



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 2021

HUI XIAN REIT

Hui Xian Real Estate Investment Trust (“Hui Xian REIT”) (Stock Code: 87001) is a real estate investment trust constituted by a deed of trust entered into on 1 April 2011 between Hui Xian (Cayman Islands) Limited*, as settlor of Hui Xian REIT, Hui Xian Asset Management Limited (as manager of Hui Xian REIT), and DB Trustees (Hong Kong) Limited (“Trustee”) (as amended, modified or supplemented from time to time) (“Trust Deed”). Units of Hui Xian REIT were first listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 29 April 2011.

REIT MANAGER

Hui Xian REIT is managed by Hui Xian Asset Management Limited (the “Manager”), a company incorporated in Hong Kong for the sole purpose of managing Hui Xian REIT. The Manager is a direct wholly-owned subsidiary of World Deluxe Enterprises Limited, which in turn is indirectly owned as to 70% by CK Asset Holdings Limited and 30% by ARA Asset Management Limited.



* dissolved on 9 April 2020



CONTENTS

2	Chairman's Statement
9	Management Discussion and Analysis
18	Corporate Governance
22	Connected Party Transactions
26	Disclosure of Interests
28	Report on Review of Condensed Consolidated Financial Statements
29	Condensed Consolidated Statement of Comprehensive Income
30	Distribution Statement
32	Condensed Consolidated Statement of Financial Position
34	Condensed Consolidated Statement of Changes in Net Assets Attributable to Unitholders and Non-Controlling Interests
35	Condensed Consolidated Statement of Cash Flows
36	Notes to the Condensed Consolidated Financial Statements
66	Summary Financial Information
68	Performance Table
69	Investor Calendar
70	Corporate Information
71	Glossary

CHAIRMAN'S STATEMENT

The COVID-19 pandemic has caused a profound impact on the world economy in 2020, and continued its rampage in 2021. Though global prospects appeared to be improving, the pace of economic recovery is divergent across countries.

WORLD RECOVERY LED BY CHINA

Relative to other parts of the world, China has showed signs of economic recovery since the second half ("H2") of 2020. The pandemic was largely under control within the border during the first half ("H1") of 2021, and the country's economy continued to recover and outpace other major economies.

During H1 2021, China's gross domestic product ("GDP") grew 12.7% year-on-year to RMB53,217 billion; and investment in fixed assets and industrial production were up by 12.6% and 15.9% year-on-year respectively. Total value of imports and exports of goods rose 27.1% year-on-year.

As at 30 June 2021, the People's Bank of China RMB rate against Hong Kong Dollar was 0.83208, representing an increase of around 1.1% compared to the rate of 0.84164 as at 31 December 2020.

HUI XIAN REIT CONTINUED A GRADUAL RECOVERY

The entire property portfolio of Hui Xian REIT is located in China. As such, Hui Xian REIT's business performance mirrored China's recovery. Accordingly, the business of all sectors showed signs of improvement in H2 2020 and continued to recover gradually in H1 2021. Revenue increased 8.2% year-on-year to RMB1,301 million. Net property income ("NPI") grew 6.6% year-on-year to RMB800 million.

Amount Available for Distribution for the period from 1 January 2021 to 30 June 2021 ("Reporting Period") increased to RMB455 million from RMB140 million in H1 2020.

The payout ratio for the Reporting Period was 90%. Distributions to Unitholders amounted to RMB410 million (2020: RMB126 million).

The interim DPU 2021 was RMB0.0674 (2020: RMB0.0212). Based on the closing unit price of RMB1.77 on 30 June 2021, the annualised distribution yield is 7.7%.

BUSINESS PERFORMANCE VARIED BY SECTOR AND LOCATION

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

As the impact of regional COVID-19 outbreaks continued in H1 2021, business performance and pace of recovery of Hui Xian REIT's assets varied across different sectors and cities.

(1) Hotel Portfolio Showed Improvement

The outbreak of COVID-19 severely impacted the hospitality sector in 2020. Travel restrictions and strict preventive measures prohibiting international travel led to a drastic drop in the number of tourists entering China and the demand for hotel rooms. Hui Xian REIT's hotel portfolio reported a full-year negative NPI and the lowest occupancy rates on record last year.

Most of the pandemic-related restrictions, including international travel controls and quarantine measures, remained in place in China during H1 2021. The absence of foreign travellers continued to affect China's hotel industry.

As the pandemic became largely controlled within China, domestic travel and tourism continued to improve during H1 2021, especially during the holidays of April's Qing Ming Festival, May's Labour Day and June's Dragon Boat Festival.

The business of Hui Xian REIT's hotels showed improvement year-on-year. During H1 2021, the hotel portfolio's revenue more than doubled year-on-year, and NPI was RMB1 million (2020: a loss of RMB44 million).

Hui Xian REIT's hotel portfolio comprises four international chain hotels in four key cities in China. As the hotel business is highly sensitive to spikes in COVID-19 cases as well as government's restrictive measures, the recovery trajectories varied by city.

Sheraton Chengdu Lido Hotel – A Strong Recovery

Among the four cities, Chengdu's tourism and consumption recovered at a relatively faster pace.

Driven by the recovery of domestic tourism and corporate events, the business of Sheraton Chengdu Lido Hotel recovered strongly during H1 2021. Average occupancy rate was improved to 67.5% from last year's 34.7%. Average room rate per night increased to RMB489 (2020: RMB402).

Hyatt Regency Liberation Square Chongqing – Occupancy Improved

Through the continuing asset enhancement programme in Hyatt Regency Liberation Square Chongqing, more renovated hotel rooms were made available in H1 2021. Rooms available for sale was increased to 320 as at June 2021 from 248 as at June 2020.

Average occupancy rate was 53.4% based on an enlarged inventory in H1 2021 (2020: 22.7%). Average room rate per night was increased to RMB576 (2020: RMB462).

CHAIRMAN'S STATEMENT

Sofitel Shenyang Lido – Affected by on-and-off COVID-19 Cases

Shenyang was affected by on-and-off COVID-19 infections during the Reporting Period. There were surges in cases in early 2021 and in May 2021 respectively, prompting the authorities to reinstate various social distancing and gathering restrictions in the city. Business of Sofitel Shenyang Lido was inevitably affected.

During the Reporting Period, Sofitel Shenyang Lido's average occupancy rate was 37.3% (2020: 13.3%). Average room rate per night was RMB443 (2020: RMB448).

Grand Hyatt Beijing – Slower Recovery Due to Stricter Measures

Grand Hyatt Beijing recovered slower than the other three hotels. As the capital city and political centre of China, the COVID-19 preventive measures and visa controls in Beijing were among the strictest in the country, especially ahead of and during large-scale government events. Tourists and returning residents of Beijing are subject to strict quarantine requirements.

In January 2021, there was a resurgence of COVID-19 cases in Shijiazhuang, capital of Hebei province. Concerns were raised immediately because of its proximity to Beijing. Stringent precautionary measures on travel and large-scale gatherings were introduced in Beijing after Shijiazhuang's outbreaks.

International travellers have been an important source of revenue for Grand Hyatt Beijing over the years. The absence of foreign leisure and business travellers had an impact on the hotel's business.

Following the easing of travel restrictions within the country, pent-up travel demand drove the resumption of domestic-led travel. Grand Hyatt Beijing's business started to pick up in the second quarter of 2021. During the Reporting Period, the hotel's average occupancy rate was 48.9% (2020: 15.5%). Average room rate was RMB927 (2020: RMB1,068).

(2) Retail Portfolio Recovered Steadily on the Back of Improved Consumer Sentiment

With the pandemic being largely under control, Chinese Government eased most of the preventive restrictions as well as introduced stimulus measures. Chinese consumer sentiment has improved since H2 2020. The country's domestic consumption continued to show signs of improvement in H1 2021. According to China's National Bureau of Statistics, China's retail sales of consumer goods reached RMB21,190 billion, up by 23.0% year-on-year during H1 2021.

Nevertheless, brick-and-mortar retailers remained cautious about the outlook. Some suffered from a sharp decline in revenue during 2020 and their business have yet to recover to pre-pandemic level. Most retailers continued to adopt a prudent approach towards store renewal and expansion, affecting the retail leasing demand and exerting pressure on rents.

Prior to the emergence of COVID-19, China's retail market underwent structural transformation as a result of the surge of e-commerce. The pandemic has compounded the structural challenges for retailers and landlords. Consumers stayed at home during the lockdown and shopped online, accelerating the shift from physical to online shopping. During H1 2021, China's online retail sales grew 23.2% year-on-year.

During H1 2021, business of Hui Xian REIT's retail portfolio saw a stable recovery. NPI increased to RMB361 million from RMB344 million in the corresponding period last year. The portfolio consists of two shopping centres: (i) The Malls at Beijing Oriental Plaza, and (ii) The Mall at Chongqing Metropolitan Oriental Plaza.

During the Reporting Period, The Malls at Beijing Oriental Plaza's revenue and NPI improved year-on-year. With its excellent location and tenant mix, supported by various online and offline marketing campaigns, The Malls' footfall and retail sales recovered visibly during H1 2021. Average monthly passing rent was RMB972 (2020: RMB947) per square metre. Occupancy as at June 2021 was 90.4% (as at June 2020: 92.6%).

At The Mall at Chongqing Metropolitan Oriental Plaza, both foot traffic and retail sales gradually recovered during H1 2021. Revenue and NPI also recovered to H1 2019 level. Average occupancy rate was 85.0% (2020: 84.2%) and average monthly passing rent was RMB166 (2020: RMB94) per square metre.

(3) Office Portfolio Focused on Retaining Quality Tenants

China's office leasing market has been facing the challenge of weakening demand and over supply in the past few years. The ongoing China-US trade war since 2019 and the COVID-19 pandemic posed new threats to the office market.

As the pandemic was largely contained in China, business activities resumed gradually during H1 2021. While the global economy was still in its early stage of recovery, many corporations continued to be cost-conscious and postponed their decisions on leasing new space.

At the height of the pandemic, many companies implemented "work-from-home" policies. As "work-from-home" becomes the new normal, the leasing demand for office space was inevitably affected.

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 2021, NPI was RMB396 million (2020: RMB403 million).

Though economic activities continued to normalize, international travel restrictions are still imposed. Domestic companies continued to be a steady source of leasing demand.

Overall demand for office premises has not returned to the pre-pandemic level. Vacancy rate in the Beijing office market stayed at a relatively high level of 17.5%¹ in the second quarter of 2021, exerting downward pressure on rents. Landlords have to take a much more accommodating stance in lease negotiations.

CHAIRMAN'S STATEMENT

To maintain a stable income stream, The Tower Offices at Beijing Oriental Plaza focused on retaining existing quality tenants by offering competitive and flexible rental renewal packages. Average occupancy rate was improved to 86.5% (2020: 84.5%) while the average monthly passing rent was reduced to RMB269 (2020: RMB288) per square metre. Average monthly spot rent was RMB270 (2020: RMB281) per square metre.

Chongqing's office market faced similar challenges. The city's Grade A office vacancy rate was 25.9%² in the second quarter of 2021.

At The Tower at Chongqing Metropolitan Oriental Plaza, average occupancy rate was 84.4% (2020: 88.2%) and average monthly passing rent was RMB100 (2020: RMB104) per square metre.

Sources:

1. Cushman and Wakefield, "Market Beat, Beijing Office, Q2 2021", July 2021
2. Cushman and Wakefield, "Market Beat, Chongqing Office, Q2 2021", July 2021

(4) Serviced Apartment Portfolio's Market Shifted from International to Domestic

Hui Xian REIT's serviced apartment portfolio comprises two projects: The Tower Apartments at Beijing Oriental Plaza and The Residences at Sofitel Shenyang Lido. NPI was RMB42 million (2020: RMB48 million).

Due to pandemic controls, entry visa and border controls for foreigners to China, especially Beijing, were very strict. The number of new expatriate tenants at The Tower Apartments at Beijing Oriental Plaza saw a decline compared to pre-pandemic period. Riding on its excellent location and services, The Tower Apartments focused on the growing affluent domestic market, including those from both Beijing and other Chinese cities.

During H1 2021, the inventory of apartment units increased to 836 units after the conversion of a number of hotel rooms. The number of units leased was up by 7.2% year-on-year. Occupancy rate was 81.9% based on the enlarged unit inventory (2020: 84.2%).

In Shenyang, The Residences at Sofitel Shenyang Lido offers 134 units for leasing. The newly-launched serviced apartment project has been building up its brand and occupancy rate. Average occupancy rose to 66.0% from 51.1% a year earlier.

FINANCIAL POSITION REMAINED SOUND

Hui Xian REIT continues to adopt a prudent financial strategy. During the Reporting Period, bank loans totalling approximately RMB167 million were prepaid, and total debts were reduced to RMB8,619 million from RMB8,876 million as at 31 December 2020.

Debts to gross asset value ratio was 20.4% (31 December 2020: 20.8%) while bank balances and cash on hand amounted to RMB5,825 million (31 December 2020: RMB5,725 million).

OUTLOOK REMAINS UNCERTAIN AS PANDEMIC EFFECTS LINGER

The global economy is expected to expand 5.6% in 2021 according to World Bank's Global Economic Prospects (June 2021). Nevertheless, the global outlook remains uncertain. An upsurge in new coronavirus variants and different paces of vaccination among different countries could hinder the economic recovery.

China's economy is expected to continue to recover in 2021, outpacing its global peers. The World Bank predicted that the economic growth in China would reach 8.5%, the highest growth rate among major economies in the world.

During H1 2021, Hui Xian REIT continued to recover gradually from COVID-19 pandemic and it may take some time to return to pre-pandemic period.

It is likely that China will remain closed to international travellers throughout 2021. As such, domestic travel will continue to be an important driver for the recovery of China's hotel industry. Our hotels will adjust our strategies and offerings to cater to the domestic market.

China's consumer market saw continued improvement in H1 2021. Footfall and retail sales in our shopping centres improved visibly. Leveraging on their prime locations and long-established reputation, we will continue to strike a right balance among tenant mix, occupancy and rental of our retail portfolio.

The new normal of "work-from-home" has reshaped the office property market outlook. China's office leasing market is expected to remain tenant-favourable as a result of weak demand and large supply. Rent is likely to remain under pressure.

It is expected that the performance of our office portfolio will be stable. We will continue to focus on building occupancy and maximising the retention rates by adopting competitive and flexible leasing strategies.

While many countries are still battling COVID-19, we have confidence in China's ability and commitment to combat the pandemic. We remain firm believers in the fundamentals of China and that the country is on track to achieve its annual economic growth target this year.

Hui Xian REIT's business is recovering gradually and we expect the recovery will continue. We look forward to the long-term development of Hui Xian REIT.

CHAIRMAN'S STATEMENT

On behalf of the Manager, I would like to take this opportunity to express my gratitude to all of our colleagues, for their dedication and hard work. I would also like to thank all the Unitholders and the Trustee for their continued support and commitment to Hui Xian REIT.

H L KAM

Chairman

Hui Xian Asset Management Limited

(as manager of Hui Xian Real Estate Investment Trust)

Hong Kong, 30 July 2021

MANAGEMENT DISCUSSION AND ANALYSIS

PORTFOLIO HIGHLIGHTS

As at 30 June 2021, 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 joint venture partner of 瀋陽麗都商務有限公司 (Shenyang Lido Business Co. Ltd#) ("Shenyang Lido"). Shenyang Investment HK is entitled to 70% of the distributions of Shenyang Lido, which is a Sino-foreign cooperative joint venture established in the PRC. Shenyang Lido holds the land use rights and building ownership rights of Sofitel Shenyang Lido;
- (4) investment in Chongqing Hotel Investment Limited, which in turn holds Highsmith (HK) Limited. Highsmith (HK) Limited owns the entire interest in 重慶東廣飯店有限公司 (Chongqing Oriental Plaza Hotel Co., Ltd#), which holds the land use rights and building ownership rights of Hyatt Regency Liberation Square Chongqing (formerly known as Harbour Plaza Chongqing); and
- (5) 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

Most of the pandemic-related measures, including entry visa and border controls for foreigners to China, as well as stringent quarantine measures, remained in place in China in H1 2021. The absence of foreign travellers impacted the hotels' business.

While the pandemic has been largely controlled within China and foreign travel has remained largely off limits, domestic travel and tourism have resumed since H2 2020 despite sporadic cases occurring in some cities. During H1 2021, Chinese made 2.4 billion domestic trips, up by 153% year-on-year according to the China Tourism Academy. Competition remained keen among hotels, exerting pressure on room rates.

During H1 2021, there was a notable year-on-year improvement in the performance of Hui Xian REIT's hotel portfolio. Revenue increased to RMB156 million from RMB63 million in H1 2020. NPI was RMB1 million as compared to a loss of RMB44 million in H1 2020.

Hui Xian REIT's hotel portfolio comprises four international chain hotels in four key cities in China: Sheraton Chengdu Lido Hotel (69% interest), Hyatt Regency Liberation Square Chongqing, Sofitel Shenyang Lido (70% interest) and Grand Hyatt Beijing at Beijing Oriental Plaza. As the hotel business is highly sensitive to spikes in COVID-19 cases as well as government's restrictive measures, the pace of recovery varied across cities.

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

Chengdu's tourism and consumption recovered faster than the other three cities.

Average occupancy of Sheraton Chengdu Lido Hotel increased to 67.5% in H1 2021 from 34.7% in H1 2020, driven by the recovery of domestic travel and corporate business. Average room rate per night was RMB489 (2020: RMB402).

(ii) *Hyatt Regency Liberation Square Chongqing*

Asset enhancement works at Hyatt Regency Liberation Square Chongqing continued and more renovated hotel rooms were available in H1 2021. Rooms available for sale was increased to 320 as at June 2021 from 248 as at June 2020, allowing the hotel to capture the recovering domestic travel demand in a timely manner.

During H1 2021, average occupancy rate was 53.4% (2020: 22.7%). Average room rate per night was increased to RMB576 (2020: RMB462).

MANAGEMENT DISCUSSION AND ANALYSIS

(iii) Sofitel Shenyang Lido (70% interest)

There were surges of COVID-19 cases in Shenyang in early 2021 and in May 2021. Strict preventive measures and travel restrictions were implemented in the city. Business of Sofitel Shenyang Lido was affected.

During H1 2021, Sofitel Shenyang Lido's average occupancy rate was improved to 37.3% from 13.3% in H1 2020. Average room rate per night was RMB443 (2020: RMB448).

(iv) Grand Hyatt Beijing

As the capital city and political centre of China, Beijing's COVID-19 preventive measures were among the strictest in the country.

In early 2021, there was a surge of COVID-19 cases in Shijiazhuang, capital of Hebei province. Due to its proximity to Beijing, strict precautionary measures were reinstated after Shijiazhuang's outbreaks.

International travellers have been an important source of revenue for Grand Hyatt Beijing. Due to the pandemic controls, entry visa and border controls for foreigners to China, especially Beijing, were very strict. The absence of foreign leisure and business travellers had impacted the financial performance of Grand Hyatt Beijing. The hotel is adjusting its strategies and offerings to cater more to domestic customers.

In H1 2021, Grand Hyatt Beijing's average occupancy rate was 48.9% (2020: 15.5%). Average room rate was RMB927 (2020: RMB1,068).

(2) Retail Portfolio

China's retail market continued its steady recovery during H1 2021. The country's total retail sales of consumer goods rose 23.0% year-on-year according to the National Bureau of Statistics of China.

Hui Xian REIT's retail portfolio comprises two large-scale shopping centres: The Malls at Beijing Oriental Plaza and The Mall at Chongqing Metropolitan Oriental Plaza, providing about 222,000 square metres of retail space.

During the Reporting Period, revenue was RMB508 million (2020: RMB483 million) and NPI was RMB361 million (2020: RMB344 million).

(i) The Malls at Beijing Oriental Plaza

According to the Beijing Municipal Bureau of Statistics, Beijing's GDP during H1 2021 grew by 13.4% year-on-year to RMB1.92 trillion. Total retail sales of consumer goods and per capita consumption expenditure increased 21.0% and 15.8% year-on-year.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue of The Malls at Beijing Oriental Plaza was RMB456 million (2020: RMB454 million). NPI amounted to RMB339 million (2020: RMB337 million). Average monthly passing rent to RMB972 (2020: RMB947) per square metre. Occupancy rate as at June 2021 was 90.4% (as at June 2020: 92.6%). Footfall and retail sales of The Malls recovered notably.

(ii) The Mall at Chongqing Metropolitan Oriental Plaza

During H1 2021, Chongqing's GDP grew by 12.8% year-on-year to RMB1.29 trillion. Retail sales increased 29.9% to RMB689 billion according to the Chongqing Municipal Bureau of Statistics.

Shopper traffic and retail sales at The Mall at Chongqing Metropolitan Oriental Plaza saw a year-on-year improvement. Average monthly passing rent was RMB166 (2020: RMB94) per square metre and average occupancy rate was 85.0% (2020: 84.2%).

(3) Office Portfolio

Hui Xian REIT's office portfolio comprises The Tower Offices at Beijing Oriental Plaza and The Tower at Chongqing Metropolitan Oriental Plaza. Revenue was RMB547 million (2020: RMB562 million) and NPI was RMB396 million (2020: RMB403 million).

(i) The Tower Offices at Beijing Oriental Plaza

As business activity started to resume during H1 2021, Beijing's office leasing momentum improved as compared to 2020. The city's vacancy rate remained at a relatively high level of 17.5%¹ in the second quarter of 2021. The continual influx of new supply is expected to continue to drive up overall vacancy and to exert downward pressure on overall average rental levels.

The Tower Offices at Beijing Oriental Plaza consists of 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 educational and professional institutions, and government-related organisations.

Revenue of The Tower Offices was RMB521 million (2020: RMB533 million). NPI amounted to RMB381 million (2020: RMB385 million).

During H1 2021, average occupancy rate was improved to 86.5% (2020: 84.5%). Average monthly passing rent was RMB269 (2020: RMB288) per square metre. Average monthly spot rent was RMB270 (2020: RMB281) per square metre.

(ii) The Tower at Chongqing Metropolitan Oriental Plaza

Chongqing's office vacancy rate was 25.9%² in the second quarter of 2021.

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

During H1 2021, revenue was RMB26 million (2020: RMB29 million) and NPI was RMB15 million (2020: RMB18 million). Average occupancy rate was 84.4% (2020: 88.2%); and average monthly passing rent was RMB100 (2020: RMB104) per square metre. Average monthly spot rent being RMB92 (2020: RMB129) per square metre.

Sources:

1. Cushman and Wakefield, "Market Beat, Beijing Office, Q2 2021", July 2021
2. Cushman and Wakefield, "Market Beat, Chongqing Office, Q2 2021", July 2021

(4) Serviced Apartment Portfolio

Hui Xian REIT's serviced apartment portfolio comprises The Tower Apartments at Beijing Oriental Plaza and The Residences at Sofitel Shenyang Lido. During the Reporting Period, revenue amounted to RMB90 million (2020: RMB95 million). NPI was RMB42 million (2020: RMB48 million).

The Tower Apartments at Beijing Oriental Plaza is one of the largest serviced apartment developments in downtown Beijing. During H1 2021, the inventory of apartment units increased to 836 units after the conversion of a number of hotel rooms. The number of units leased was up by 7.2% year-on-year. Average occupancy rate was 81.9% based on the enlarged unit inventory (2020: 84.2%).

The expatriate market had been a vital source of revenue for The Tower Apartments. Entry visa and border controls for foreigners to China, especially Beijing, were very strict due to the pandemic controls. The number of new expatriate tenants at The Tower Apartments dropped as compared to pre-pandemic period. The Tower Apartments focused on the rapidly-growing affluent domestic market, including those from both Beijing and other Chinese cities.

In Shenyang, The Residences at Sofitel Shenyang Lido offers 134 apartment units for leasing. The newly-launched project has been building up its brand and occupancy rate during H1 2021. Average occupancy rose to 66.0% from 51.1% a year earlier. With a dedicated entrance, lobby and exclusive guest lifts, serviced apartment guests can enjoy a new level of privacy, comfort and convenience.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Net Property Income

The net property income was RMB800 million for the six months ended 30 June 2021.

Distributions

Distribution Amount

Hui Xian REIT will distribute a total of RMB410 million ("2021 Interim Distribution") to Unitholders for the six months ended 30 June 2021. The 2021 Interim Distribution represents 90% of Hui Xian REIT's total amount available for distribution during the period from 1 January 2021 to 30 June 2021 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 RMB125 million (2020: RMB126 million).

Distribution per Unit

The interim DPU for the period from 1 January 2021 to 30 June 2021 is RMB0.0674 based on the number of outstanding Units on 30 June 2021. This represents an annualised distribution yield of 7.7% based on the closing unit price of RMB1.77 on 30 June 2021.

Closure of Register of Unitholders

The record date for the 2021 Interim Distribution will be 18 August 2021, Wednesday ("Record Date"). The Register of Unitholders will be closed from 16 August 2021, Monday to 18 August 2021, 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 2021, Monday 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 2021 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 13 August 2021, Friday.

Debt Positions

In January 2021, Hui Xian Investment Limited (“Hui Xian Investment”) partially prepaid HK\$200 million of an unsecured 3-year loan which was drawn down in March 2019. The loan was offered by DBS Bank Ltd, Hong Kong Branch and involved a revolving loan facility and a term loan facility. As at 30 June 2021, the outstanding amount of the facilities was HK\$600 million.

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

As at 30 June 2021, Hui Xian REIT’s total debts amounted to RMB8,619 million (31 December 2020: RMB8,876 million). Based on Hui Xian REIT’s net assets attributable to Unitholders of RMB24,931 million as at 30 June 2021 (31 December 2020: RMB25,052 million), Hui Xian REIT’s debts to net asset value ratio was 34.6% (31 December 2020: 35.4%). Meanwhile, the debts to gross asset value ratio was 20.4% as at 30 June 2021 (31 December 2020: 20.8%).

Bank Balances and Asset Positions

As at 30 June 2021, Hui Xian REIT’s bank balances and cash amounted to RMB5,825 million (31 December 2020: RMB5,725 million). The bank balances and cash are mainly denominated in RMB. No currency hedge was employed.

Hui Xian REIT is indirectly interested in a 132,584 square metre shopping centre, eight blocks of Grade A office, four serviced apartment towers and a five-star hotel in a 787,059 square metre building complex at 1 East Chang’an Avenue, Beijing, PRC which are collectively named as Beijing Oriental Plaza. Hui Xian REIT’s interests in Beijing Oriental Plaza are held through its special purpose vehicle, Hui Xian Investment, which is the foreign joint venture partner of BOP. BOP holds the land use rights and building ownership rights of Beijing Oriental Plaza.

Knight Frank valued the eight blocks of office towers, the shopping centre and car parking spaces at RMB27,211 million as at 30 June 2021 (31 December 2020: RMB27,491 million), translating into a decrease of 1.0% over the valuation as of 31 December 2020. Together with the hotel and serviced apartment premises, gross property value of BOP was RMB31,549 million as at 30 June 2021, as compared to RMB31,924 million as at 31 December 2020.

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 2021, the shopping centre, office building and car parking spaces were valued by Knight Frank at RMB3,205 million (31 December 2020: RMB3,314 million). Gross property value of the properties as at 30 June 2021 was RMB3,160 million (31 December 2020: RMB3,261 million).

MANAGEMENT DISCUSSION AND ANALYSIS

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.

Knight Frank valued the hotel premises of Hyatt Regency Liberation Square Chongqing at RMB404 million as at 31 December 2020. Gross property value of the hotel premises as at 30 June 2021 was RMB365 million (31 December 2020: RMB384 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 RMB603 million as at 31 December 2020. Gross property value of the hotel premises as at 30 June 2021 was RMB553 million (31 December 2020: RMB572 million).

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

Knight Frank valued the hotel and serviced apartment premises of Shenyang Lido at RMB729 million as at 31 December 2020 while gross property value of the hotel and serviced apartment premises as at 30 June 2021 was RMB571 million (31 December 2020: RMB609 million).

Net Assets Attributable to Unitholders

As at 30 June 2021, net assets attributable to Unitholders amounted to RMB24,931 million (31 December 2020: RMB25,052 million) or RMB4.1001 per Unit, representing a 131.6% premium to the closing unit price of RMB1.77 on 30 June 2021 (31 December 2020: RMB4.1651 per Unit, representing a 130.1% premium to the closing unit price of RMB1.81 on 31 December 2020).

Pledge of Assets

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

Commitments

As at 30 June 2021, except for capital commitment in respect of the asset enhancement programmes for Grand Hyatt Beijing, Beijing Oriental Plaza, Sheraton Chengdu Lido Hotel, Chongqing Metropolitan Oriental Plaza and Hyatt Regency Liberation Square Chongqing, Hui Xian REIT did not have any significant commitments.

MANAGEMENT DISCUSSION AND ANALYSIS

Employees

As at 30 June 2021, Hui Xian REIT, by subsidiaries and through its branches, employed a total of 970 employees in Hong Kong and the PRC; of which, 934 employees performed hotel operation functions and services, and 36 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 2021.

CORPORATE GOVERNANCE

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

Throughout the six months ended 30 June 2021, both the Manager and Hui Xian REIT have in material terms complied with the provisions of the compliance manual, the corporate governance policy, the Trust Deed, the REIT Code and applicable provisions of the SFO and the Listing Rules.

AUTHORISATION STRUCTURE

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

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

ROLES OF THE TRUSTEE AND THE MANAGER

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

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

BOARD OF DIRECTORS OF THE MANAGER

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

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

Directors of the Manager in the six months ended 30 June 2021 were Mr. KAM Hing Lam (chairman and non-executive director); Mr CHEUNG Ling Fung, Tom, Mr. LEE Chi Kin, Casey and Ms. LAI Wai Yin Agnes (executive directors); Mr. IP Tak Chuen, Edmond and Mr. LIM Hwee Chiang (non-executive directors); and Mr. CHENG Hoi Chuen, Vincent, Professor LEE Chack Fan and Dr. CHOI Koon Shum, Jonathan (independent non-executive directors).

There were no changes to the composition of the Board or any of its committees in the six months ended 30 June 2021.

BOARD COMMITTEES

The Manager has established the following Board committees:

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

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 2021 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 2021 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 2021.

CHANGES IN INFORMATION OF DIRECTORS

Professor LEE Chack Fan has ceased to be an independent non-executive director of South Shore Holdings Limited with effect from 18 May 2021.

Sunwah International Limited, of which Dr. CHOI Koon Shum, Jonathan is a Chairman, was delisted from Toronto Stock Exchange and privatized on 14 June 2021.

Mr. LIM Hwee Chiang ceased to be Chairman of Minterest Advisory Board.

NEW UNITS ISSUED

In the six months ended 30 June 2021, (i) 27,107,348 new Units were issued to the Manager as payment of part of the Manager’s fees; and (ii) 38,897,509 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 2020 to 31 December 2020.

The total number of Units in issue as at 30 June 2021 was 6,080,656,855 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 2021.

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 2021.

CONNECTED PARTY TRANSACTIONS

A. CONNECTED PARTY TRANSACTIONS AND RELATED WAIVERS

Waivers from Strict Compliance with Certain Requirements under the REIT Code

At the time of authorisation of Hui Xian REIT under section 104 of the SFO in April 2011 and from time to time thereafter, waivers from strict compliance with the disclosure and Unitholders' approval requirements under Chapter 8 of the REIT Code in respect of certain connected party transactions involving Hui Xian REIT (the "Waivers") were granted by the SFC. Some of the Waivers were subsequently applied, modified and/or extended, with the approval of Unitholders where required. The terms and conditions pursuant to which the Waivers were granted and disclosed in the 2011 Interim Report of Hui Xian REIT and the announcements issued by the Manager from time to time. Throughout the six months ended 30 June 2021, 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 2021, 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 2021:

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the six months ended 30 June 2021 RMB'000
CK Asset Holdings Limited	Indirect holding company of a substantial holder ¹	Leasing and licensing transaction	49 [#]
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	773 [#]
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	1,011 [#]
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	36 [#]

CONNECTED PARTY TRANSACTIONS

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the six months ended 30 June 2021 RMB'000
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	Subsidiary of the Manager	Leasing and licensing transaction	248 [#]
德意志銀行（中國）有限公司 重慶分行 (Deutsche Bank (China) Co., Ltd. Chongqing Branch*)	Associate of the Trustee ²	Leasing and licensing transaction	562 [#]
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	Subsidiary of the Manager	Hotel room revenue	12 [#]
和記黃埔地產（重慶南岸）有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	Associate of a substantial holder ¹	Food & beverages and other hotel income	2 [#]
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	Subsidiary of the Manager	Food & beverages and other hotel income	3 [#]
Hui Xian Asset Management Limited	Manager	Reimbursement of staff cost	525 [#]
Total			3,221

Notes:

1. Substantial holder being Noblecrown Investment Limited ("Noblecrown").
2. Trustee being DB Trustees (Hong Kong) Limited.

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

* The English name is shown for identification purpose only.

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

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 (modified as appropriate pursuant to paragraph 2.26 of the REIT Code) after REIT Code amendment in December 2020.

CONNECTED PARTY TRANSACTIONS

Connected Party Transactions — Expenses

The following table sets out information on connected party transactions in which Hui Xian REIT incurred its expenses for the six months ended 30 June 2021:

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Expenses for six months ended 30 June 2021 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	11,057
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	11,999
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	4,768
CK Asset Holdings Limited	Indirect holding company of a substantial holder ¹	Internet services fee	19 [#]
中國人壽財產保險股份有限公司 北京市分公司 (China Life Property and Casualty Insurance Company Limited Beijing Branch*)	Associate of a substantial holder ²	Insurance expenses	605 [#]
中國人壽財產保險股份有限公司 重慶市分公司 (China Life Property and Casualty Insurance Company Limited Chongqing Branch*)	Associate of a substantial holder ²	Insurance expenses	83 [#]
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	Subsidiary of the Manager	Property Manager's fee	36,957
Turbo Top Limited	Associate of a substantial holder ¹	Rent & rental related expenses	156 [#]
Total			65,644

Notes:

1. Substantial holder being Noblecrown Investment Limited (“Noblecrown”).
2. These companies are associates of China Life Insurance (Overseas) Company Limited and/or Po Lian Enterprises Limited, both of them are substantial holders or deemed to be substantial holders of Hui Xian REIT, and are subsidiaries or associates of China Life Insurance (Group) Company.

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

* The English name is shown for identification purpose only.

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

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 (modified as appropriate pursuant to paragraph 2.26 of the REIT Code) after REIT Code amendment in December 2020.

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 2021 were RMB1,835,000 and RMB64,222,000 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 2021 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 2021, 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 2021	
	No. of Units held	Percentage of Units held ¹
Subsidiaries of CK Asset Holdings Limited (“CKAH”) ²	1,978,637,154	32.54%
Subsidiaries of China Life Insurance (Group) Company ³	865,406,000	14.23%

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 6,080,656,855 Units in issue as at 30 June 2021.
2. These subsidiaries of CKAH were Noblecrown Investment Limited (“Noblecrown”) (held 1,091,083,328 Units as at 30 June 2021), Wisdom Ally Limited (“Wisdom Ally”) (held 215,510,085 Units as at 30 June 2021), Wealth Finder Limited (“Wealth Finder”) (held 57,807,917 Units as at 30 June 2021), Heathcliff Developments Limited (“Heathcliff Developments”) (held 586,884,405 Units as at 30 June 2021) and Hui Xian Asset Management Limited (“Manager”) (held 27,351,419 Units as at 30 June 2021). All these companies were associates of Noblecrown, being a substantial holder 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 2021, each of CKAH and the intermediate holding companies through which CKAH was interested in the share capital of Noblecrown and Heathcliff Developments (namely, Mighty State Limited, Novel Trend Holdings Limited, Paola Holdings Limited and Burgeon Force Limited) was taken to have an interest in the Units that Noblecrown and Heathcliff Developments were interested in;
 - (ii) as at 30 June 2021, 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 2021, 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 2021, the Manager held 27,351,419 Units in Hui Xian REIT.

Interests of the Directors and Chief Executives of the Manager

As at 30 June 2021, 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 2021 Number of Units held
KAM Hing Lam	841,316¹
IP Tak Chuen, Edmond	1,100,000²
CHEUNG Ling Fung, Tom	98,090³
TONG BARNES Wai Che, Wendy	142,856⁴

Notes:

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

Save as disclosed above, the Manager is not aware of any connected persons of Hui Xian REIT holding any units of Hui Xian REIT as at 30 June 2021.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF HUI XIAN ASSET MANAGEMENT LIMITED

Introduction

We have reviewed the condensed consolidated financial statements of Hui Xian Real Estate Investment Trust (“Hui Xian REIT”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 29 to 65, which comprise the condensed consolidated statement of financial position as of 30 June 2021 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

30 July 2021

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	<i>NOTES</i>	2021 RMB million (unaudited)	2020 RMB million (unaudited)
Revenue	5	1,301	1,203
Other income	6	81	105
Decrease in fair value of investment properties		(387)	(2,101)
Inventories consumed		(18)	(7)
Staff costs		(79)	(62)
Depreciation		(196)	(180)
Other operating expenses	7	(385)	(371)
Finance costs, including exchange differences	8	39	(377)
Manager's fees	9	(64)	(68)
Real estate investment trust expenses	10	(5)	(5)
Profit (loss) before taxation and transactions with unitholders		287	(1,863)
Income tax (expense) credit	11	(130)	243
Profit (loss) for the period, before transactions with unitholders		157	(1,620)
Distribution to unitholders		(410)	(126)
Loss and total comprehensive expense for the period, after transactions with unitholders		(253)	(1,746)
Profit (loss) for the period, before transactions with unitholders attributable to:			
Non-controlling interests		(16)	(21)
Unitholders		173	(1,599)
		157	(1,620)
Basic earnings (loss) per unit (RMB)	12	0.0287	(0.2703)

DISTRIBUTION STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	2021 RMB million (unaudited)	2020 RMB million (unaudited)
Profit (loss) for the period, before transactions with unitholders	157	(1,620)
Non-controlling interests	16	21
Profit (loss) for the period attributable to unitholders, before transactions with unitholders	173	(1,599)
Adjustments (Note (i)):		
Manager's fees	45	48
Decrease in fair value of investment properties	132	2,101
Deferred tax	(80)	(435)
Net unrealised exchange gain on bank loans and loan front-end fee	(99)	—
Net realised exchange gain on bank loan and loan front-end fee	3	—
Other non-cash gain	—	(1)
	1	1,713
Distributable income	174	114
Additional items (Note (ii))	281	26
Amount available for distribution	455	140
Payout ratio (Note (iii))	90%	90%
Distribution to unitholders	410	126
Distribution per unit (RMB) (Note (iv))	0.0674	0.0212

DISTRIBUTION STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2021

Notes:

- (i) Adjustments for the period include:
- (a) For the six months ended 30 June 2021, Manager's fees payable in units of RMB45 million (25,541,310 units estimated to be issued) out of the total Manager's fees of RMB64 million. The difference of RMB19 million is payable in cash.

For the six months ended 30 June 2020, Manager's fees payable in units of RMB48 million out of the total Manager's fees of RMB68 million. The difference of RMB20 million is payable in cash.
 - (b) Decrease in fair value of investment properties of RMB132 million (2020: RMB2,101 million), being reversal of fair value gains adjusted previously in the distribution statement.
 - (c) Deferred tax credit of RMB10 million (2020: deferred tax charge of RMB3 million) in relation to accelerated tax depreciation and deferred tax credit of RMB70 million (2020: RMB438 million) in relation to change in fair value of investment properties.
 - (d) Net unrealised exchange gain on bank loans and loan front-end fee of RMB99 million for the six months ended 30 June 2021 (2020: Nil).
 - (e) Accumulated net unrealised exchange gain of RMB3 million on bank loan 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 2021 (2020: Nil).
 - (f) Other non-cash gain of RMB1 million for the six months ended 30 June 2020.

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) Additional items refer to any additional amount (include capital) to be distributed as determined by the Manager pursuant to clause 11.4.1 of the Trust Deed. Additional items for the period include:
- (1) Depreciation attributable to unitholders arising from fair value adjustment upon acquisition of Shenyang Lido Business Co. Ltd, Chongqing Oriental Plaza Hotel Co., Ltd and Chengdu Changtian Co., Ltd. totalling RMB26 million (2020: RMB26 million).
 - (2) Decrease in fair value of investment properties of RMB255 million (2020: Nil) for the six months ended 30 June 2021 except for adjustments in Note (i)(b).

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

Distributions to unitholders for the six months ended 30 June 2021 represent a payout ratio of 90% (2020: 90%) of Hui Xian REIT's distributable income for the period.

- (iv) The distribution per unit of RMB0.0674 for the six months ended 30 June 2021 is calculated based on 90% of Hui Xian REIT's amount available for distribution of RMB455,303,215 over 6,080,656,855 units, representing issued units as at 30 June 2021. The distribution per unit of RMB0.0212 for the six months ended 30 June 2020 is calculated based on 90% of Hui Xian REIT's amount available for distribution of RMB140,153,855 over 5,953,702,301 units, representing issued units as at 30 June 2020.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	NOTES	30.6.2021 RMB million (unaudited)	31.12.2020 RMB million (audited)
Non-current assets			
Investment properties	13	30,251	30,629
Property, plant and equipment	14	2,037	2,132
Right-of-use assets	15	4,016	4,100
Goodwill		2	2
Total non-current assets		36,306	36,863
Current assets			
Inventories	16	25	26
Trade and other receivables	17	124	140
Bank balances and cash	18	5,825	5,725
Total current assets		5,974	5,891
Total assets		42,280	42,754
Current liabilities			
Trade and other payables	19	459	512
Tenants' deposits		261	241
Tax payable		32	24
Manager's fee payable		64	60
Distribution payable		410	394
Bank loans	20	1,496	—
Total current liabilities		2,722	1,231
Total assets less current liabilities		39,558	41,523

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	NOTES	30.6.2021 RMB million (unaudited)	31.12.2020 RMB million (audited)
Non-current liabilities, excluding net assets attributable to unitholders			
Bank loans	20	7,123	8,876
Tenants' deposits		429	470
Deferred tax liabilities		6,850	6,884
<hr/>			
Total non-current liabilities, excluding net assets attributable to unitholders		14,402	16,230
<hr/>			
Total liabilities, excluding net assets attributable to unitholders			
<hr/>			
Non-controlling interests		225	241
<hr/>			
Net assets attributable to unitholders			
<hr/>			
Units in issue ('000)	21	6,080,657	6,014,652
<hr/>			
Net asset value per unit (RMB) attributable to unitholders	22	4.1001	4.1651

The condensed consolidated financial statements on pages 29 to 65 were approved and authorised for issue by the Board of Directors of the Manager on 30 July 2021 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 2021

	NOTE	Net assets attributable to unitholders RMB million	Non-controlling interests RMB million	Total RMB million
Net assets as at 1 January 2021 (audited)		25,052	241	25,293
Units issued for settlement of Manager's fees	21	48	—	48
Units issued pursuant to the distribution reinvestment arrangement in respect of 2020 final distribution	21	68	—	68
Profit (loss) for the period, before transactions with unitholders		173	(16)	157
Interim distribution payable to unitholders		(410)	—	(410)
Net assets as at 30 June 2021 (unaudited)		24,931	225	25,156

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	NOTE	2021 RMB million (unaudited)	2020 RMB million (unaudited)
Net cash from operating activities		595	375
Net cash from (used in) investing activities			
Placement of deposits in banks		(3,638)	(3,688)
Withdrawal of deposits in banks		3,901	2,438
Other investing activities		49	32
		312	(1,218)
Cash used in financing activities			
Distribution payments to unitholders		(326)	(437)
Repayment of bank loan		(167)	—
Payment of loan arrangement fee		—	(4)
Other financing cash flows		(51)	(155)
		(544)	(596)
Net increase (decrease) in cash and cash equivalents		363	(1,439)
Cash and cash equivalents at the beginning of the period		2,855	4,369
Cash and cash equivalents at the end of the period	<i>18</i>	3,218	2,930

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

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). Hui Xian REIT was established on 1 April 2011 and had not carried on any operation prior to 29 April 2011 (date of listing), and its units were listed on The Stock Exchange of Hong Kong Limited (the “HKSE”) since that date. Hui Xian REIT is governed by the Deed of Trust constituting Hui Xian REIT dated 1 April 2011 as amended by 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 activity of Hui Xian REIT and its controlled entities (the “Group”) is to own and invest in high quality commercial properties with the objective of producing stable and sustainable distributions to unitholders and to achieve long term growth in the net asset value per unit.

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

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

(a) Property Manager’s fee

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

Under the Chongqing Property Manager Agreement and supplemental agreement entered into by Chongqing Metropolitan Oriental Plaza Co., Ltd (“Chongqing Company”) controlled by Hui Xian REIT and the Chongqing branch of Beijing Hui Xian Enterprise Services Limited (the “Chongqing Property Manager”) on 2 March 2015 and 31 December 2017, the Chongqing Property Manager will be fully reimbursed by Chongqing Company for (i) employment costs and remuneration of the personnel provided or procured by the Chongqing Property Manager engaged solely and exclusively for the provision of its services relating to Metropolitan Plaza and Metropolitan Tower (collectively referred to as “Metropolitan Oriental Plaza”); and (ii) management expenses incurred by the Chongqing Property Manager on Metropolitan Oriental Plaza, including but not limited to the costs and expenses incurred under contracts entered into with third party service providers by the Chongqing Property Manager (as agent for 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 2021

1. GENERAL INFORMATION (Continued)

(b) Trustee's fees

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

(c) Manager's fees

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

Base Fee

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

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

On 5 January 2021, the Manager has elected to receive 70% (2020: 70%) base fee in units and 30% (2020: 30%) in cash in respect of the financial year ending 31 December 2021.

Variable Fee

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

NPI means the account equivalent to the gross revenue less property operating expenses as defined in the Trust Deed.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

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 2021, the Manager has elected to receive 70% (2020: 70%) variable fee in units and 30% (2020: 30%) in cash in respect of the financial year ending 31 December 2021.

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 ("HKAS") 34 "Interim Financial Reporting" and the relevant disclosure requirements set out in Appendix C of the REIT Code issued by the SFC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

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 2021 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020, 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 amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39 HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 “Interest Rate Benchmark Reform — Phase 2”

Accounting policies

Financial instruments

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 “Interest Rate Benchmark Reform – Phase 2” (Continued)

Accounting policies (Continued)

Financial instruments (Continued)

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform (Continued)

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).

The Group intends to apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for several Hong Kong Interbank Offered Rate (“HIBOR”) bank loans measured at amortised cost. The amendments have had no impact on the condensed consolidated financial statements as none of the above contracts has been transitioned to the relevant replacement rate during the interim period. If the above contracts are transitioned to the relevant replacement rate in the future, the impacts on application of the amendments, if any, including additional disclosures, will be reflected in the Group’s consolidated financial statements for the relevant year/period.

Except as described above, the Manager concluded that the application of the amendments to HKFRSs in the current period has had no material impact on the Group’s financial position and performance for the current and prior periods and/or disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

4. SEGMENT REPORTING

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

The following are identified operating and reportable segments:

Malls: Renting of the shopping mall and car parking spaces in Oriental Plaza, Beijing, the People's Republic of China (the "PRC") and Metropolitan Oriental Plaza in Chongqing, the PRC.

Offices: Renting of office buildings in Oriental Plaza, Beijing, the PRC and Metropolitan Oriental Plaza in Chongqing, the PRC.

Apartments: Operation of serviced apartment towers in Oriental Plaza, Beijing, the PRC and serviced apartment units in The Residences at Sofitel Shenyang Lido, Shenyang, the PRC.

Hotels: Operation of Grand Hyatt Beijing in Oriental Plaza, Beijing, the PRC, Sofitel Shenyang Lido, Shenyang, the PRC, Hyatt Regency Liberation Square Chongqing, Chongqing, the PRC, and Sheraton Chengdu Lido Hotel, Chengdu, the PRC.

(a) Segment revenue and results

Six months ended 30 June 2021 (unaudited)

	Malls	Offices	Apartments	Hotels	Consolidated
	RMB million				
Segment revenue	508	547	90	156	1,301
Segment profit	361	396	42	1	800
Decrease in fair value of investment properties					(387)
Finance costs, including exchange differences					39
Unallocated depreciation					(184)
Unallocated income					79
Unallocated expense					(60)
Profit before taxation and transactions with unitholders					287

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

4. SEGMENT REPORTING (Continued)

(a) Segment revenue and results (Continued)

Six months ended 30 June 2020 (unaudited)

	Malls RMB million	Offices RMB million	Apartments RMB million	Hotels RMB million	Consolidated RMB million
Segment revenue	483	562	95	63	1,203
Segment profit (loss)	344	403	48	(44)	751
Decrease in fair value of investment properties					(2,101)
Finance costs, including exchange differences					(377)
Unallocated depreciation					(169)
Unallocated income					100
Unallocated expense					(67)
Loss before taxation and transactions with unitholders					(1,863)

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 and 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 2021

4. SEGMENT REPORTING (Continued)

(b) Segment assets

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

	30.6.2021	31.12.2020
	RMB million	RMB million
	(unaudited)	(audited)
Malls	15,533	15,975
Offices	14,880	14,823
Apartments	2,419	2,458
Hotels	3,659	3,798
Total segment assets	36,491	37,054
Unallocated bank balances and cash	5,713	5,618
Other assets	76	82
Consolidated total assets	42,280	42,754

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

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

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 2021

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 2021 (unaudited)

	Malls	Offices	Apartments	Hotels	Total reportable segments	Unallocated	Consolidated
	RMB million	RMB million	RMB million				
Depreciation	1	—	2	9	12	184	196
Additions to non-current assets	7	3	1	14	25	2	27

Six months ended 30 June 2020 (unaudited)

	Malls	Offices	Apartments	Hotels	Total reportable segments	Unallocated	Consolidated
	RMB million	RMB million	RMB million				
Depreciation	1	—	2	8	11	169	180
Additions to non-current assets	2	3	—	45	50	—	50

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

5. REVENUE

	Malls RMB million	Offices RMB million	Apartments RMB million	Hotels RMB million	Consolidated RMB million
For the six months ended 30 June 2021 (unaudited)					
Disaggregation of revenue					
Revenue from contracts with customers within the scope of HKFRS 15					
Room revenue	–	–	–	102	102
Food and beverage	–	–	–	47	47
Carpark revenue	14	–	–	–	14
Ancillary services income	72	97	30	7	206
	86	97	30	156	369
Rental income	422	450	60	–	932
Total revenue	508	547	90	156	1,301
Timing of revenue recognition					
A point in time	28	20	3	51	102
Over time	58	77	27	105	267
Revenue from contracts with customers within the scope of HKFRS 15	86	97	30	156	369

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

5. REVENUE (Continued)

	Malls RMB million	Offices RMB million	Apartments RMB million	Hotels RMB million	Consolidated RMB million
For the six months ended 30 June 2020 (unaudited)					
Disaggregation of revenue					
Revenue from contracts with customers within the scope of HKFRS 15					
Room revenue	—	—	—	37	37
Food and beverage	—	—	—	20	20
Carpark revenue	11	—	—	—	11
Ancillary services income	59	91	31	6	187
	70	91	31	63	255
Rental income	413	471	64	—	948
Total revenue	483	562	95	63	1,203
Timing of revenue recognition					
A point in time	16	16	3	21	56
Over time	54	75	28	42	199
Revenue from contracts with customers within the scope of HKFRS 15					
	70	91	31	63	255

All contracts with customers within the scope of HKFRS 15 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 in advance. 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 RMB8 million (2020: RMB3 million).

The direct operating expense from investment properties (includes mainly certain other operating expenses, certain Manager's fees and staff costs) amounting to RMB300 million (2020: RMB303 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

6. OTHER INCOME

	2021 RMB million (unaudited)	2020 RMB million (unaudited)
Interest income from banks	78	99
Government subsidies	—	3
Others	3	3
Total	81	105

7. OTHER OPERATING EXPENSES

	2021 RMB million (unaudited)	2020 RMB million (unaudited)
Advertising and promotion	10	11
Audit fee	1	1
Insurance	2	3
Lease agency fee	10	19
Property manager's fee (Note 1(a))	37	36
Property management fees	30	25
Repairs and maintenance	37	30
Other miscellaneous expenses (Note)	71	62
Stamp duty	1	2
Urban land use tax	2	1
Urban real estate tax	133	134
Utilities	45	42
Value added tax surcharges	6	5
Total	385	371

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 2021

8. FINANCE COSTS, INCLUDING EXCHANGE DIFFERENCES

	2021 RMB million (unaudited)	2020 RMB million (unaudited)
Net unrealised exchange (gain) loss on bank loans and loan front-end fee	(99)	215
Net realised exchange gain on bank loan arising on settlement	(1)	—
Interest expense on unsecured bank loans	61	162
	(39)	377

9. MANAGER'S FEES

	2021 RMB million (unaudited)	2020 RMB million (unaudited)
Base Fee (Note 1(c))	55	60
Variable Fee (Note 1(c))	9	8
	64	68

10. REAL ESTATE INVESTMENT TRUST EXPENSES

	2021 RMB million (unaudited)	2020 RMB million (unaudited)
Trustee's fee (Note 1(b))	2	2
Legal and professional fees	2	1
Trust administrative expenses and others	1	2
	5	5

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

11. INCOME TAX EXPENSE (CREDIT)

	2021 RMB million (unaudited)	2020 RMB million (unaudited)
The income tax expense (credit) comprises:		
Current tax		
— PRC Enterprise Income Tax	164	165
— Withholding tax	—	64
Deferred taxation	(34)	(472)
	130	(243)

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

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

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

12. EARNINGS (LOSS) PER UNIT

The earnings per unit for the six months ended 30 June 2021 is calculated by dividing the profit for the period attributable to unitholders before transactions with unitholders of RMB173 million by 6,045,147,024 units, being the weighted average number of units in issue during the period of 6,032,305,813 units, plus the weighted average number of units issuable for settlement of Manager's fees for the period from 1 January 2021 to 30 June 2021 of 12,841,211 units.

The loss per unit for the six months ended 30 June 2020 was calculated by dividing the loss for the period attributable to unitholders before transactions with unitholders of RMB1,599 million by 5,914,410,612 units, being the weighted average number of units in issue during the period of 5,903,226,256 units, plus the weighted average number of units issuable for settlement of Manager's fees for the period from 1 January 2020 to 30 June 2020 of 11,184,356 units.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

13. INVESTMENT PROPERTIES

	30.6.2021	31.12.2020
	RMB million	RMB million
	(unaudited)	(audited)
FAIR VALUE		
At the beginning of the period/year	30,629	32,938
Additions	9	23
Decrease in fair value recognised in profit or loss	(387)	(2,332)
At the end of the period/year	30,251	30,629

- (a) The Group's investment properties held under leases are located in Beijing and Chongqing, the PRC, under medium-term leases and are measured using the fair value model.
- (b) Investment properties were revalued on 30 June 2021 and 31 December 2020 by Knight Frank Petty Limited, independent professional valuer 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 capitalisation approach which is a method of valuation whereby valuation is the sum of capitalised value of the term income and the appropriately deferred reversionary income for the remaining term of the land use rights of the properties. The capitalised value of the term income is derived by capitalising the rental income derived from existing tenancies for their respective unexpired terms of contractual tenancies, while the capitalised value of reversionary income is derived by capitalising the current market rents for the remaining terms of the land use rights of the properties. Capitalisation rates are estimated with reference to the yield generally accepted by the market participants for comparable properties.

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

The investment properties are included in level 3 (31 December 2020: level 3) of the fair value hierarchy.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired property, plant and equipment of RMB17 million (2020: RMB46 million).

No property, plant and machinery were transferred to or from investment properties during the six months ended 30 June 2021 (2020: nil).

Items of plant and equipment with a carrying value of RMB1 million were disposed of during the six months ended 30 June 2021 (2020: RMB2 million).

15. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2021, the Group entered into a new lease agreement with lease term from 1 March 2021 to 31 August 2023. Upon lease commencement, the Group recognised right-of-use assets of RMB1 million (2020: nil).

During the six months ended 30 June 2021 and 30 June 2020, there was no transfer between investment properties and right-of-use assets.

16. INVENTORIES

	30.6.2021 RMB million (unaudited)	31.12.2020 RMB million (audited)
Food and beverage	2	3
Other consumables	23	23
	25	26

17. TRADE AND OTHER RECEIVABLES

	30.6.2021 RMB million (unaudited)	31.12.2020 RMB million (audited)
Trade receivables	29	32
Deposits and prepayments	8	18
Advance to suppliers	10	9
Interest receivables	45	43
Other receivables	32	38
	124	140

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

17. TRADE AND OTHER RECEIVABLES (Continued)

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

	30.6.2021 RMB million (unaudited)	31.12.2020 RMB million (audited)
Less than or equal to 1 month	15	17
1-3 months	7	7
Over 3 months	7	8
	29	32

18. BANK BALANCES AND CASH

	30.6.2021 RMB million (unaudited)	31.12.2020 RMB million (audited)
Cash at bank or on hand	2,140	1,523
Time deposits (with original maturity of three months or less)	1,078	1,332
Cash and cash equivalents	3,218	2,855
Time deposits (with original maturity of more than three months)	2,607	2,870
	5,825	5,725

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

19. TRADE AND OTHER PAYABLES

	30.6.2021	31.12.2020
	RMB million	RMB million
	(unaudited)	(audited)
Trade payables	108	140
Receipts in advance (Note (i))	197	213
Others (Note (ii))	154	159
	459	512

Notes:

- (i) Included in receipts in advance were contract liabilities amounting to RMB55 million as at 30 June 2021 (31 December 2020: RMB62 million), which were related to advance receipts from customers under hotels segments, 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:

	30.6.2021	31.12.2020
	RMB million	RMB million
	(unaudited)	(audited)
Less than or equal to 3 months	69	96
Over 3 months	39	44
	108	140

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

20. BANK LOANS

	30.6.2021 RMB million (unaudited)	31.12.2020 RMB million (audited)
Unsecured term loans	8,654	8,921
Loan front-end fees	(35)	(45)
	8,619	8,876
The maturities of the above bank loans are as follows:		
Within one year	1,496	—
More than one year but not exceeding two years	2,988	3,524
More than two years but not exceeding five years	4,135	5,352
	8,619	8,876
Less: Amounts shown under current liabilities	(1,496)	—
Amounts due after one year	7,123	8,876

In relation to the credit facility of HK\$800 million drew down by the Group on 20 March 2019, the Group partially prepaid HK\$200 million (equivalent to RMB167 million) of the credit facility in January 2021. The total amount of the credit facility utilised by the Group as at 30 June 2021 was HK\$600 million (equivalent to RMB499 million) (31 December 2020: HK\$800 million (equivalent to RMB673 million)).

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 2021

21. UNITS IN ISSUE

As at 30 June 2021, Hui Xian REIT had 6,080,656,855 (31 December 2020: 6,014,651,998) issued units.

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

	Number of units	RMB million
Balance at 1 January 2020	5,880,262,459	28,761
Payment of Manager's fees through issuance of new units during the year	54,200,775	99
Units issued pursuant to the distribution reinvestment arrangement in respect of 2019 final and 2020 interim distributions	80,188,764	162
Balance at 31 December 2020 (audited)	6,014,651,998	29,022
Payment of Manager's fees through issuance of new units during the period	27,107,348	48
Units issued pursuant to the distribution reinvestment arrangement in respect of 2020 final distribution	38,897,509	68
Balance at 30 June 2021 (unaudited)	6,080,656,855	29,138

On 13 May 2021, 27,107,348 units at RMB1.79 per unit were issued to the Manager as settlement of Manager's fee for the period from 1 July 2020 to 31 December 2020.

On 14 May 2021, 38,897,509 scrip units at an issue price of RMB1.74 per unit were issued to unitholders pursuant to the distribution reinvestment arrangement in respect of 2020 final distribution.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

21. UNITS IN ISSUE (Continued)

Details of units issued during the year ended 31 December 2020 as payment of Manager's fees are as follows:

Issue date	Payment of Manager's fees for the period	Average price per unit determined based on Trust Deed RMB	Number of units issued
14 April 2020	1 July 2019 to 31 December 2019	2.23	22,734,668
24 September 2020	1 January 2020 to 30 June 2020	1.52	31,466,107
			54,200,775

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

On 25 September 2020, 29,483,590 scrip units at an issue price of RMB1.72 per unit were issued to unitholders pursuant to the distribution reinvestment arrangement in respect of 2020 interim distribution.

22. NET ASSET VALUE PER UNIT ATTRIBUTABLE TO UNITHOLDERS

The net asset value per unit is calculated based on the net assets attributable to unitholders as at 30 June 2021 of RMB24,931 million (31 December 2020: RMB25,052 million) and the total number of 6,080,656,855 units in issue as at 30 June 2021 (31 December 2020: 6,014,651,998 units).

23. NET CURRENT ASSETS

As at 30 June 2021, the Group's net current assets, defined as total current assets less total current liabilities, amounted to RMB3,252 million (31 December 2020: RMB4,660 million).

24. TOTAL ASSETS LESS CURRENT LIABILITIES

As at 30 June 2021, the Group's total assets less current liabilities amounted to RMB39,558 million (31 December 2020: RMB41,523 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

25. CAPITAL COMMITMENTS

	30.6.2021 RMB million (unaudited)	31.12.2020 RMB million (audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	174	66

26. CONNECTED AND RELATED PARTY TRANSACTIONS

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

Name of Connected/Related Party	Notes	1.1.2021 to 30.6.2021 RMB'000 (unaudited)	1.1.2020 to 30.6.2020 RMB'000 (unaudited)
Rent and rental related income			
北京屈臣氏個人用品連鎖商店有限公司 (Beijing Watson's Personal Care Stores Co., Ltd.*)	(a)**	—	1,284
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Limited*)	(a)**	—	532
長實(中國)投資有限公司 (CKH (China) Investment Co., Limited*)	(a)**	—	57
北京雷霆萬鈞網絡科技有限責任公司 (Beijing Lei Ting Wan Jun Network Technology Limited*)	(a)**	—	987
北京雷霆無極網絡科技有限公司 (Beijing Lei Ting Wu Ji Network Technology Company Limited*)	(a)**	—	350
北京雷系科技發展有限公司 (Beijing Lahiji Technology Development Limited*)	(a)**	—	452
北京幻劍書盟科技發展有限公司 (Beijing Huan Jian Shu Meng Network Technology Limited*)	(a)**	—	24
諾定(中國)投資有限公司 (TOM.COM (China) Investment Limited*)	(a)**	—	24
香港 TOM 集團國際有限公司北京代表處 (TOM Group International Limited Beijing Representative Office*)	(a)**	—	16
森棟乙(北京)科技有限公司 (Ceng Dong Yi (Beijing) Technology Company Limited*)	(a)**	—	24

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

26. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Name of Connected/Related Party	Notes	1.1.2021 to	1.1.2020 to
		30.6.2021	30.6.2020
		RMB'000	RMB'000
		(unaudited)	(unaudited)
和記黃埔醫藥（上海）有限公司 (Hutchison MediPharma Limited*)	(a)**	—	690
CK Asset Holdings Limited	(b)	49#	48
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	(b)	773#	948
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	(b)	1,011#	1,011
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	(b)	36#	35
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(e)	248#	243
德意志銀行（中國）有限公司重慶分行 (Deutsche Bank (China) Co., Ltd. Chongqing Branch*)	(g)	562#	563
Bank of China Limited	(h)**	—	17,154
香港貿易發展局北京辦事處 (The Hong Kong Trade Development Council Beijing Office*)	(j)**	—	179
Hotel room revenue			
廣州飛機維修工程有限公司 (Guangzhou Aircraft Maintenance Engineering Company Limited*)	(a)**	—	1
北京屈臣氏個人用品連鎖商店有限公司 (Beijing Watson's Personal Care Stores Co., Ltd.*)	(a)**	—	1
廣州屈臣氏個人用品商店有限公司 (Guangzhou Watson's Personal Care Stores Ltd.*)	(a)**	—	2
上海和黃白貓有限公司 (Shanghai Hutchison Whitecat Company Limited*)	(a)**	—	2
和記黃埔地產管理有限公司重慶分公司 (Hutchison Whampoa Property Management Limited Chongqing Branch*)	(b)	—	50
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(e)	12#	11
Bank of China Limited	(h)**	—	3
中銀國際證券股份有限公司 (BOC International (China) Co., Ltd.*)	(h)**	—	12

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

26. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Name of Connected/Related Party	Notes	1.1.2021 to	1.1.2020 to
		30.6.2021	30.6.2020
		RMB'000	RMB'000
		(unaudited)	(unaudited)
中國人壽財產保險股份有限公司北京市分公司 (China Life Property and Casualty Insurance Company Limited Beijing Branch*)	(k)	—	1
中國人壽財產保險股份有限公司內江市分公司 (China Life Property and Casualty Insurance Company Limited Neijiang Branch*)	(k)	—	2
中國人壽財產保險股份有限公司武威市分公司 (China Life Property and Casualty Insurance Company Limited Wuwei Branch*)	(k)	—	2
國壽投資控股有限公司 (China Life Investment Holding Company Limited*)	(k) & (l)**	—	1
萬達信息股份有限公司 (Wonders Information Co., Ltd.*)	(l)**	—	1
Food & beverages and other hotel income			
上海和黃白貓有限公司 (Shanghai Hutchison Whitecat Company Limited*)	(a)**	—	— [^]
和記黃埔醫藥(上海)有限公司 (Hutchison MediPharma Limited*)	(a)**	—	— [^]
和記黃埔地產(重慶兩江新區)有限公司 (Hutchison Whampoa Properties (Chongqing Liangjiangxinqu) Limited*)	(b)	—	24
和記黃埔地產(重慶南岸)有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	(b)	2 [#]	14
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.*)	(b)	—	19
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	(b)	—	3
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(e)	3 [#]	3
德意志銀行(中國)有限公司重慶分行 (Deutsche Bank (China) Co., Ltd. Chongqing Branch*)	(g)	—	6

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

26. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Name of Connected/Related Party	Notes	1.1.2021 to	1.1.2020 to
		30.6.2021	30.6.2020
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Bank of China Limited	(h)**	—	1
中國人壽財產保險股份有限公司內江市分公司 (China Life Property and Casualty Insurance Company Limited Neijiang Branch*)	(k)	—	— [^]
中國人壽保險股份有限公司成都市分公司 (China Life Insurance Company Limited Chengdu Branch*)	(k)	—	3
Interest income from banks			
The Hongkong and Shanghai Banking Corporation Limited	(c)**	—	— [^]
Bank of China Limited	(h)**	—	6,009
Bank of China (Hong Kong) Limited	(h)** & (l)**	—	95
Reimbursement of staff cost			
Hui Xian Asset Management Limited	(d)	525 [#]	570
Property management fee			
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	(b)	11,057	9,135
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	(b)	11,999	11,733
家利物業管理(深圳)有限公司 (Cayley Property Management (Shenzhen) Limited*)	(b)	4,768	3,514
Internet services fee			
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Limited*)	(a)**	—	623
CK Asset Holdings Limited	(b)	19 [#]	17
Beverages			
廣州屈臣氏食品飲料有限公司北京飲料分公司 (Guangzhou Watson's Food and Beverage Company Limited Beijing Beverages Branch*)	(a)**	—	201

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

26. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Name of Connected/Related Party	Notes	1.1.2021 to	1.1.2020 to
		30.6.2021	30.6.2020
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Cleaning supplies			
上海和黃白貓有限公司 (Shanghai Hutchison Whitecat Company Limited*)	(a)**	—	195
Hotel services			
Harbour Grand Hong Kong Catering Limited	(a)**	—	259
Insurance expense			
中銀保險有限公司北京分公司 (Bank of China Insurance Co., Ltd. Beijing Branch*)	(h)**	—	194
中國人壽財產保險股份有限公司北京市分公司 (China Life Property and Casualty Insurance Company Limited Beijing Branch*)	(k)	605*	679
中國人壽財產保險股份有限公司重慶市分公司 (China Life Property and Casualty Insurance Company Limited Chongqing Branch*)	(k)	83*	92
Interest expense			
The Hongkong and Shanghai Banking Corporation Limited	(c)** & (j)**	—	15,666
Bank of China (Hong Kong) Limited	(h)**; (j)** & (l)**	—	35,912
Bank charges and agency fee			
Bank of China Limited	(h)**	—	370
Bank of China (Hong Kong) Limited	(h)**; (j)** & (l)**	—	58
Trustee's fee			
DB Trustees (Hong Kong) Limited	(g)	1,835	1,984
Manager's fees			
Hui Xian Asset Management Limited	(d)	64,222	67,997

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

26. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Name of Connected/Related Party	Notes	1.1.2021 to	1.1.2020 to
		30.6.2021	30.6.2020
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Property Manager's fee			
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(e)	36,957	36,021
Valuation fee			
Knight Frank Petty Limited	(f)**	—	290
D&P China (HK) Limited	(f)**	—	27
Title verification service fee			
D&P China (HK) Limited	(m)**	—	9
Rent & rental related expense			
Turbo Top Limited	(b)	156#	—

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

26. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Balances with connected and related parties as at 30 June 2021 and 31 December 2020 are as follows:

Name of Connected/Related Party	Notes	30.6.2021	31.12.2020
		RMB'000 (unaudited)	RMB'000 (audited)
Bank loans			
The Hongkong and Shanghai Banking Corporation Limited	(c)** & (j)**	—	587,326
Bank of China (Hong Kong) Limited	(h)**; (j)** & (k)**	—	2,260,970
Bank balances			
The Hongkong and Shanghai Banking Corporation Limited	(c)**	—	589
Bank of China Limited	(h)**	—	18,245
Bank of China (Hong Kong) Limited	(h)** & (j)**	—	416,478
Deposits placed with the Group for the lease of the Group's properties			
北京屈臣氏個人用品連鎖商店有限公司 (Beijing Watson's Personal Care Stores Co., Ltd.*)	(a)**	—	737
北京網聯無限技術發展有限公司 (Beijing Net-Infinity Technology Development Co., Limited*)	(a)**	—	572
和記黃埔醫藥(上海)有限公司 (Hutchison MediPharma Limited*)	(a)**	—	478
CK Asset Holdings Limited	(b)	25	24
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.*)	(b)	1	1
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.*)	(b)	1	1
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	(b)	474	474
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	(b)	506	506
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	(b)	18	18
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(e)	126	122
Deposits paid for the lease of property			
Turbo Top Limited	(b)	114	—

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

26. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Notes:

- (a) Prior to the amendment to REIT Code in December 2020, these companies were associated companies³ of Noblecrowm Investment Limited ("Noblecrowm") which was a significant holder⁴ of Hui Xian REIT, and were subsidiaries or associated companies³ of CK Hutchison Holdings Limited ("CK Hutchison").
- (b) Prior to the amendment to REIT Code in December 2020, these companies were associated companies³ of Noblecrowm which was a significant holder⁴ of Hui Xian REIT, and were subsidiaries or associated companies³ of CK Asset Holdings Limited. After REIT Code amendment, these companies are associates¹ of Noblecrowm which is a substantial holder² of Hui Xian REIT, and are subsidiaries or associates¹ of CK Asset Holdings Limited. These companies are also related parties⁶ of Hui Xian REIT.
- (c) Prior to the amendment to REIT Code in December 2020, this company was an associate⁵ of Mr. Li Tzar Kuoi, Victor, a director of Noblecrowm, a significant holder⁴ of Hui Xian REIT.
- (d) This company is the manager of Hui Xian REIT ("Manager") and is a related party⁶ of Hui Xian REIT.
- (e) This company is the subsidiary of the Manager and is a related party⁶ of Hui Xian REIT.
- (f) Knight Frank Petty Limited was the principal valuer of Hui Xian REIT for the six months ended 30 June 2020. With effect from December 2020, this transaction was no longer regarded as connected party transaction under the REIT Code.
- (g) Prior to the amendment to REIT Code in December 2020, these companies were either the Trustee or associated companies³ of the Trustee. After REIT Code amendment, these companies are either the Trustee or associates¹ of the Trustee.
- (h) Prior to the amendment to REIT Code in December 2020, Bank of China Limited was an associated company³ of Noblecrowm which was a significant holder⁴ of Hui Xian REIT. These companies were subsidiaries or associated companies³ of Bank of China Limited.
- (i) Prior to the amendment to REIT Code in December 2020, these institutions/companies were associates⁵ of Dr. Choi Koon Shum, Jonathan, an independent non-executive director of the Manager, by virtue of his position as council member/director in these institutions/companies.
- (j) The bank loans represent part of the outstanding bank loans (Note 20) as at 31 December 2020. The interest expense represents the respective interest expense under part of the outstanding bank loans for the six months ended 30 June 2020.
- (k) Prior to the amendment to REIT Code in December 2020, these companies were associated companies³ of China Life Insurance (Overseas) Company Limited which was a significant holder⁴ of Hui Xian REIT, and were subsidiaries or associated companies³ of China Life Insurance (Group) Company. After REIT Code amendment, these companies are associates¹ of China Life Insurance (Overseas) Company Limited which is a substantial holder² of Hui Xian REIT, and are subsidiaries or associates¹ of China Life Insurance (Group) Company.
- (l) Prior to the amendment to REIT Code in December 2020, these companies are associates⁵ of Mr. Kuang Tao who was a director of China Life Insurance (Overseas) Company Limited, a significant holder⁴ of Hui Xian REIT.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

26. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Notes: (Continued)

(m) The service charges represent the title verification service rendered by D&P China (HK) Limited which was the former principal valuer of Hui Xian REIT for the year ended 31 December 2019.

¹ The term "associate" is defined in Chapter 14A of the Hong Kong 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 Prior to the amendment to REIT Code in December 2020, a company should be deemed to be an associated company of another company if one of them owned or controlled 20% or more of the voting rights of the other or if both were associated companies of another company.

⁴ Prior to the amendment to REIT Code in December 2020, a unitholder was a significant holder if it held 10% or more of the outstanding Hui Xian REIT units.

⁵ Prior to the amendment to REIT Code in December 2020, a company was an associate of a person if the person was a director of that company pursuant to the SFO.

⁶ The term "related party" is defined in HKAS 24 issued by the HKICPA.

* The English name is shown for identification purpose only.

** Prior to the amendment to REIT Code in December 2020, these transactions were regarded as connected party transactions.

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

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 (modified as appropriate pursuant to paragraph 2.26 of the REIT Code) after REIT Code amendment in December 2020.

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

	1.1.2021 to 30.6.2021 RMB million	1.1.2020 to 30.6.2020 RMB million	1.1.2019 to 30.6.2019 RMB million	1.1.2018 to 30.6.2018 RMB million	1.1.2017 to 30.6.2017 RMB million
Revenue					
Gross rental from investment properties	1,008	1,018	1,211	1,199	1,193
Income from hotel operation	156	63	231	266	250
Income from serviced apartments operation	90	95	93	83	73
Rental related income	47	27	63	46	67
	1,301	1,203	1,598	1,594	1,583
Profit (loss) before taxation and transactions with unitholders	287	(1,863)	696	790	882
Income tax (expense) credit	(130)	243	(270)	(286)	(242)
Profit (loss) for the period, before transactions with unitholders	157	(1,620)	426	504	640
Profit (loss) for the period attributable to unitholders, before transactions with unitholders	173	(1,599)	441	518	647
	RMB	RMB	RMB	RMB	RMB
Basic earnings (loss) per unit	0.0287	(0.2703)	0.0762	0.0921	0.1178

SUMMARY FINANCIAL INFORMATION

SUMMARY OF DISTRIBUTIONS

	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	1.1.2018 to 30.6.2018 RMB million	1.1.2017 to 30.6.2017 RMB million
Distributions to unitholders	410	126	725	804	761
	RMB	RMB	RMB	RMB	RMB
Distribution per unit	0.0674	0.0212	0.1245	0.1414	0.1377

SUMMARY OF CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30.6.2021 RMB million	31.12.2020 RMB million	31.12.2019 RMB million	31.12.2018 RMB million	31.12.2017 RMB million
Non-current assets	36,306	36,863	39,521	39,736	39,875
Current assets	5,974	5,891	6,954	6,431	7,734
Total assets	42,280	42,754	46,475	46,167	47,609
Current liabilities	2,722	1,231	3,682	3,355	6,642
Non-current liabilities, excluding net assets attributable to unitholders	14,402	16,230	16,523	16,120	13,834
Total liabilities, excluding net assets attributable to unitholders	17,124	17,461	20,205	19,475	20,476
Non-controlling interests	225	241	287	319	350
Net assets attributable to unitholders	24,931	25,052	25,983	26,373	26,783
	RMB	RMB	RMB	RMB	RMB
Net asset value per unit attributable to unitholders	4.1001	4.1651	4.4187	4.5807	4.7943

PERFORMANCE TABLE

	Notes	30.6.2021	31.12.2020	31.12.2019	31.12.2018	31.12.2017
Net assets attributable to unitholders (RMB million)		24,931	25,052	25,983	26,373	26,783
Net asset value per unit attributable to unitholders (RMB)		4.1001	4.1651	4.4187	4.5807	4.7943
Market capitalisation (RMB million)		10,763	10,887	19,287	18,366	17,597
Units issued (units)		6,080,656,855	6,014,651,998	5,880,262,459	5,757,337,072	5,586,412,489
Debts to net asset value ratio	1	34.6%	35.4%	41.8%	37.6%	41.0%
Debts to total asset value ratio	2	20.4%	20.8%	23.4%	21.5%	23.0%
		1.1.2021 to 30.6.2021	1.1.2020 to 31.12.2020	1.1.2019 to 31.12.2019	1.1.2018 to 31.12.2018	1.1.2017 to 31.12.2017
Highest traded unit price (RMB)		1.92	3.30	3.45	3.35	3.22
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)		1.72	1.36	3.16	3.03	3.02
Highest discount of the traded unit price to net asset value per unit		58.0%	67.3%	28.5%	33.9%	37.0%
Distribution per unit (RMB)		0.0674	0.0866	0.2177	0.2653	0.2681
Annualised distribution yield per unit	4	7.68%	4.78%	6.64%	8.32%	8.51%

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 2021 announcing, among other information, the interim distribution for the six months ended 30 June 2021 (“2021 Interim Distribution”) and the distribution reinvestment arrangement (“DRA”)	30 July 2021 (Friday)
Units quoted ex-2021 Interim Distribution	12 August 2021 (Thursday)
Ten consecutive trading days to determine unit price for new units to be issued from scrip distribution under the DRA (“Scrip Units”)	12 August 2021 (Thursday) to 25 August 2021 (Wednesday) (both dates inclusive)
Closure of register of Unitholders (for ascertaining entitlement to the 2021 Interim Distribution)	16 August 2021 (Monday) to 18 August 2021 (Wednesday) (both dates inclusive)
Record date for 2021 Interim Distribution	18 August 2021 (Wednesday)
Announcement in relation to the DRA	26 August 2021 (Thursday)
Despatch of circular and election form for the DRA	1 September 2021 (Wednesday)
Latest time for return of election form for the DRA ¹	by 4:30 p.m., 16 September 2021 (Thursday)
Payment of the 2021 Interim Distribution for cash distribution election	27 September 2021 (Monday)
Despatch of new unit certificates for scrip distribution election	27 September 2021 (Monday)
Expected first day of dealings in Scrip Units (subject to the granting of listing approval by the Stock Exchange)	28 September 2021 (Tuesday)

1. A distribution reinvestment arrangement is available to eligible Unitholders who may elect to receive the 2021 Interim Distribution for the six months ended 30 June 2021 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 26 August 2021 (Thursday) and a circular together with the relevant election form will be delivered by post to the Unitholders on or around 1 September 2021 (Wednesday). The election form for scrip distribution must be lodged with and received by the Computershare Hong Kong Investor Services Limited (at its address at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong) not later than 4:30 pm on 16 September 2021 (Thursday). Please refer to the relevant circular and election form for the details of such distribution reinvestment arrangement. Unitholders should note that any election form arrived or received after the deadline set out above will be treated and taken as invalid.

CORPORATE INFORMATION

MANAGER

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

BOARD OF DIRECTORS OF THE MANAGER

Chairman and Non-executive Director

KAM Hing Lam

Executive Directors

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

Non-executive Directors

IP Tak Chuen, Edmond
LIM Hwee Chiang

Independent Non-executive Directors

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

BOARD COMMITTEES

Audit Committee

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

Disclosures Committee

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

Designated (Finance) Committee

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

COMPANY SECRETARY OF THE MANAGER

Fair Wind Secretarial Services Limited

TRUSTEE

DB Trustees (Hong Kong) Limited

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

PRINCIPAL VALUER

Knight Frank Petty Limited

LEGAL ADVISER

Woo Kwan Lee & Lo

UNIT REGISTRAR

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

INVESTOR RELATIONS

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

PROPERTY MANAGER

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

STOCK CODE

87001

WEBSITE

www.huixianreit.com

GLOSSARY

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

GLOSSARY

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

* The English name is shown for identification purpose only

The information as set out in this interim report is updated as of 30 July 2021