million. The rise was mainly attributed to the hotel portfolio as China's domestic travel rebounded after the pandemic.

(1) Hotel Portfolio – Witnessed a Visible Recovery

H1 2023 was the turning point for Hui Xian REIT's hotel portfolio after three devastating years of COVID. The hotel portfolio comprises four international chain hotels in four key cities in China.

Following the lifting of pandemic and travel restrictions, China's domestic tourism industry has begun to lurch back to life. Occupancy and room rates of all four hotels witnessed a notable improvement, particularly in the second quarter of 2023. The NPI amounted to RMB10 million, posting a rise of RMB68 million against a negative NPI of RMB58 million recorded in H1 2022.

Sheraton Chengdu Lido Hotel – Room Rate Grew by 53%

Chengdu's domestic business and leisure travel recovered quickly during H1 2023.

Sheraton Chengdu Lido Hotel's average occupancy rate increased from 42.5% in H1 2022 to 62.0% in H1 2023; while average room rate per night surged from RMB379 to RMB579.

Hyatt Regency Liberation Square Chongqing – Occupancy Rate Nearly Doubled

Chongqing is a popular travel destination and its domestic tourism industry saw strong post-pandemic recovery during H1 2023.

At Hyatt Regency Liberation Square Chongqing, the average occupancy rate jumped from 37.9% a year ago to 73.3% in H1 2023. Average room rate per night increased from RMB491 to RMB671.

Grand Hyatt Beijing – Room Rate Exceeded 2019 Pre-Pandemic Level

While international travel was still in the early stage of recovering, Beijing's domestic travel has started to recover since the second quarter of 2023.

Grand Hyatt Beijing's average occupancy rate improved from 11.0% during H1 2022 to 32.5% during the same period of 2023. Average room rate per night rebounded to RMB1,473 (2022: RMB963). It has exceeded the pre-pandemic level in 2019 of RMB1,271.

The Westin Shenyang – Introduced The Westin Brand to Shenyang

The Manager signed an agreement with Marriott International to bring The Westin brand to Shenyang in March 2023. The hotel was formerly known as Sofitel Shenyang Lido.

The Westin Shenyang succeeded in building up brand awareness in the first four months after the rebranding. Average occupancy rate grew from 19.8% in H1 2022 to 40.4% in H1 2023; and average room rate per night increased from RMB439 to RMB535.

(2) Retail Portfolio – Post-COVID Recovery Slower than Expected

China's retail industry had been hit hard by COVID-19 since 2020. Many retailers in China have suffered severe business disruptions and a sharp downturn in revenue due to weak consumer sentiment. Retail shops also faced other challenges, such as cash flow and supply chain issues, as well as keen competition from online shopping. Some struggling brands and department store chains were forced to reduce their number of stores or terminate their leases before expiration.

Following the lifting of all anti-pandemic measures in late 2022, consumer sentiment improved but consumers were still wary of spending. Retailers had gone through a series of significant shocks over the past few years, and they are taking a cautious approach towards expansion.

Hui Xian REIT's retail portfolio consists of two shopping centres: (i) The Malls at Beijing Oriental Plaza, and (ii) The Mall at Chongqing Metropolitan Oriental Plaza. The NPI during the Reporting Period was RMB254 million (2022: RMB276 million).

At The Malls at Beijing Oriental Plaza, occupancy rate was 92.0% as at June 2023 (93.1% as at June 2022). Average monthly passing rent was RMB735 (2022: RMB739) per square metre. During H1 2023, new lease and renewal terms were mostly concluded at negative reversion rates; this will continue to impact The Malls financially in the second half of ("H2") 2023 and beyond.

CHAIRMAN'S STATEMENT

The department store at The Mall at Chongqing Metropolitan Oriental Plaza, one of the anchor tenants in the mall for over ten years, did not renew its lease upon expiry in 2022. The Mall took advantage of this opportunity to commence a comprehensive asset enhancement programme. As such, the occupancy rate and rental income were affected. Average occupancy rate was 40.5% (2022: 78.9%), and the average monthly passing rent was RMB57 (2022: RMB159) per square metre.

(3) Office Portfolio – Uncertain Global Outlook Weigh on Leasing Market

Following the removal of pandemic restrictions in late 2022, business sentiment in China improved. Corporations started to resume their business activities, as well as their leasing plans. However, they remained cost-conscious and hesitant to commit long-term as uncertainty permeated the business environment. In spite of a recovery in economic activity from the lows seen during the pandemic era, leasing activity in H1 2023 had not significantly rebounded.

During the pandemic, many office workers in China worked from home. After the pandemic, many corporations continued to adopt “work-from-home” or hybrid work models. Such behavioral changes continued to steer the corporations’ leasing decision and affect the leasing demand for office space in China.

Hui Xian REIT’s office portfolio consists of (i) The Tower Offices at Beijing Oriental Plaza, and (ii) The Tower at Chongqing Metropolitan Oriental Plaza. During H1 2023, the NPI was RMB397 million (2022: RMB397 million).

Beijing’s office leasing market has yet to see a notable rebound. The city’s vacancy rate was worsened to 18.3%¹ in the second quarter of 2023, the highest rate since the first quarter of 2010. The average monthly passing rent was RMB266 (2022: RMB259) per square metre at The Tower Offices at Beijing Oriental Plaza; and average occupancy rate was 85.5% (2022: 88.3%).

Chongqing’s office vacancy rate further deteriorated to 29.5%² in the second quarter of 2023. Landlords were under vacancy pressures, prompting them to continue to offer competitive leasing incentives. At The Tower at Chongqing Metropolitan Oriental Plaza, average occupancy rate was 80.5% (2022: 79.8%), and average monthly passing rent was RMB87 (2022: RMB95) per square metre.

Sources:

1. Savills Research, “Market in Minutes – Beijing Office”, July 2023
2. Savills Research, “Market in Minutes – Chongqing Office”, July 2023

(4) Serviced Apartment Portfolio – Domestic Market the Major Demand Driver

Similar to the hotel market dynamics, the domestic market remained the major demand driver for the serviced apartment leasing market given that new expatriate arrivals had been scarce.

Hui Xian REIT's serviced apartment portfolio comprises: (i) The Tower Apartments at Beijing Oriental Plaza, and (ii) The Westin Residences Shenyang (formerly known as The Residences at Sofitel Shenyang Lido). During H1 2023, the NPI was RMB39 million (2022: RMB42 million).

During H1 2023, average occupancy rates of The Tower Apartments at Beijing Oriental Plaza and The Westin Residences Shenyang were 77.9% (2022: 82.5%) and 50.7% (2022: 50.7%) respectively.

(C) FINANCIAL POSITION

Hui Xian REIT's balance sheet remained healthy. As at 30 June 2023, total debt was RMB8,096 million (31 December 2022: RMB7,840 million). Debts to gross asset value ratio was 21.3% as at 30 June 2023 (31 December 2022: 20.4%), while bank balances and cash on hand amounted to RMB4,823 million (31 December 2022: RMB4,759 million).

In spite of a relatively low gearing ratio, the soaring interest rates pose steep challenge for Hui Xian REIT's financial position. Interest expenses had tripled from RMB61 million in H1 2022 to RMB186 million in H1 2023. Hui Xian REIT's debts are denominated in Hong Kong Dollar and linked to HIBOR. As at 30 June 2022, 1-month HIBOR was only 0.87101%** . It has increased to 5.10% in mid-June 2023, the highest since 2007. As at 30 June 2023, the rate was 4.93405%** . Rising interest expenses became a top concern.

** Sources: The Hong Kong Associations of Banks' website

(D) SUBSEQUENT EVENT

To mitigate the impact of rising interest rates, Hui Xian REIT prepaid HK\$1,500 million bank loan (maturing in November 2023) on 18 July 2023. The prepayment had two immediate effects on the distributions: (1) It helped reduce Hui Xian REIT's interest rate risk exposure by lowering the interest expenses for the rest of 2023 and coming years. After the repayment, total debt fell from HK\$8,800 million to HK\$7,300 million. (2) An exchange loss of around RMB192.6 million was incurred due to the depreciation of RMB against Hong Kong Dollar. Such exchange loss will have a one-time hit on this year's distributions.

CHAIRMAN'S STATEMENT

(E) OUTLOOK – RISING INTEREST EXPENSES NOW A TOP CONCERN

Looking ahead, Hui Xian REIT's hotel portfolio would likely recover to pre-pandemic levels by the end of 2023 as driven by the rebound of domestic travel. The leasing business of retail, office and serviced apartment portfolio is expected to continue their progress of slow recovery.

Hui Xian REIT will continue to face an unusually challenging financial environment. RMB exchange rate is expected to continue to fluctuate amid global economic headwinds. Interest rates are likely to stay high in the near term. When high interest expenses continue to overshadow NPI growth, Hui Xian REIT's distributions will be negatively affected. Rising interest rates remain our top concern.

Whilst we remain mindful of ongoing macro-economic challenges, we believe that China's sound economic fundamentals for long-term growth remain unchanged. Government's policy stimulus is expected to further improve the sentiment and facilitate the Chinese economy to recover.

On behalf of the Manager, I would like to take this opportunity to thank our stakeholders, in particular the Unitholders and Trustee, for their continuing support. I would also like to express my utmost gratitude to our colleagues across the group for their dedication, sacrifice, hard work and commitment in the face of considerable challenges.

I look forward to continuing to work closely with our stakeholders and colleagues to capture the growth and opportunities of the economic rebound, and set Hui Xian REIT on track for sustained recovery and long-term growth.

H L KAM

Chairman

Hui Xian Asset Management Limited

(as manager of Hui Xian Real Estate Investment Trust)

Hong Kong, 28 July 2023

MANAGEMENT DISCUSSION AND ANALYSIS

PORTFOLIO HIGHLIGHTS

As at 30 June 2023, Hui Xian REIT's portfolio included:

- (1) 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) 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) investment in Shenyang Investment (BVI) Limited, which in turn holds Shenyang Investment (Hong Kong) Limited ("Shenyang Investment HK"), the foreign shareholder 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 limited liability company established in the PRC. Shenyang Lido holds the land use rights and building ownership rights of The Westin Shenyang (formerly known as Sofitel Shenyang Lido);
- (4) 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; and
- (5) 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

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW

(1) Hotel Portfolio

Following the removal of anti-pandemic measures and travel restrictions, China saw a rebound in domestic travel volumes and revenues, especially during long public holidays. According to the Chinese Ministry of Culture and Tourism, China's domestic trips during H1 2023 increased 63.9% year-on-year to 2.4 billion while domestic tourism revenue was up by 95.9% to RMB2.3 trillion.

China's hotel industry relied heavily on domestic travel. International travel was still in the initial stage of recovery as the frequency of international flights to and from China was not back to pre-pandemic level yet. The pace of recovery of cities that typically rely on more international travel, such as Beijing, was relatively slower than those which used to be more reliant on domestic travel.

Hui Xian REIT's hotel portfolio comprises four international chain hotels in four key cities in China: Grand Hyatt Beijing at Beijing Oriental Plaza, Hyatt Regency Liberation Square Chongqing, The Westin Shenyang (70% interest), and Sheraton Chengdu Lido Hotel (69% interest).

Our four hotels saw significant improvement in their occupancy and room rates during H1 2023. Revenue was RMB161 million (2022: RMB67 million), and NPI was RMB10 million (2022: negative RMB58 million).

(i) *Sheraton Chengdu Lido Hotel (69% interest)*

Chengdu's business and leisure travel recovered quickly during H1 after the removal of anti-pandemic measures.

Sheraton Chengdu Lido Hotel's average occupancy rose to 62.0% (2022: 42.5%); average room rate per night was increased to RMB579 (2022: RMB379).

(ii) *Hyatt Regency Liberation Square Chongqing*

Chongqing is a popular domestic tourism city. During H1 2023, the average occupancy rate of Hyatt Regency Liberation Square Chongqing was significantly improved to 73.3% (2022: 37.9%), and average room rate per night was increased to RMB671 (2022: RMB491).

MANAGEMENT DISCUSSION AND ANALYSIS

(iii) Grand Hyatt Beijing

Grand Hyatt Beijing's hotel's business has started to improve since the second quarter of 2023, primarily driven by domestic business and leisure travel. International business travellers had been an important source of revenue for Grand Hyatt Beijing, and this market has not fully recovered to pre-pandemic level yet.

The hotel's average occupancy rate was 32.5% (2022: 11.0%). Average room rate per night during H1 2023 increased by 53.0% year-on-year to RMB1,473 (2022: RMB963).

(iv) The Westin Shenyang (70% interest)

The hotel in Shenyang has been rebranded as The Westin Shenyang in March 2023 (formerly known as Sofitel Shenyang Lido) under the management of Marriott International. Average occupancy rate increased to 40.4% (2022: 19.8%), and average room rate per night was RMB535 (2022: RMB439).

(2) Retail Portfolio

Hui Xian REIT's retail portfolio consists of two large-scale shopping centres: (i) The Malls at Beijing Oriental Plaza, and (ii) The Mall at Chongqing Metropolitan Oriental Plaza; they together provide about 222,000 square metres of retail space.

During H1 2023, revenue was RMB368 million (2022: RMB408 million) and NPI was RMB254 million (2022: RMB276 million).

(i) The Malls at Beijing Oriental Plaza

During H1 2023, revenue of The Malls at Beijing Oriental Plaza was RMB357 million (2022: RMB363 million) and NPI was RMB263 million (2022: RMB262 million). Average monthly passing rent was RMB735 (2022: RMB739) per square metre. Occupancy rate as at June 2023 was 92.0% (as at June 2022: 93.1%).

(ii) The Mall at Chongqing Metropolitan Oriental Plaza

The department store at The Mall at Chongqing Metropolitan Oriental Plaza, one of the anchor tenants in the mall for over ten years, did not renew its lease upon expiry in 2022. The Mall took advantage of this opportunity to start a comprehensive asset enhancement programme, and its occupancy and rental income were inevitably affected. Average occupancy rate was 40.5% (2022: 78.9%); and average monthly passing rent was RMB57 (2022: RMB159) per square metre.

MANAGEMENT DISCUSSION AND ANALYSIS

(3) Office Portfolio

Business activities had begun to resume gradually in China after the removal of anti-pandemic measures in late 2022. Office leasing momentum remained subdued during H1 2023 as many corporations maintained a cautious stance in the face of economic headwinds. The wider adoption of work-from-home and hybrid work mode also affected leasing demand.

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. Revenue was RMB532 million (2022: RMB539 million) and NPI was RMB397 million (2022: RMB397 million).

(i) The Tower Offices at Beijing Oriental Plaza

Beijing's office vacancy rate increased to 18.3%¹ in the second quarter of 2023, the highest rate in nearly 13 years. Many new projects originally scheduled to enter the market in late 2022 have been delayed until this year. The continual influx in new supply would likely exert pressure on rents.

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, including finance and banking, insurance, accounting, technology, legal, pharmaceutical, media and advertising, and consumer products. There are also professional institutions and government-related organisations.

During H1 2023, revenue of The Tower Offices was RMB510 million (2022: RMB515 million). NPI was RMB385 million (2022: RMB383 million). Average occupancy rate was 85.5% (2022: 88.3%). Average monthly passing rent was RMB266 (2022: RMB259) per square metre while average monthly spot rent was RMB287 (2022: RMB295) per square metre.

(ii) The Tower at Chongqing Metropolitan Oriental Plaza

Chongqing's office vacancy rate was further increased to 29.5%² in the second quarter of 2023. New rental demand was weak, largely due to the uncertain business environment.

Located at the heart of Jiefangbei Central Business District, The Tower at Chongqing Metropolitan Oriental Plaza is home to a number of consulates, government-related organisations as well as corporations from a wide array of industries, including insurance and financial services, retail and consumer products, logistics, professional consultation and healthcare.

MANAGEMENT DISCUSSION AND ANALYSIS

During H1 2023, revenue was RMB22 million (2022: RMB24 million) and NPI was RMB12 million (2022: RMB14 million). Average occupancy rate was 80.5% (2022: 79.8%). Average monthly passing rent was RMB87 (2022: RMB95) per square metre, while average monthly spot rent was RMB86 (2022: RMB91) per square metre.

Sources:

1. Savills Research, "Market in Minutes – Beijing Office", July 2023
2. Savills Research, "Market in Minutes – Chongqing Office", July 2023

(4) Serviced Apartment Portfolio

Hui Xian REIT's serviced apartment portfolio consists of (i) The Tower Apartments at Beijing Oriental Plaza, and (ii) The Westin Residences Shenyang. During H1 2023, revenue was RMB81 million (2022: RMB86 million) and NPI was RMB39 million (2022: RMB42 million).

The Tower Apartments at Beijing Oriental Plaza is one of the largest serviced apartment developments in downtown Beijing. During H1 2023, average occupancy rate was 77.9% (2022: 82.5%).

At The Westin Residences Shenyang (formerly known as The Residences at Sofitel Shenyang Lido), average occupancy rate was 50.7% (2022: 50.7%) during H1 2023.

FINANCIAL REVIEW

Net Property Income

The net property income was RMB700 million for the six months ended 30 June 2023.

Distributions

Distribution Amount

Hui Xian REIT will distribute a total of RMB219 million ("2023 Interim Distribution") to Unitholders for the six months ended 30 June 2023. The 2023 Interim Distribution represents 90% of Hui Xian REIT's total amount available for distribution during the period from 1 January 2023 to 30 June 2023 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 RMB219 million (2022: RMB319 million).

Distribution per Unit

The interim DPU for the period from 1 January 2023 to 30 June 2023 is RMB0.0348 based on the number of outstanding Units on 30 June 2023. The closing unit price of RMB1.08 on 30 June 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Closure of Register of Unitholders

The record date for the 2023 Interim Distribution will be 16 August 2023, Wednesday (“Record Date”). The Register of Unitholders will be closed from 14 August 2023, Monday to 16 August 2023, Wednesday, both days inclusive, during which period no transfer of Units will be registered. The interim distribution is expected to be payable on 27 September 2023, Wednesday to Unitholders whose names appear on the Register of Unitholders on the Record Date.

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

In order to qualify for the 2023 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 11 August 2023, Friday.

Debt Positions

In May 2023, Hui Xian Investment Limited drew down an unsecured 3-year revolving loan of HK\$800 million offered by Oversea-Chinese Banking Corporation Limited. The purpose of the facility was to refinance the existing credit facility granted in April 2020.

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 2023, Hui Xian REIT’s total debts amounted to RMB8,096 million (31 December 2022: RMB7,840 million). Based on Hui Xian REIT’s net assets attributable to Unitholders of RMB22,156 million as at 30 June 2023 (31 December 2022: RMB22,728 million), Hui Xian REIT’s debts to net asset value ratio was 36.5% (31 December 2022: 34.5%). Meanwhile, the debts to gross asset value ratio was 21.3% as at 30 June 2023 (31 December 2022: 20.4%).

MANAGEMENT DISCUSSION AND ANALYSIS

Bank Balances and Asset Positions

As at 30 June 2023, Hui Xian REIT's bank balances and cash amounted to RMB4,823 million (31 December 2022: RMB4,759 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"), Knight Frank Petty Limited ("Knight Frank") retired as principal valuer after it has conducted valuations of the real estate of Hui Xian REIT for three consecutive years. Kroll (HK) Limited ("Kroll") was appointed as the principal valuer of Hui Xian REIT and valued its properties portfolio as at 30 June 2023.

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.

Kroll valued the eight blocks of office towers, the shopping centre and car parking spaces at RMB24,695 million as at 30 June 2023 (31 December 2022: RMB25,058 million), translating into a decrease of 1.4% over the valuation as of 31 December 2022. Together with the hotel and serviced apartment premises, gross property value of BOP was RMB28,878 million as at 30 June 2023, as compared to RMB29,299 million as at 31 December 2022.

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 2023, the shopping centre, office building and car parking spaces were valued by Kroll at RMB2,738 million (31 December 2022: RMB2,840 million). Gross property value of the properties as at 30 June 2023 was RMB2,709 million (31 December 2022: RMB2,786 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Knight Frank valued the hotel premises of Hyatt Regency Liberation Square Chongqing at RMB446 million as at 31 December 2022. Gross property value of the hotel premises as at 30 June 2023 was RMB291 million (31 December 2022: RMB299 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.

Knight Frank valued the hotel premises of Sheraton Chengdu Lido Hotel at RMB622 million as at 31 December 2022. Gross property value of the hotel premises as at 30 June 2023 was RMB510 million (31 December 2022: RMB507 million).

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

Knight Frank valued the hotel and serviced apartment premises of Shenyang Lido at RMB709 million as at 31 December 2022 while gross property value of the hotel and serviced apartment premises as at 30 June 2023 was RMB506 million (31 December 2022: RMB494 million).

Net Assets Attributable to Unitholders

As at 30 June 2023, net assets attributable to Unitholders amounted to RMB22,156 million (31 December 2022: RMB22,728 million) or RMB3.5242 per Unit, representing a 226.3% premium to the closing unit price of RMB1.08 on 30 June 2023 (31 December 2022: RMB3.6480 per Unit, representing a 247.4% premium to the closing unit price of RMB1.05 on 31 December 2022).

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.

MANAGEMENT DISCUSSION AND ANALYSIS

Commitments

As at 30 June 2023, except for capital commitment in respect of the asset enhancement programmes for Grand Hyatt Beijing, Beijing Oriental Plaza, The Westin Shenyang, 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 2023, Hui Xian REIT, by subsidiaries and through its branches, employed a total of 850 employees in Hong Kong and the PRC; of which, 825 employees performed hotel operation functions and services, and 25 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 2023.

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, diversity, 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 2023, 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 project development officer of the Manager) and Ms. TANG Hiu Tung, Daisy (deputy chief corporate development officer of the Manager) are the responsible officers of the Manager as required by section 125 of the SFO and 5.4 of the REIT Code.

The Trustee, DB Trustees (Hong Kong) Limited, is registered as a trust company under Section 77 of the Trustee Ordinance (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.

BOARD OF DIRECTORS OF THE MANAGER

The Board of Directors of the Manager currently comprises ten directors, four 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 2023 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 Professor LEE Chack Fan, Dr. CHOI Koon Shum, Jonathan, Mr. YIN Ke and Mr. WU Ting Yuk, Anthony (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 2023.

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;
- (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; and
- (4) Nomination Committee, which is responsible for establishing nomination procedures and the process and criteria to identify, select and recommend candidates for directorship of the Manager.

CORPORATE GOVERNANCE

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 2023 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 2023 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.

CODE GOVERNING DEALINGS IN UNITS BY DIRECTORS, OR THE MANAGER AND DISCLOSURE OF INTEREST IN 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 chief 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 2023.

CHANGES IN INFORMATION OF DIRECTORS

Mr. YIN Ke was appointed as an independent non-executive director of C-Mer Eye Care Holdings Limited with effect from 3 July 2023.

Professor LEE Chack Fan resigned as non-executive director of Zhaobangji Properties Holdings Limited with effect from 31 December 2022.

NEW UNITS ISSUED

In the six months ended 30 June 2023, (i) 37,937,339 new Units were issued to the Manager as payment of part of the Manager’s fees; and (ii) 18,496,600 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 2022 to 31 December 2022.

The total number of Units in issue as at 30 June 2023 was 6,286,793,211 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 2023.

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 2023.

CONNECTED PARTY TRANSACTIONS

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 2023 following the REIT Code amendments in December 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 2023, 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 2023:

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the six months ended 30 June 2023 RMB'000
CK Asset Holdings Limited	Indirect holding company of a substantial holder ¹	Leasing and licensing transaction	50
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	Associate of a substantial holder ¹	Leasing and licensing transaction	899
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	Associate of a substantial holder ¹	Leasing and licensing transaction	1,075
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	Associate of a substantial holder ¹	Leasing and licensing transaction	37
瀋陽麗都商務有限公司 (Shenyang Lido Business Co. Ltd.*)	Connected subsidiary	Interest income	2,489
Total			4,550

* The English name is shown for identification purpose only.

CONNECTED PARTY TRANSACTIONS

Note:

1. Substantial holder being Noblecrown Investment Limited (“Noblecrown”).

The terms “associate”, “substantial holder” and “connected subsidiary” have the same meanings as they are defined under the REIT Code and the Hong Kong Listing Rules.

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 2023:

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Expenses for six months ended 30 June 2023 RMB'000
北京港世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	Associate of a substantial holder ¹	Property management fee	10,585
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	Associate of a substantial holder ¹	Property management fee	12,062
家利物業管理(深圳)有限公司 (Cayley Property Management (Shenzhen) Limited*)	Associate of a substantial holder ¹	Property management fee	10,004
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	27,640
Total			60,291

* The English name is shown for identification purpose only.

Note:

1. Substantial holder being Noblecrown Investment Limited (“Noblecrown”).

The terms “associate” and “substantial holder” have the same meanings as they are defined under the REIT Code and the Hong Kong Listing Rules.

CONNECTED PARTY TRANSACTIONS

Terms and Remuneration of Services Provided by the Manager and the Trustee

Pursuant to 8.7E of the REIT Code, services provided by the Manager and the Trustee 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 2023 were RMB1,648,000 and RMB58,176,000 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 2023 on pages 37 to 38 of this Interim Report.

DISCLOSURE OF INTERESTS

INTERESTS OF CONNECTED PERSONS

Based on the information available to the Manager as at 30 June 2023, 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 2023	
	No. of Units held	Percentage of Units held ¹
Subsidiaries of CK Asset Holdings Limited (“CKAH”) ²	2,119,014,769	33.71%
Subsidiaries of China Life Insurance (Group) Company ³	865,406,000	13.77%

Notes:

The terms associate, connected person, subsidiary and substantial holder are as defined in the REIT Code or the Hong Kong Listing Rules.

1. Based on the total number of 6,286,793,211 Units in issue as at 30 June 2023.
2. These subsidiaries of CKAH were Noblecrown Investment Limited (“Noblecrown”) (held 1,091,083,328 Units as at 30 June 2023), Wisdom Ally Limited (“Wisdom Ally”) (held 296,011,393 Units as at 30 June 2023), Wealth Finder Limited (“Wealth Finder”) (held 98,407,917 Units as at 30 June 2023), Heathcliff Developments Limited (“Heathcliff Developments”) (held 586,884,405 Units as at 30 June 2023) and Hui Xian Asset Management Limited (“Manager”) (held 46,627,726 Units as at 30 June 2023). All these companies were associates of the Manager which is a connected person 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:

- (i) as at 30 June 2023, 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 Surgeon Force Limited) was taken to have an interest in the Units that Noblecrown and Heathcliff Developments were interested in;
 - (ii) as at 30 June 2023, 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
 - (iii) as at 30 June 2023, 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.
3. The subsidiaries were China Life Insurance (Overseas) Co. Ltd and Po Lian Enterprises Limited which were substantial holders or deemed to be substantial holders of Hui Xian REIT.

DISCLOSURE OF INTERESTS

Interests of the Manager

As at 30 June 2023, the Manager held 46,627,726 Units in Hui Xian REIT.

Interests of the Directors and Chief Executive of the Manager

As at 30 June 2023, each of the following persons was a director and chief executive of the Manager and thus a connected person of Hui Xian REIT under the REIT Code and/or the Hong Kong Listing Rules, 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 2023 Number of Units held
KAM Hing Lam	841,316 ¹
IP Tak Chuen, Edmond	1,100,000 ²
CHEUNG Ling Fung, Tom	107,522 ³
TONG BARNES Wai Che, Wendy	142,856 ⁴

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 2023.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF HUI XIAN ASSET MANAGEMENT LIMITED

(as Manager of Hui Xian Real Estate Investment Trust)

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 28 to 61, which comprise the condensed consolidated statement of financial position as of 30 June 2023 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

28 July 2023

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	NOTES	2023 RMB million (unaudited)	2022 RMB million (unaudited)
Revenue	5	1,142	1,100
Other income	6	63	72
Decrease in fair value of investment properties		(481)	(1,308)
Inventories consumed		(14)	(9)
Staff costs		(63)	(65)
Depreciation		(155)	(177)
Other operating expenses	7	(361)	(362)
Finance costs, including exchange differences	8	(438)	(388)
Manager's fees	9	(58)	(61)
Real estate investment trust expenses	10	(5)	(4)
Loss before taxation and transactions with unitholders		(370)	(1,202)
Income tax (expense) credit	11	(83)	114
Loss for the period, before transactions with unitholders		(453)	(1,088)
Distribution to unitholders		(219)	(319)
Loss for the period, after transactions with unitholders		(672)	(1,407)
Other comprehensive income:			
Item that will not be reclassified to profit or loss			
Gain on revaluation of right-of-use assets upon transfer to investment properties, net of tax		23	–
Total comprehensive expense for the period, after transactions with unitholders		(649)	(1,407)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

		2023 RMB million (unaudited)	2022 RMB million (unaudited)
	<i>NOTES</i>		
Loss for the period, before transactions with unitholders attributable to:			
Non-controlling interests		(15)	(25)
Unitholders		(438)	(1,063)
		(453)	(1,088)
Total comprehensive expense for the period, after transactions with unitholders attributable to:			
Non-controlling interests		(15)	(25)
Unitholders		(634)	(1,382)
		(649)	(1,407)
Basic loss per unit (<i>RMB</i>)	12	(0.0699)	(0.1724)

DISTRIBUTION STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	2023 RMB million (unaudited)	2022 RMB million (unaudited)
Loss for the period, before transactions with Unitholders attributable to Unitholders	(438)	(1,063)
Adjustments <i>(Note (i))</i> :		
Manager's fees	41	42
Deferred tax	(3)	(3)
Net unrealised exchange loss on bank loans and loan front-end fee	252	330
Net realised exchange gain on bank loans and loan front-end fee	-	18
Difference between cash and accounting finance cost	4	7
Other non-cash gain	(3)	(3)
	291	391
Total adjusted loss	(147)	(672)
Additional available amount <i>(Note (ii))</i>	390	1,026
Amount available for distribution	243	354
Payout ratio <i>(Note (iii))</i>	90%	90%
Additional amount to be distributed <i>(Note (ii))</i>	219	319
Distribution to unitholders	219	319
Distribution per unit <i>(RMB) (Note (iv))</i>	0.0348	0.0516

DISTRIBUTION STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2023

Notes:

- (i) Adjustments for the period include:
- (a) For the six months ended 30 June 2023, Manager's fees payable in units of RMB41 million (37,706,600 units estimated to be issued) out of the total Manager's fees of RMB58 million. The difference of RMB17 million is payable in cash.

For the six months ended 30 June 2022, Manager's fees payable in units of RMB42 million (41,959,731 units estimated to be issued) out of the total Manager's fees of RMB61 million. The difference of RMB19 million is payable in cash.
 - (b) For the six months ended 30 June 2023, deferred tax credit of RMB3 million (2022: RMB3 million) in relation to accelerated tax depreciation.
 - (c) Net unrealised exchange loss on bank loans and loan front-end fee of RMB252 million for the six months ended 30 June 2023 (2022: RMB330 million).
 - (d) Accumulated net unrealised exchange gain of RMB18 million on bank loans and loan front-end fee previously adjusted out from the distribution statement have been realised and adjusted back upon loan repayment during the six months ended 30 June 2022.
 - (e) Adjustment of RMB4 million in respect of accounting finance costs less cash finance costs during the six months ended 30 June 2023 (2022: RMB7 million).
 - (f) Other non-cash gain of RMB3 million for the six months ended 30 June 2023 (2022: RMB3 million).

Pursuant to the Trust Deed (as defined in Note 1), interim/annual distributable income is defined as the amount calculated by the Manager (as defined in Note 1) 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) Pursuant to clause 11.4.1 of the Trust Deed, the Manager determined that an additional amount of RMB390 million be adjusted (2022: RMB1,026 million) to arrive at the amount available for distribution during the six months ended 30 June 2023, and additional amount to be distributed during the six months ended 30 June 2023 is RMB219 million (2022: RMB319 million).
- (iii) In accordance with the Trust Deed, Hui Xian REIT (as defined in Note 1) is required to distribute to unitholders not less than 90% of its distributable income for each financial period. While Hui Xian REIT had an adjusted loss of RMB147 million for the six months ended 30 June 2023 (2022: RMB672 million), the Manager determined an amount of RMB243 million to be available for distribution for the period (2022: RMB354 million) as referred to in (ii) above.

Distributions to unitholders for the six months ended 30 June 2023 represent a payout ratio of 90% (2022: 90%) of such amount available for distribution for the period.

- (iv) The distribution per unit of RMB0.0348 for the six months ended 30 June 2023 is calculated based on 90% of Hui Xian REIT's amount available for distribution of RMB242,784,085 over 6,286,793,211 units, representing issued units as at 30 June 2023. The distribution per unit of RMB0.0516 for the six months ended 30 June 2022 is calculated based on 90% of Hui Xian REIT's amount available for distribution of RMB354,398,707 over 6,181,080,984 units, representing issued units as at 30 June 2022.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	NOTES	30.6.2023 RMB million (unaudited)	31.12.2022 RMB million (audited)
Non-current assets			
Investment properties	13	27,346	27,739
Property, plant and equipment	14	2,012	1,994
Right-of-use assets	15	3,640	3,759
Goodwill		2	2
Total non-current assets		33,000	33,494
Current assets			
Inventories	16	20	21
Trade and other receivables	17	113	126
Bank balances and cash	18	4,823	4,759
Total current assets		4,956	4,906
Total assets		37,956	38,400
Current liabilities			
Trade and other payables	19	423	472
Tenants' deposits		202	233
Tax payable		57	21
Manager's fee payable		58	56
Distribution payable		219	198
Bank loans	20	2,763	3,388
Total current liabilities		3,722	4,368
Total assets less current liabilities		34,234	34,032

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	NOTES	30.6.2023 RMB million (unaudited)	31.12.2022 RMB million (audited)
Non-current liabilities, excluding net assets attributable to unitholders			
Bank loans	20	5,333	4,452
Tenants' deposits		399	393
Deferred tax liabilities		6,210	6,308
Total non-current liabilities, excluding net assets attributable to unitholders		11,942	11,153
Total liabilities, excluding net assets attributable to unitholders		15,664	15,521
Non-controlling interests		136	151
Net assets attributable to unitholders		22,156	22,728
Units in issue ('000)	21	6,286,793	6,230,359
Net asset value per unit (RMB) attributable to unitholders	22	3.5242	3.6480

The condensed consolidated financial statements on pages 28 to 61 were approved and authorised for issue by the Board of Directors of the Manager on 28 July 2023 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 2023

	NOTES	Net assets attributable to unitholders RMB million	Non-controlling interests RMB million	Total RMB million
Net assets as at 1 January 2023 (audited)		22,728	151	22,879
Units issued for settlement of Manager's fees	21	42	-	42
Units issued pursuant to the distribution reinvestment arrangement in respect of 2022 final distribution	21	20	-	20
		22,790	151	22,941
Loss for the period, before transactions with unitholders		(438)	(15)	(453)
Interim distribution payable to unitholders		(219)	-	(219)
Other comprehensive income for the period		23	-	23
Total comprehensive expense for the period, after transactions with unitholders		(634)	(15)	(649)
Net assets as at 30 June 2023 (unaudited)		22,156	136	22,292
		Net assets attributable to unitholders RMB million	Non-controlling interests RMB million	Total RMB million
Net assets as at 1 January 2022 (audited)		24,455	205	24,660
Units issued for settlement of Manager's fees		45	-	45
Units issued pursuant to the distribution reinvestment arrangement in respect of 2021 final distribution		9	-	9
		24,509	205	24,714
Loss for the period, before transactions with unitholders		(1,063)	(25)	(1,088)
Interim distribution payable to unitholders		(319)	-	(319)
Total comprehensive expense for the period, after transactions with unitholders		(1,382)	(25)	(1,407)
Net assets as at 30 June 2022 (unaudited)		23,127	180	23,307

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

<i>NOTES</i>	2023 RMB million (unaudited)	2022 RMB million (unaudited)
Net cash from operating activities	491	431
Net cash from investing activities		
Placement of deposits in banks	(3,399)	(2,761)
Withdrawal of deposits in banks	4,824	4,291
Additions to property, plant and equipment and investment properties	(141)	(97)
Other investing activities	60	65
	1,344	1,498
Net cash used in financing activities		
Distribution payments to unitholders	(178)	(151)
Repayment of bank loans	-	(1,959)
Proceeds from new bank loan raised	-	653
Other financing cash flows	(168)	(54)
	(346)	(1,511)
Net increase in cash and cash equivalents	1,489	418
Cash and cash equivalents at the beginning of the period	2,170	2,869
Cash and cash equivalents at the end of the period	3,659	3,287

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

1. GENERAL INFORMATION

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) and its units were listed on The Stock Exchange of Hong Kong Limited (the “HKSE”) since 29 April 2011. Hui Xian REIT is governed by the Deed of Trust constituting Hui Xian REIT dated 1 April 2011 as amended by five supplemental deeds dated 24 May 2013, 16 May 2014, 28 May 2015, 19 May 2017 and 14 May 2021 (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 activities of Hui Xian REIT and its subsidiaries (the “Group”) are 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. controlled by Hui Xian REIT and Beijing Hui Xian Enterprise Services Limited (the “Beijing Property Manager”) on 29 April 2011, 22 June 2017 and 27 December 2020, 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”) controlled by Hui Xian REIT and the Chongqing branch of Beijing Hui Xian Enterprise Services Limited (the “Chongqing Property Manager”) on 2 March 2015, 31 December 2017 and 31 December 2020, 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 Chongqing Company) at the request of 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 2023

1. GENERAL INFORMATION (CONTINUED)

(b) Trustee's fee

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 as at the end of such financial year.

The Manager may elect whether the base fee is to be paid in cash or in units. On 5 January 2023, the Manager has elected to receive 70% (2022: 70%) base fee in units and 30% (2022: 30%) in cash in respect of the financial year ending 31 December 2023.

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 amount equivalent to the gross revenue less property operating expenses as defined in the Trust Deed.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

1. GENERAL INFORMATION (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 5 January 2023, the Manager has elected to receive 70% (2022: 70%) variable fee in units and 30% (2022: 30%) in cash in respect of the financial year ending 31 December 2023.

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, Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" and the relevant disclosure requirements set out in Appendix C of the REIT Code.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 for goods and services.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022, except as described below.

Application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs")

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), for the first time, which are mandatorily effective for the annual period beginning on 1 January 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The application of the new and amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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:

Offices:	Renting of office buildings in Oriental Plaza, Beijing, the People's Republic of China (the "PRC") and Metropolitan Oriental Plaza in Chongqing, the PRC.
Malls:	Renting of the shopping mall and car parking spaces 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 Westin Residences (previously known as Sofitel Shenyang Lido), Shenyang, the PRC.
Hotels:	Operation of Grand Hyatt Beijing in Oriental Plaza, Beijing, the PRC, The Westin Shenyang (previously known as Sofitel Shenyang Lido), Shenyang, the PRC, Hyatt Regency Liberation Square Chongqing, Chongqing, the PRC, and Sheraton Chengdu Lido Hotel, Chengdu, the PRC.

(a) Segment revenue and results

Six months ended 30 June 2023 (unaudited)

	Offices RMB million	Malls RMB million	Apartments RMB million	Hotels RMB million	Consolidated RMB million
Segment revenue	532	368	81	161	1,142
Segment profit	397	254	39	10	700
Decrease in fair value of investment properties					(481)
Finance costs, including exchange differences					(438)
Unallocated depreciation					(145)
Unallocated income					61
Unallocated expense					(67)
Loss before taxation and transactions with unitholders					(370)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

4. SEGMENT REPORTING (CONTINUED)

(a) Segment revenue and results (Continued)

Six months ended 30 June 2022 (unaudited)

	Offices RMB million	Malls RMB million	Apartments RMB million	Hotels RMB million	Consolidated RMB million
Segment revenue	539	408	86	67	1,100
Segment profit (loss)	397	276	42	(58)	657
Decrease in fair value of investment properties					(1,308)
Finance costs, including exchange differences					(388)
Unallocated depreciation					(164)
Unallocated income					69
Unallocated expense					(68)
Loss before taxation and transactions with unitholders					(1,202)

Segment profit (loss) represents the profit earned or loss incurred by each segment without allocation of the changes in fair value of investment properties, finance costs, including exchange differences, certain depreciation expenses, certain other income, certain Manager's fees, real estate investment trust expenses and certain other operating expenses that are not directly related to each segmental activities. This is the measure reported to the Manager for the purposes of resources allocation and performance assessment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

4. SEGMENT REPORTING (CONTINUED)

(b) Segment assets

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

	30.6.2023	31.12.2022
	RMB million	RMB million
	(unaudited)	(audited)
Offices	14,301	14,423
Malls	13,148	13,475
Apartments	2,023	2,246
Hotels	3,707	3,504
Total segment assets	33,179	33,648
Unallocated bank balances and cash	4,717	4,682
Other assets	60	70
Consolidated total assets	37,956	38,400

For the purposes of monitoring segment performances and resources allocation, all assets are allocated to operating segments other than corporate assets (including certain right-of-use assets, certain bank balances and cash, certain equipment, certain inventories, certain other receivables, certain deposits and prepayments, certain advance to suppliers and goodwill) which are unallocated.

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

Segment liabilities are not disclosed in the condensed consolidated financial statements as they are not regularly provided to the Manager for the purpose of resources allocation and performance assessment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 the PRC.

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

(d) Other segment information

Six months ended 30 June 2023 (unaudited)

	Offices	Malls	Apartments	Hotels	Total reportable segments	Unallocated	Consolidated
	RMB million	RMB million	RMB million				
Depreciation	1	-	1	8	10	145	155
Additions to non-current assets	1	16	1	107	125	-	125

Six months ended 30 June 2022 (unaudited)

	Offices	Malls	Apartments	Hotels	Total reportable segments	Unallocated	Consolidated
	RMB million	RMB million	RMB million				
Depreciation	-	1	2	10	13	164	177
Additions to non-current assets	2	2	-	101	105	-	105

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

5. REVENUE

For the six months ended 30 June 2023 (unaudited)

	Offices	Malls	Apartments	Hotels	Consolidated
	RMB million				
Disaggregation of revenue					
Revenue from contracts with customers within the scope of HKFRS 15					
Room revenue	-	-	-	114	114
Food and beverage	-	-	-	41	41
Carpark revenue	-	12	-	-	12
Ancillary services income	94	66	29	6	195
	94	78	29	161	362
Rental income	438	290	52	-	780
Total revenue	532	368	81	161	1,142
Timing of revenue recognition					
A point in time	13	18	1	46	78
Over time	81	60	28	115	284
Revenue from contracts with customers within the scope of HKFRS 15	94	78	29	161	362

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

5. REVENUE (CONTINUED)

For the six months ended 30 June 2022 (unaudited)

	Offices RMB million	Malls RMB million	Apartments RMB million	Hotels RMB million	Consolidated RMB million
Disaggregation of revenue					
Revenue from contracts with customers within the scope of HKFRS 15					
Room revenue	-	-	-	39	39
Food and beverage	-	-	-	24	24
Carpark revenue	-	11	-	-	11
Ancillary services income	97	64	30	4	195
	97	75	30	67	269
Rental income	442	333	56	-	831
Total revenue	539	408	86	67	1,100
Timing of revenue recognition					
A point in time	13	15	2	27	57
Over time	84	60	28	40	212
Revenue from contracts with customers within the scope of HKFRS 15					
	97	75	30	67	269

All contracts with customers within the scope of HKFRS 15 Revenue from Contracts with Customers are for period of one year or less, except for certain management services (included in ancillary services) which are provided for a period of one year or more. For management services, the Group applied the practical expedient in HKFRS 15 to recognise revenue in the amount that the Group has the right to invoice based on the terms of the relevant agreements in which the Group bills a fixed monthly amount. As permitted under HKFRS 15, the transaction price of all these services allocated to the remaining performance obligations is not disclosed.

The gross rental from investment properties includes variable lease payments that do not depend on an index or a rate of RMB5 million (2022: RMB3 million).

The direct operating expense from investment properties (includes mainly certain other operating expenses, certain Manager's fees and staff costs) amounting to RMB251 million (2022: RMB275 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

6. OTHER INCOME

	2023 RMB million (unaudited)	2022 RMB million (unaudited)
Interest income from banks	58	69
Others	5	3
Total	63	72

7. OTHER OPERATING EXPENSES

	2023 RMB million (unaudited)	2022 RMB million (unaudited)
Advertising and promotion	11	8
Audit fee	1	1
Insurance	3	3
Lease agency fee	9	8
Property manager's fee (Note 1(a))	28	31
Property management fees	36	31
Repairs and maintenance	29	34
Other miscellaneous expenses (note)	69	63
Stamp duty	1	1
Urban land use tax	2	2
Urban real estate tax	113	124
Utilities	43	38
Value added tax surcharges	5	6
Loss on disposal of property, plant and equipment	11	12
Total	361	362

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 2023

8. FINANCE COSTS, INCLUDING EXCHANGE DIFFERENCES

	2023 RMB million (unaudited)	2022 RMB million (unaudited)
Net unrealised exchange loss on bank loans and loan front-end fee	252	330
Net realised exchange gain on bank loans and loan front-end fee arising on settlement	-	(3)
Interest expense on unsecured bank loans	186	61
	438	388

9. MANAGER'S FEES

	2023 RMB million (unaudited)	2022 RMB million (unaudited)
Base Fee (Note 1(c))	51	53
Variable Fee (Note 1(c))	7	8
	58	61

10. REAL ESTATE INVESTMENT TRUST EXPENSES

	2023 RMB million (unaudited)	2022 RMB million (unaudited)
Trustee's fee (Note 1(b))	2	2
Legal and professional fees	1	1
Trust administrative expenses and others	2	1
	5	4

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

11. INCOME TAX EXPENSE (CREDIT)

	2023 RMB million (unaudited)	2022 RMB million (unaudited)
The income tax expense (credit) comprises:		
Current tax		
– PRC Enterprise Income Tax	148	143
– Withholding tax	41	–
Deferred taxation	(106)	(257)
	83	(114)

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

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

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 PER UNIT

The loss per unit for the six months ended 30 June 2023 is calculated by dividing the loss for the period attributable to unitholders before transactions with unitholders of RMB438 million (2022: RMB1,063 million) by the weighted average of 6,264,599,646 (2022: 6,163,087,794) units in issue during the period, taking into account the units issuable as Manager's fee for its service for the period.

No diluted loss per unit for both periods were presented as there were no potential units in issue for both periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

13. INVESTMENT PROPERTIES

	30.6.2023	31.12.2022
	RMB million	RMB million
	(unaudited)	(audited)
FAIR VALUE		
At the beginning of the period/year	27,739	29,127
Additions	17	11
Transferred from property, plant and equipment	9	1
Transferred from right-of-use assets	62	4
Decrease in fair value recognised in profit or loss	(481)	(1,404)
At the end of the period/year	27,346	27,739

- (a) The Group's investment properties are located in Beijing and Chongqing, the PRC, and are measured using the fair value model.
- (b) Investment properties were revalued on 30 June 2023 and 31 December 2022 by Kroll (HK) Limited and Knight Frank Petty Limited respectively, independent professional valuers with appropriate professional qualifications and experiences in the valuation of similar properties in the relevant locations. The valuations of properties have been principally arrived at by using the income 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 participants for comparable properties.

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

As at 30 June 2023 and 31 December 2022, the investment properties were included in level 3 of the fair value hierarchy.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired property, plant and equipment of RMB108 million (six months ended 30 June 2022: RMB102 million).

Items of buildings with carrying value of RMB9 million were transferred to investment properties during the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

Items of plant and equipment with a carrying value of RMB11 million were disposed of during the six months ended 30 June 2023 (six months ended 30 June 2022: RMB12 million).

15. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2023, leasehold land with an amount of RMB62 million (six months ended 30 June 2022: nil) after revaluation was transferred to investment properties upon end of owner-occupation.

16. INVENTORIES

	30.6.2023 RMB million (unaudited)	31.12.2022 RMB million (audited)
Food and beverage	2	2
Other consumables	18	19
	20	21

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

17. TRADE AND OTHER RECEIVABLES

	30.6.2023 RMB million (unaudited)	31.12.2022 RMB million (audited)
Trade receivables	35	37
Deposits and prepayments	8	17
Advance to suppliers	6	8
Interest receivables	29	31
Other receivables	35	33
	113	126

Trade receivables include receivables arising from leasing arrangements and receivables arising from contracts with customers. As at 30 June 2023, trade receivables arising from contracts with customers amounted to RMB16 million (31 December 2022: RMB17 million).

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

	30.6.2023 RMB million (unaudited)	31.12.2022 RMB million (audited)
Less than or equal to 1 month	16	23
1–3 months	8	10
Over 3 months	11	4
	35	37

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

18. BANK BALANCES AND CASH

	30.6.2023 RMB million (unaudited)	31.12.2022 RMB million (audited)
Cash at bank or on hand	3,583	1,825
Time deposits (with original maturity of three months or less)	76	345
Cash and cash equivalents	3,659	2,170
Time deposits (with original maturity of more than three months)	1,164	2,589
	4,823	4,759

19. TRADE AND OTHER PAYABLES

	30.6.2023 RMB million (unaudited)	31.12.2022 RMB million (audited)
Trade payables	105	146
Receipts in advance (note (i))	179	193
Others (note (ii))	139	133
	423	472

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

19. TRADE AND OTHER PAYABLES (CONTINUED)

Notes:

- (i) Included in receipts in advance were contract liabilities amounting to RMB55 million as at 30 June 2023 (31 December 2022: RMB56 million), which were related to advance receipts from customers under hotels segment, and ancillary services provided in malls, offices and apartments 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:

	30.6.2023 RMB million (unaudited)	31.12.2022 RMB million (audited)
Less than or equal to 3 months	58	92
Over 3 months	47	54
	105	146

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

20. BANK LOANS

	30.6.2023	31.12.2022
	RMB million	RMB million
	(unaudited)	(audited)
Unsecured term loans	8,113	7,861
Loan front-end fees	(17)	(21)
	8,096	7,840
The maturities of the above bank loans are as follows:		
Within one year	2,763	3,388
More than one year but not exceeding two years	4,599	3,740
More than two years but not exceeding five years	734	712
	8,096	7,840
Less: Amounts shown under current liabilities	(2,763)	(3,388)
Amounts due after one year	5,333	4,452

The credit facility of HK\$800 million granted to the Group in April 2020 was renewed on 2 May 2023 upon its expiry. The total amount of such credit facility utilised by the Group as at 30 June 2023 was HK\$800 million (equivalent to RMB738 million). It bears interest at floating interest rate of Hong Kong Interbank Offered Rate plus 0.93% per annum and is repayable in full in April 2026.

All 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 2023

21. UNITS IN ISSUE

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

	Number of units	RMB million
Balance at 1 January 2022 (audited)	6,129,115,187	29,214
Payment of Manager's fees through issuance of new units during the year (<i>note (a)</i>)	93,489,553	87
Units issued pursuant to the distribution reinvestment arrangement in respect of 2021 final distribution (<i>note (b)</i>)	7,754,532	9
Balance at 31 December 2022 (audited)	6,230,359,272	29,310
Payment of Manager's fees through issuance of new units during the period (<i>note (a)</i>)	37,937,339	42
Units issued pursuant to the distribution reinvestment arrangement in respect of 2022 final distribution (<i>note (b)</i>)	18,496,600	20
Balance at 30 June 2023 (unaudited)	6,286,793,211	29,372

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

21. UNITS IN ISSUE (CONTINUED)

Notes:

- (a) Details of units issued as payment of Manager's fees are as follows:

Issue date	Payment of Manager's fees for the period/year	Average price per unit determined based on the Trust Deed RMB	Number of units issued
For the six months ended 30 June 2023			
12 May 2023	1 July 2022 to 31 December 2022	1.12	37,937,339
For the year ended 31 December 2022			
17 May 2022	1 July 2021 to 31 December 2021	1.02	44,211,265
27 September 2022	1 January 2022 to 30 June 2022	0.86	49,278,288
			93,489,553

- (b) On 15 May 2023, 18,496,600 scrip units at an issue price of RMB1.09 per unit were issued to unitholders pursuant to the distribution reinvestment arrangement in respect of 2022 final distribution.

On 18 May 2022, 7,754,532 scrip units at an issue price of RMB1.12 per unit were issued to unitholders pursuant to the distribution reinvestment arrangement in respect of 2021 final 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 2023 of RMB22,156 million (31 December 2022: RMB22,728 million) and the total number of 6,286,793,211 units in issue as at 30 June 2023 (31 December 2022: 6,230,359,272 units).

23. CAPITAL COMMITMENTS

	30.6.2023 RMB million (unaudited)	31.12.2022 RMB million (audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided	302	331

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

24. 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	1.1.2023 to 30.6.2023 RMB'000 (unaudited)	1.1.2022 to 30.6.2022 RMB'000 (unaudited)
Rent and rental related income			
CK Asset Holdings Limited	(a) & (f)	50	50
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	(a) & (f)	899	780
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	(a) & (f)	1,075	1,020
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	(a) & (f)	37	36
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(c)** & (f)	252	252
Hotel room revenue			
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(c)** & (f)	3	-
Food & beverages and other hotel income			
和記黃埔地產(重慶南岸)有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	(a)** & (f)	1	1
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(c)** & (f)	1	-
Interest income from connected subsidiary			
瀋陽麗都商務有限公司 (Shenyang Lido Business Co. Ltd*)	(e)	2,489	920
Reimbursement of staff cost			
Hui Xian Asset Management Limited	(b)** & (f)	561	499

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

24. CONNECTED AND RELATED PARTY TRANSACTIONS (CONTINUED)

Name of Connected/Related Party	Notes	1.1.2023 to 30.6.2023 RMB'000 (unaudited)	1.1.2022 to 30.6.2022 RMB'000 (unaudited)
Property management fee			
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	(a) & (f)	10,585	11,012
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	(a) & (f)	12,062	11,790
家利物業管理(深圳)有限公司 (Cayley Property Management (Shenzhen) Limited*)	(a) & (f)	10,004	7,543
Internet services fee			
CK Asset Holdings Limited	(a)** & (f)	23	20
Trustee's fee			
DB Trustees (Hong Kong) Limited	(d)	1,648	1,765
Manager's fees			
Hui Xian Asset Management Limited	(b) & (f)	58,176	60,542
Property Manager's fee			
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(c) & (f)	27,640	31,073
Rent & rental related expense			
Turbo Top Limited	(a)** & (f)	226	226

* The English name is shown for identification purpose only.

** During the reporting period, these connected transactions were subject to certain waiver conditions imposed by the SFC and became fully exempt from disclosure, reporting and annual review requirements pursuant to the exemptions under Chapter 14A of the Listing Rules.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

24. CONNECTED AND RELATED PARTY TRANSACTIONS (CONTINUED)

Balances with connected and related parties as at 30 June 2023 and 31 December 2022 are as follows:

Name of Connected/Related Party	Notes	30.6.2023 RMB'000 (unaudited)	31.12.2022 RMB'000 (audited)
Loan receivable			
瀋陽麗都商務有限公司 (Shenyang Lido Business Co. Ltd*)	(e)	121,000	71,000
Deposits placed with the Group for the lease of the Group's properties			
CK Asset Holdings Limited 北京長樂房地產開發有限公司	(a) & (f)	25	25
(Beijing Chang Le Real Estates Development Co., Ltd.*) 北京港基世紀物業管理有限公司	(a) & (f)	1	1
(Beijing Citybase Century Property Management Ltd.*) 北京高衛世紀物業管理有限公司	(a) & (f)	504	504
(Beijing Goodwell Century Property Management Ltd.*) 北京穩得高投資顧問有限公司	(a) & (f)	538	538
(Beijing Wondergrow Investment and Consulting Co., Ltd.*) 北京匯賢企業管理有限公司	(a) & (f)	19	18
(Beijing Hui Xian Enterprise Services Limited*)	(c) & (f)	126	126
Deposits paid for the lease of property			
Turbo Top Limited	(a) & (f)	126	122
Other payable			
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	(a) & (f)	3,603	3,553
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	(a) & (f)	3,931	3,752
家利物業管理(深圳)有限公司 (Cayley Property Management (Shenzhen) Limited*)	(a) & (f)	1,607	1,701
Hui Xian Asset Management Limited	(b) & (f)	58,152	56,099
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(c) & (f)	8,616	7,208

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

24. CONNECTED AND RELATED PARTY TRANSACTIONS (CONTINUED)

Name of Connected/Related Party	Notes	30.6.2023	31.12.2022
		RMB'000 (unaudited)	RMB'000 (audited)
Other receivable			
Hui Xian Asset Management Limited	(b) & (f)	96	99
Receipts in advance			
CK Asset Holdings Limited	(a) & (f)	9	9
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	(a) & (f)	7	6
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(c) & (f)	8	8
Prepayment			
家利物業管理(深圳)有限公司 (Cayley Property Management (Shenzhen) Limited*)	(a) & (f)	2,850	2,850

* The English name is shown for identification purpose only.

** During the reporting period, these connected transactions were subject to certain waiver conditions imposed by the SFC and became fully exempt from disclosure, reporting and annual review requirements pursuant to the exemptions under Chapter 14A of the Listing Rules.

Notes:

- (a) These companies are associates¹ of Noblecrown which is a substantial holder² of Hui Xian REIT, and/or are subsidiaries or associates¹ of CK Asset Holdings Limited (being an associate¹ of Noblecrown which is a substantial holder² of Hui Xian REIT).
- (b) This company is the manager of Hui Xian REIT.
- (c) This company is an associate¹ or subsidiary of the Manager.
- (d) This companies is trustee of Hui Xian REIT.
- (e) This company is a connected subsidiary⁴ of Hui Xian REIT by virtue of CK Asset Holdings Limited, (being an associate¹ of Noblecrown which is a substantial holder² of Hui Xian REIT), which at the same time holds more than 10% of the voting power of this company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

24. CONNECTED AND RELATED PARTY TRANSACTIONS (CONTINUED)

Notes: (Continued)

(f) These companies are also related parties³ of Hui Xian REIT.

¹ The term “associate” is defined under the Rules Governing the Listing of Securities on the HKSE (the “Listing Rules”).

² As defined in the REIT Code, a unitholder is a substantial holder if it is entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Hui Xian REIT or any of its subsidiaries.

³ The term “related party” is defined in HKAS 24 Related Party Disclosures issued by the HKICPA.

⁴ The term “connected subsidiary” is defined under the Listing Rules.

25. EVENT AFTER THE REPORTING PERIOD

On 18 July 2023, the Group made an early repayment of bank loan of HK\$1,500 million and an exchange loss of approximately RMB193 million upon the settlement is realised in the consolidated financial statements of Hui Xian REIT. Such exchange loss will be taken into account as a deduction in the calculation of the amount available for distribution to the unitholders of Hui Xian REIT for the year ending 31 December 2023.

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

	1.1.2023 to 30.6.2023 RMB million	1.1.2022 to 30.6.2022 RMB million	1.1.2021 to 30.6.2021 RMB million	1.1.2020 to 30.6.2020 RMB million	1.1.2019 to 30.6.2019 RMB million
Revenue					
Gross rental from investment properties	869	919	1,008	1,018	1,211
Income from hotel operation	161	67	156	63	231
Income from serviced apartments operation	81	86	90	95	93
Rental related income	31	28	47	27	63
	1,142	1,100	1,301	1,203	1,598
(Loss) profit before taxation and transactions with unitholders	(370)	(1,202)	287	(1,863)	696
Income tax (expense) credit	(83)	114	(130)	243	(270)
(Loss) profit for the period, before transactions with unitholders	(453)	(1,088)	157	(1,620)	426
(Loss) profit for the period attributable to unitholders, before transactions with unitholders	(438)	(1,063)	173	(1,599)	441
	RMB	RMB	RMB	RMB	RMB
Basic (loss) earnings per unit	(0.0699)	(0.1724)	0.0287	(0.2703)	0.0762

SUMMARY FINANCIAL INFORMATION

SUMMARY OF DISTRIBUTIONS

	1.1.2023 to 30.6.2023 RMB million	1.1.2022 to 30.6.2022 RMB million	1.1.2021 to 30.6.2021 RMB million	1.1.2020 to 30.6.2020 RMB million	1.1.2019 to 30.6.2019 RMB million
Distributions to unitholders	219	319	410	126	725
	RMB	RMB	RMB	RMB	RMB
Distribution per unit	0.0348	0.0516	0.0674	0.0212	0.1245

SUMMARY OF CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30.6.2023 RMB million	31.12.2022 RMB million	31.12.2021 RMB million	31.12.2020 RMB million	31.12.2019 RMB million
Non-current assets	33,000	33,494	35,057	36,863	39,521
Current assets	4,956	4,906	6,029	5,891	6,954
Total assets	37,956	38,400	41,086	42,754	46,475
Current liabilities	3,722	4,368	2,240	1,231	3,682
Non-current liabilities, excluding net assets attributable to unitholders	11,942	11,153	14,186	16,230	16,523
Total liabilities, excluding net assets attributable to unitholders	15,664	15,521	16,426	17,461	20,205
Non-controlling interests	136	151	205	241	287
Net assets attributable to unitholders	22,156	22,728	24,455	25,052	25,983
	RMB	RMB	RMB	RMB	RMB
Net asset value per unit attributable to unitholders	3.5242	3.6480	3.9900	4.1651	4.4187

PERFORMANCE TABLE

	Notes	30.6.2023	31.12.2022	31.12.2021	31.12.2020	31.12.2019
Net assets attributable to unitholders (RMB million)		22,156	22,728	24,455	25,052	25,983
Net asset value per unit attributable to unitholders (RMB)		3.5242	3.6480	3.9900	4.1651	4.4187
Market capitalisation (RMB million)		6,790	6,542	8,581	10,887	19,287
Units issued (units)		6,286,793,211	6,230,359,272	6,129,115,187	6,014,651,998	5,880,262,459
Debts to net asset value ratio	1	36.5%	34.5%	34.6%	35.4%	41.8%
Debts to total asset value ratio	2	21.3%	20.4%	20.6%	20.8%	23.4%
		1.1.2023 to 30.6.2023	1.1.2022 to 31.12.2022	1.1.2021 to 31.12.2021	1.1.2020 to 31.12.2020	1.1.2019 to 31.12.2019
Highest traded unit price (RMB)		1.31	1.41	1.92	3.30	3.45
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 (RMB)		0.99	0.79	1.33	1.36	3.16
Highest discount of the traded unit price to net asset value per unit		71.9%	78.3%	66.7%	67.3%	28.5%
Distribution per unit (RMB)		0.0348	0.0834	0.0935	0.0866	0.2177
Annualised distribution yield per unit	4	6.44%	7.94%	6.68%	4.78%	6.64%

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 2023 announcing, among other information, the interim distribution for the six months ended 30 June 2023 (“2023 Interim Distribution”) and the distribution reinvestment arrangement (“DRA”)	28 July 2023 (Friday)
Units quoted ex-2023 Interim Distribution	10 August 2023 (Thursday)
Ten consecutive trading days to determine unit price for new units to be issued from scrip distribution under the DRA (“Scrip Units”)	10 August 2023 (Thursday) to 23 August 2023 (Wednesday) (both dates inclusive)
Closure of register of Unitholders (for ascertaining entitlement to the 2023 Interim Distribution)	14 August 2023 (Monday) to 16 August 2023 (Wednesday) (both dates inclusive)
Record date for 2023 Interim Distribution	16 August 2023 (Wednesday)
Announcement in relation to the DRA	24 August 2023 (Thursday)
Despatch of circular and election form for the DRA	31 August 2023 (Thursday)
Latest time for return of election form for the DRA ¹	By 4:30 p.m., 15 September 2023 (Friday)
Payment of the 2023 Interim Distribution for cash distribution election	27 September 2023 (Wednesday)
Despatch of new unit certificates for scrip distribution election	27 September 2023 (Wednesday)
Expected first day of dealings in Scrip Units (subject to the granting of listing approval by the Stock Exchange)	28 September 2023 (Thursday)

Note:

1. A distribution reinvestment arrangement is available to eligible Unitholders who may elect to receive the 2023 Interim Distribution for the six months ended 30 June 2023 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 24 August 2023 (Thursday) and a circular together with the relevant election form will be delivered by post to the Unitholders on or around 31 August 2023 (Thursday). 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 15 September 2023 (Friday). 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

LEE Chack Fan
CHOI Koon Shum, Jonathan
YIN Ke
WU Ting Yuk, Anthony

BOARD COMMITTEES

Audit Committee

YIN Ke (*Chairman*)
LEE Chack Fan
CHOI Koon Shum, Jonathan
IP Tak Chuen, Edmond
WU Ting Yuk, Anthony

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

Nomination Committee

KAM Hing Lam (*Chairman*)
LEE Chack Fan
YIN Ke

COMPANY SECRETARY OF THE MANAGER

Fair Wind Secretarial Services Limited

TRUSTEE

DB Trustees (Hong Kong) Limited

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

PRINCIPAL VALUER

Kroll (HK) Limited

LEGAL ADVISER

Woo Kwan Lee & Lo

UNIT REGISTRAR

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INVESTOR RELATIONS

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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 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)

GLOSSARY

Shenyang Investment BVI	Shenyang Investment (BVI) Limited
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 limited company 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 28 July 2023.