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Hui Xian Real Estate Investment Trust

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

(Stock Code: 87001)

Managed by Hui Xian Asset Management Limited

匯賢房託管理有限公司

INTERIM RESULTS ANNOUNCEMENT FOR THE PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2024

HUI XIAN REIT

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

REIT MANAGER

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

The interim results of Hui Xian REIT and its special purpose vehicles for the period from 1 January 2024 to 30 June 2024 are as follows:

CHAIRMAN'S STATEMENT

The macroeconomic challenges of 2023 continued to affect Chinese as well as global economies in the first half of (“H1”) 2024. Higher-for-longer interest rates, persistent geopolitical tensions, lingering effects of the COVID-19 pandemic and increasingly frequent and extreme weather events are conflating to pose significant downside risk.

According to the World Bank’s Global Economic Prospects (June 2024), global economic growth is projected to remain subdued at 2.6% in 2024, which is well below the 3.1% average in the decade prior to COVID-19.

1. A Higher-for-Longer Interest Rate Environment

Interest rates remained high throughout H1 2024. Higher borrowing costs continued to squeeze corporate profits, exerting tremendous pressure on corporations, and in some cases, pushing them into default. Effective management of corporate debt has become more important than ever.

2. Lingering Effects of the COVID-19 Pandemic

Although the COVID-19 pandemic officially ended in 2023, many corporations across different sectors continued to feel the lingering impact of the pandemic which weighed on a global economic recovery.

3. Geopolitical Tensions and Climate Disasters

Wars, rising geopolitical tensions, political elections in various major countries, as well as climate disasters continued to present challenges to the global economic outlook.

China’s Economic Growth Fell Short of Expectations

China’s economy began to show signs of recovery in 2023. However, turmoil in the global economy, subdued domestic demand, weak RMB and property slowdown dragged on China’s economic recovery.

China's economic growth fell short of expectations in the second quarter of (“Q2”) 2024. According to China’s National Bureau of Statistics, the country’s Gross Domestic Product (“GDP”) grew 4.7% in Q2 2024, down from 5.3% in the first quarter of (“Q1”) 2024.

Hui Xian REIT’s 2024 Interim Results

	1 Jan – 30 Jun 2024	1 Jan – 30 Jun 2023	YoY Change	Percentage Change
Total Revenue (RMB million)	1,158	1,142	+16	+1.4%
Net Property Income (RMB million)	665	700	-35	-4.9%
Amount Available for Distribution (RMB million)	19	243	-224	-92.1%
Distributions to Unitholders (RMB million)	19	219	-200	-91.2%
Distribution per Unit (RMB)	0.0030	0.0348	-0.0318	-91.4%

1. Revenue and NPI

Despite a challenging business environment, Hui Xian REIT’s revenue increased to RMB1,158 million during H1 2024 (2023: RMB1,142 million).

Due to rising operating costs, Net Property Income (“NPI”) decreased to RMB665 million (2023: RMB700 million).

2. Distribution and Interim DPU

Total Amount Available for Distribution for H1 2024 was RMB19 million (2023: RMB243 million). The decrease was mainly attributable to the impact of a realised exchange loss.

On 31 May 2024, Hui Xian REIT made a partial prepayment in the amount of HK\$1.4 billion of an outstanding facility that matures in late 2024. A realised exchange loss of approximately RMB159 million was incurred in respect of the prepayment, which impacted the distributions of H1 2024.

With the payout ratio of 100% for H1 2024 (2023: 90%), distributions to Unitholders was RMB19 million (2023: RMB219 million). Interim distribution per unit (“DPU”) was RMB0.0030 (2023: RMB0.0348), which will be paid on 27 September 2024, Friday to Unitholders whose names appear on the Register of Unitholders of Hui Xian REIT on 28 August 2024, Wednesday.

Hui Xian REIT’s Operational Performance

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

While the pace of recovery for Hui Xian REIT’s office and retail portfolio was slower than expected, its hotel and serviced apartment portfolio continued to see a rebound during H1 2024.

1. Hotel Portfolio – NPI Jumped 230% Year-on-Year

China’s domestic travel began to recover gradually in 2023, driven by “revenge travel” after the lifting of pandemic restrictions. The Chinese government has also launched various campaigns and promotions to encourage domestic travel. The recovery trend continued during H1 2024, benefitting China’s hotel industry. International travel also showed signs of recovery in Q2 2024.

Hui Xian REIT’s hotel portfolio comprises four international chain hotels in four key cities in China. The NPI was RMB32 million, an increase of 230% year-on-year.

Sheraton Chengdu Lido Hotel – Occupancy Increased by 12.2 percentage points

Chengdu’s domestic business and leisure travel continued to recover during H1 2024. The average occupancy rate at Sheraton Chengdu Lido Hotel increased from 62.0% in H1 2023 to 74.2% in H1 2024. Average room rate per night increased from RMB579 in H1 2023 to RMB610 in H1 2024.

Hyatt Regency Metropolitan Chongqing – Occupancy Increased to 75.6%

Chongqing remained a popular domestic travel destination. At Hyatt Regency Metropolitan Chongqing, the average occupancy rate increased from 73.3% in H1 2023 to 75.6% in H1 2024. Average room rate per night was RMB649 (2023: RMB671).

Grand Hyatt Beijing – Room and Occupancy Rates Picked Up

Hotels in Beijing recovered at a slower pace than those in other Chinese cities in 2023. Demand for hotel rooms in Beijing began to pick up in Q2 2024. Grand Hyatt Beijing’s average occupancy rate increased from 32.5% in H1 2023 to 54.8% in H1 2024. Average room rate per night increased from RMB1,473 in H1 2023 to RMB1,529 in H1 2024.

The Westin Shenyang – Enhanced Brand Awareness

Rebranded as “The Westin Shenyang” in early 2023, the hotel succeeded in establishing positive brand recognition within a relatively short time. Average occupancy rate increased from 40.4% in H1 2023 to 49.7% in H1 2024. Average room rate per night increased from RMB535 in H1 2023 to RMB542 in H1 2024.

2. Retail Portfolio – Weaker-than-expected Recovery

The operating environment remained challenging for retailers in H1 2024. China’s retail sales growth slowed from 3.2% to 2% in Q2 2024 – the weakest in 18 months. Consumer spending power was affected by falling property and stock prices and an uncertain economic outlook. With Chinese consumers spending less and saving more, the trend towards consumption downgrade has persisted.

Brick-and-mortar stores in China have also been impacted by the rapid growth of online shopping over the past few years. During H1 2024, China's total retail sales increased 3.7%, whereas online retail sales increased 8.8%. Some retailers reduced their number of stores or terminated their leases before expiration. Brands remained cautious in their outlook, resulting in subdued new and expansion leasing demand.

Hui Xian REIT's retail portfolio consists of two shopping centres: (i) The Malls at Beijing Oriental Plaza, and (ii) The Mall at Chongqing Metropolitan Oriental Plaza. The NPI during H1 2024 was RMB206 million (2023: RMB254 million).

The average occupancy rate at The Malls at Beijing Oriental Plaza was 91.8% (2023: 91.7%). New lease and renewal terms were mostly concluded at negative reversion rates to maintain the occupancy level amid a challenging retail environment. Average monthly passing rent was RMB660 (2023: RMB735) per square metre. The Mall at Chongqing Metropolitan Oriental Plaza continued its comprehensive asset enhancement programme, impacting occupancy rate and rental income.

3. Office Portfolio – Weak Leasing Demand amid Uncertain Macroeconomy

China's office leasing market remained weak during H1 2024. Corporations showed less confidence in committing to leases given the ongoing uncertainty in the business environment. After the pandemic, many companies continued to adopt "work-from-home" or hybrid work models. Such behavioral shifts continued to affect the demand for office space.

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 2024, the NPI was RMB384 million (2023: RMB397 million).

As Beijing's office vacancy rate was at a relatively high level of 19.8%¹ in H1 2024, landlords continued to offer competitive leasing incentives to secure tenants. At The Tower Offices at Beijing Oriental Plaza, the average monthly passing rent was RMB263 (2023: RMB266) per square metre. The average occupancy rate was 85.6% (2023: 85.5%).

In Chongqing, office leasing demand remained weak. Vacancy rate increased to 34.9%² in H1 2024. At The Tower at Chongqing Metropolitan Oriental Plaza, average occupancy rate was 77.8% (2023: 80.5%), and average monthly passing rent was RMB87 (2023: RMB87) per square metre.

Sources:

1. "Market in Minutes - Beijing Office", Savills Research (July 2024)

2. "2024年上半年重慶房地產市場回顧及未來展望", Savills Research (July 2024)

4. Serviced Apartment Portfolio – Leasing Demand Remained Stable

During H1 2024, leasing demand for Beijing's high-end serviced apartments remained stable.

Hui Xian REIT's serviced apartment portfolio saw an improvement in both occupancy and NPI during H1 2024. The NPI increased to RMB43 million (2023: RMB39 million). Average occupancy rate was 86.3% (2023: 78.0%).

Financial Position

To mitigate the impact of high interest expenses, Hui Xian REIT continued to reduce its debt level. On 31 May 2024, Hui Xian REIT made a prepayment of HK\$1.4 billion for an outstanding facility using its cash on hand. The outstanding facility had a principal amount of HK\$1.8 billion before the prepayment and will mature in November 2024.

Hui Xian REIT's total debt decreased to RMB5,676 million as at 30 June 2024 (as at 31 December 2023: RMB6,601 million). Bank balances and cash on hand amounted to RMB2,776 million as at 30 June 2024 (as at 31 December 2023: RMB3,470 million). The debts to gross asset value ratio was down from 18.2% as at 31 December 2023 to 16.3% as at 30 June 2024.

Together with the repayment of HK\$1.5 billion in July 2023, Hui Xian REIT's total loan amount decreased by RMB2,420 million over the past 12 months, a reduction of approximately 30%.

Hui Xian REIT's revenue is in RMB while most of its debts are denominated in Hong Kong Dollar. Its distributions are sensitive to RMB exchange rate movements when there is a Hong Kong Dollar loan repayment. A realised exchange loss of approximately RMB159 million was incurred during H1 2024 in respect of the prepayment.

Outlook – Challenging Business Conditions Likely to Persist

Heading into H2 2024, the current challenging market conditions are likely to persist without major changes for the rest of the year. Hui Xian REIT will continue to face the operational challenges that persisted in H1 2024.

The hotel portfolio's occupancy rates will likely benefit from ongoing rebound in domestic tourism and gradual recovery of international travel. Room rates, however, will be under pressure because domestic travellers are becoming more budget conscious as economy doubts linger.

If consumer sentiment remains weak and online shopping continues to grow, retail rental rates are unlikely to return to pre-pandemic levels in the foreseeable future. Office rents and occupancy rates are also expected to be under pressure amid global economic uncertainty.

Hui Xian REIT will continue to face a challenging financial environment in H2 2024. Interest rates are likely to stay high in the near term; and the RMB exchange rate is expected to continue to fluctuate. Effective debt management will remain a key focus for Hui Xian REIT in H2 2024.

The Chinese government is expected to introduce more supportive policies to further boost domestic consumption and economic growth. While we remain mindful of ongoing macroeconomic challenges, we remain confident in the fundamental strengths of the Chinese economy.

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

H L KAM

Chairman

Hui Xian Asset Management Limited

(as manager of Hui Xian Real Estate Investment Trust)

Hong Kong, 9 August 2024

MANAGEMENT DISCUSSION AND ANALYSIS

PORTFOLIO HIGHLIGHTS

As at 30 June 2024, Hui Xian REIT's portfolio included:

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

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

(3) investment in Shenyang Investment (BVI) Limited, which in turn holds Shenyang Investment (Hong Kong) Limited (“**Shenyang Investment HK**”), the foreign shareholder of 瀋陽麗都商務有限公司 (Shenyang Lido Business Co. Ltd.#) (“**Shenyang Lido**”). Shenyang Investment HK is entitled to 70% of the distributions of Shenyang Lido, which is a limited liability company established in the PRC. Shenyang Lido holds the land use rights and building ownership rights of The Westin Shenyang;

(4) investment in Chongqing Hotel Investment Limited, which in turn holds Highsmith (HK) Limited. Highsmith (HK) Limited owns the entire interest in 重慶東廣大都會酒店有限公司 (Chongqing Oriental Plaza Metropolitan Hotel Co. Ltd.#), which holds the land use rights and building ownership rights of Hyatt Regency Metropolitan Chongqing; and

(5) investment in New Sense Resources Limited, which in turn holds Chengdu Investment Limited, the foreign shareholder 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 limited liability company established in the PRC. Chengdu Changtian holds the land use rights and building ownership rights in Sheraton Chengdu Lido Hotel.

The English name is shown for identification purpose only

OPERATIONS REVIEW

Hotel Portfolio

According to the Chinese Ministry of Culture and Tourism, the number of domestic travel trips in H1 2024 were 2.7 billion, an increase of 14.3% year-on-year. Domestic travel spending was RMB2.7 trillion, up by 19.0% year-on-year. During H1 2024, China's domestic travel continued to boom, benefitting the hotel industry. International tourism started to recover in H1 2024.

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

During H1 2024, revenue was RMB229 million (2023: RMB161 million), and NPI was RMB32 million (2023: RMB10 million).

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

During H1 2024, Chengdu's business and leisure travel continued to recover. Sheraton Chengdu Lido Hotel's average occupancy rate was increased to 74.2% in H1 2024 (2023: 62.0%); average room rate per night was RMB610 (2023: RMB579).

(ii) Hyatt Regency Metropolitan Chongqing

Chongqing is a popular domestic tourism city. During H1 2024, the average occupancy rate of Hyatt Regency Metropolitan Chongqing was 75.6% (2023: 73.3%), and average room rate per night was RMB649 (2023: RMB671).

(iii) Grand Hyatt Beijing

The recovery pace of Beijing's hotel industry in 2023 was relatively slower than other Chinese cities. Demand for hotel rooms in Beijing started to pick up in Q2 2024, driven by the rebound of domestic travel.

During H1 2024, Grand Hyatt Beijing's average occupancy rate was 54.8% (2023: 32.5%). Average room rate per night was RMB1,529 (2023: RMB1,473). The H1 2024's room rate also surpassed the pre-pandemic level of RMB1,271 in 2019.

(iv) The Westin Shenyang (70% interest)

Hui Xian REIT's hotel in Shenyang has been rebranded as "The Westin Shenyang" since March 2023 under the management of Marriott International. Average occupancy rate increased to 49.7% (2023: 40.4%), and average room rate per night was RMB542 (2023: RMB535).

Retail Portfolio

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

During H1 2024, revenue was RMB326 million (2023: RMB368 million) and NPI was RMB206 million (2023: RMB254 million).

(i) The Malls at Beijing Oriental Plaza

During H1 2024, revenue of The Malls at Beijing Oriental Plaza was RMB318 million (2023: RMB357 million) and NPI was RMB222 million (2023: RMB263 million). Average monthly passing rent was RMB660 (2023: RMB735) per square metre. Average occupancy rate was 91.8% (2023: 91.7%).

(ii) The Mall at Chongqing Metropolitan Oriental Plaza

The Mall at Chongqing Metropolitan Oriental Plaza continued its comprehensive asset enhancement programme, and its occupancy and rental income were inevitably affected. Average occupancy rate was 32.6% (2023: 40.5%); and average monthly passing rent was RMB48 (2023: RMB57) per square metre.

Office Portfolio

Hui Xian REIT's office portfolio consists of (i) The Tower Offices at Beijing Oriental Plaza and (ii) The Tower at Chongqing Metropolitan Oriental Plaza. Revenue was RMB523 million (2023: RMB532 million) and NPI was RMB384 million (2023: RMB397 million).

(i) The Tower Offices at Beijing Oriental Plaza

During H1 2024, many corporations have remained cost-conscious in view of a more conservative sentiment towards business outlook. The wider adoption of work-from-home and hybrid work mode also affected leasing demand.

Beijing's office leasing demand remained soft during H1 2024. Vacancy rate in Beijing stayed at a high level of 19.8%¹ in H1 2024. Landlords were under pressure to offer lower rents and more incentives to attract and retain tenants.

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 professional institutions and government-related organisations.

During H1 2024, revenue of The Tower Offices was RMB502 million (2023: RMB510 million). NPI was RMB372 million (2023: RMB385 million). Average occupancy rate was 85.6% (2023: 85.5%). Average monthly passing rent was RMB263 (2023: RMB266) per square metre while average monthly spot rent was RMB244 (2023: RMB287) per square metre.

(ii) The Tower at Chongqing Metropolitan Oriental Plaza

Chongqing's office vacancy rate was 34.9%² in H1 2024. New leasing demand was weak, largely due to the uncertain business environment.

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

During H1 2024, revenue was RMB21 million (2023: RMB22 million) and NPI was RMB12 million (2023: RMB12 million). Average occupancy rate was 77.8% (2023: 80.5%). Average monthly passing rent was RMB87 (2023: RMB87) per square metre, while average monthly spot rent was RMB94 (2023: RMB86) per square metre.

Sources:

1. "Market in Minutes - Beijing Office", Savills Research (July 2024)
2. "2024年上半年重慶房地產市場回顧及未來展望", Savills Research (July 2024)

Serviced Apartment Portfolio

During H1 2024, revenue of Hui Xian REIT's serviced apartment portfolio was RMB80 million (2023: RMB81 million); and NPI was RMB43 million (2023: RMB39 million). Average occupancy rates of The Tower Apartments at Beijing Oriental Plaza was 86.3% (2023: 78.0%).

FINANCIAL REVIEW

Net Property Income

The net property income was RMB665 million for the six months ended 30 June 2024.

Distributions

Distribution Amount

Hui Xian REIT will distribute a total of RMB19 million ("**2024 Interim Distribution**") to Unitholders for the six months ended 30 June 2024. The 2024 Interim Distribution represents 100% of Hui Xian REIT's total amount available for distribution during the period from 1 January 2024 to 30 June 2024 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 RMB19 million (2023: RMB219 million).

Distribution per Unit

The interim DPU for the period from 1 January 2024 to 30 June 2024 is RMB0.0030 based on the number of outstanding Units on 30 June 2024. The closing unit price is RMB0.66 on 28 June 2024.

Closure of Register of Unitholders

The record date for the 2024 Interim Distribution will be 28 August 2024, Wednesday ("**Record Date**"). The Register of Unitholders will be closed from 26 August 2024, Monday to 28 August 2024, 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 2024, Friday to Unitholders whose names appear on the Register of Unitholders on the Record Date.

In order to qualify for the 2024 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 23 August 2024, Friday.

Pursuant to the Trust Deed, in the event that any distribution is not claimed by unitholder(s) of Hui Xian REIT entitled thereto within six years after the date of declaration of such distribution, such distribution shall be forfeited and transferred to the assets of Hui Xian REIT.

Debt Positions

In May 2024, Hui Xian Investment partially prepaid HK\$1,400 million of a 3-year unsecured term loan which was drawn down in December 2021. The loan was offered by Bank of China (Hong Kong) Limited, Oversea-Chinese Banking Corporation Limited (“OCBC”) and Sumitomo Mitsui Banking Corporation. As at 30 June 2024, the outstanding amount of the facilities was HK\$400 million.

In June 2024, Hui Xian Investment drew down an unsecured 3-year term loan of RMB300 million out of RMB700 million loan facility offered by OCBC. The purpose of the facility was to finance the general working capital of the Group.

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 2024, Hui Xian REIT's total debts amounted to RMB5,676 million (31 December 2023: RMB6,601 million). Based on Hui Xian REIT's net assets attributable to Unitholders of RMB21,763 million as at 30 June 2024 (31 December 2023: RMB22,084 million), Hui Xian REIT's debts to net asset value ratio was 26.1% (31 December 2023: 29.9%). Meanwhile, the debts to gross asset value ratio was 16.3% as at 30 June 2024 (31 December 2023: 18.2%).

Bank Balances and Asset Positions

As at 30 June 2024, Hui Xian REIT's bank balances and cash amounted to RMB2,776 million (31 December 2023: RMB3,470 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, three serviced apartment towers and a five-star hotel in a 787,059 square metre building complex at 1 East Chang'an Avenue, Beijing, PRC which are collectively named as Beijing Oriental Plaza. Hui Xian REIT's interests in Beijing Oriental Plaza are held through its special purpose vehicle, Hui Xian Investment, which is the foreign joint venture partner of BOP. BOP holds the land use rights and building ownership rights of Beijing Oriental Plaza.

Kroll (HK) Limited (“Kroll”) valued the eight blocks of office towers, the shopping centre and car parking spaces at RMB24,129 million as at 30 June 2024 (31 December 2023: RMB24,651 million), translating into a decrease of 2.1% over the valuation as of 31 December 2023. Together with the hotel and serviced apartment premises, gross property value of BOP was RMB28,139 million as at 30 June 2024, as compared to RMB28,756 million as at 31 December 2023.

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 2024, the shopping centre, office building and car parking spaces were valued by Kroll at RMB2,436 million (31 December 2023: RMB2,480 million). Gross property value of the properties as at 30 June 2024 was RMB2,436 million (31 December 2023: RMB2,450 million).

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

Kroll valued the hotel premises of Hyatt Regency Metropolitan Chongqing at RMB405 million as at 31 December 2023. Gross property value of the hotel premises as at 30 June 2024 was RMB251 million (31 December 2023: RMB272 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.

Kroll valued the hotel premises of Sheraton Chengdu Lido Hotel at RMB583 million as at 31 December 2023. Gross property value of the hotel premises as at 30 June 2024 was RMB532 million (31 December 2023: RMB532 million).

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

Kroll valued the hotel premises of Shenyang Lido at RMB673 million as at 31 December 2023 while gross property value of the hotel premises as at 30 June 2024 was RMB496 million (31 December 2023: RMB509 million).

Net Assets Attributable to Unitholders

As at 30 June 2024, net assets attributable to Unitholders amounted to RMB21,763 million (31 December 2023: RMB22,084 million) or RMB3.3955 per Unit, representing a 414.5% premium to the closing unit price of RMB0.66 on 28 June 2024 (31 December 2023: RMB3.4762 per Unit, representing a 282.0% premium to the closing unit price of RMB0.91 on 29 December 2023).

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 2024, except for capital commitment in respect of the asset enhancement programmes for Beijing Oriental Plaza, Grand Hyatt Beijing, Sheraton Chengdu Lido Hotel, Chongqing Metropolitan Oriental Plaza and Hyatt Regency Metropolitan Chongqing, Hui Xian REIT did not have any significant commitments.

Employees

As at 30 June 2024, Hui Xian REIT, by subsidiaries and through its branches, employed a total of 854 employees in Hong Kong and the PRC; of which, 826 employees performed hotel operation functions and services, and 28 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 2024.

CORPORATE GOVERNANCE

With the objectives of establishing and maintaining high standards of corporate governance, certain policies and procedures with built-in checks and balances have been put in place. In particular, the Manager has adopted, and revised from time to time, a compliance manual which sets out the key processes, systems and measures the Manager applies in order to comply with the Trust Deed, the Code on Real Estate Investment Trusts (“**REIT Code**”) and other applicable legislation, rules and regulations. The compliance manual also contains a corporate governance policy which regulates, among others, the activities of the board of directors of the Manager.

Throughout the six months ended 30 June 2024, both the Manager and Hui Xian REIT have in material terms complied with the provisions of the compliance manual, the corporate governance policy, the Trust Deed, the REIT Code and applicable provisions of the Securities and Futures Ordinance (Cap. 571 Laws of Hong Kong) (“**SFO**”) and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Authorisation Structure

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

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

Review of the Interim Results

The interim results of Hui Xian REIT for the six months ended 30 June 2024 have been reviewed by the Audit Committee and Disclosures Committee of the Manager in accordance with their respective terms of reference.

New Units Issued

In the six months ended 30 June 2024, an aggregate of 56,190,010 new Units were issued to the Manager as payment of part of the Manager’s fees.

The total number of Units in issue as at 30 June 2024 was 6,409,289,762 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 2024.

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 2024.

Issuance of the Interim Report 2024

The interim report of Hui Xian REIT for the six months ended 30 June 2024 will be published on the respective websites of the Stock Exchange at www.hkexnews.hk and Hui Xian REIT at www.huixianreit.com, and will be sent to Unitholders, who have elected for hard copies, on or before 30 September 2024.

By order of the Board
Hui Xian Asset Management Limited
滙賢房託管理有限公司
(as Manager of Hui Xian Real Estate Investment Trust)
CHEUNG Ling Fung Tom
Chief Executive Officer and Executive Director of the Manager

Hong Kong, 9 August 2024

As at the date of this announcement, the Directors of the Manager are Mr. KAM Hing Lam (Chairman and non-executive Director); Mr. CHEUNG Ling Fung, Tom, Mr. LEE Chi Kin, Casey and Ms. LAI Wai Yin, Agnes (executive Directors); Mr. IP Tak Chuen, Edmond and Mr. LIM Hwee Chiang (non-executive Directors); and Professor LEE Chack Fan, Dr. CHOI Koon Shum, Jonathan, Mr. YIN Ke and Mr. WU Ting Yuk, Anthony (independent non-executive Directors).

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2024

	<u>NOTES</u>	<u>2024</u> RMB million (unaudited)	<u>2023</u> RMB million (unaudited)
Revenue	5	1,158	1,142
Other income	6	40	63
Decrease in fair value of investment properties		(571)	(481)
Inventories consumed		(17)	(14)
Staff costs		(75)	(63)
Depreciation		(157)	(155)
Other operating expenses	7	(401)	(361)
Finance costs, including exchange differences	8	(260)	(438)
Manager's fees	9	(56)	(58)
Real estate investment trust expenses	10	(7)	(5)
Loss before taxation and transactions with unitholders		(346)	(370)
Income tax expense	11	(31)	(83)
Loss for the period, before transactions with unitholders		(377)	(453)
Distribution to unitholders		(19)	(219)
Loss for the period, after transactions with unitholders		(396)	(672)
Other comprehensive income:			
Item that will not be reclassified to profit or loss			
Gain on revaluation of right-of-use assets upon transfer to investment properties, net of tax		23	23
Total comprehensive expense for the period, after transactions with unitholders		(373)	(649)
Loss for the period, before transactions with unitholders attributable to:			
Non-controlling interests		(11)	(15)
Unitholders		(366)	(438)
		(377)	(453)
Total comprehensive expense for the period, after transactions with unitholders attributable to:			
Non-controlling interests		(11)	(15)
Unitholders		(362)	(634)
		(373)	(649)
Basic loss per unit (RMB)	12	(0.0574)	(0.0699)

FINANCIAL INFORMATION

DISTRIBUTION STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024

	<u>2024</u> RMB million (unaudited)	<u>2023</u> RMB million (unaudited)
Loss for the period, before transactions with Unitholders attributable to Unitholders	<u>(366)</u>	<u>(438)</u>
Adjustments (<i>Note (i)</i>):		
Manager's fees	28	41
Deferred tax	(3)	(3)
Net unrealised exchange loss on bank loans and loan front-end fee	38	252
Net realised exchange loss on bank loans and loan front-end fee	(124)	-
Difference between cash and accounting finance cost	6	4
Other non-cash gain	<u>(1)</u>	<u>(3)</u>
	<u>(56)</u>	<u>291</u>
Total adjusted loss	(422)	(147)
Additional available amount (<i>Note (ii)</i>)	<u>441</u>	<u>390</u>
Amount available for distribution	<u>19</u>	<u>243</u>
Payout ratio (<i>Note (iii)</i>)	<u>100%</u>	<u>90%</u>
Additional amount to be distributed (<i>Note (ii)</i>)	<u>19</u>	<u>219</u>
Distribution to unitholders	<u>19</u>	<u>219</u>
Distribution per unit (<i>RMB</i>) (<i>Note (iv)</i>)	<u>0.0030</u>	<u>0.0348</u>

FINANCIAL INFORMATION

DISTRIBUTION STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2024 - continued

Notes:

(i) Adjustments for the period include:

(a) For the six months ended 30 June 2024, Manager's fees payable in units of RMB28 million (41,975,792 units estimated to be issued) out of the total Manager's fees of RMB56 million. The difference of RMB28 million is payable in cash.

For the six months ended 30 June 2023, Manager's fees payable in units of RMB41 million out of the total Manager's fees of RMB58 million. The difference of RMB17 million is payable in cash.

(b) For the six months ended 30 June 2024, deferred tax credit of RMB3 million (2023: RMB3 million) in relation to accelerated tax depreciation.

(c) Net unrealised exchange loss on bank loans and loan front-end fee of RMB38 million for the six months ended 30 June 2024 (2023: RMB252 million).

(d) Accumulated net unrealised exchange loss of RMB124 million on bank loans and loan front-end fee previously adjusted out from the distribution statement have been realised and adjusted back upon loan repayment during the six months ended 30 June 2024 (2023: Nil).

(e) Adjustment of RMB6 million in respect of accounting finance costs less cash finance costs during the six months ended 30 June 2024 (2023: RMB4 million).

(f) Other non-cash gain of RMB1 million for the six months ended 30 June 2024 (2023: RMB3 million).

Pursuant to the Trust Deed (as defined in Note 1), interim/annual distributable income is defined as the amount calculated by the Manager (as defined in Note 1) as representing the consolidated profit attributable to unitholders for the relevant financial period/year, as adjusted to eliminate the effects of certain Adjustments (as defined in the Trust Deed) which have been recorded in the consolidated statement of comprehensive income for the relevant financial period/year.

(ii) Pursuant to clause 11.4.1 of the Trust Deed, the Manager determined that an additional amount of RMB441 million be adjusted (2023: RMB390 million) to arrive at the amount available for distribution during the six months ended 30 June 2024, and additional amount to be distributed during the six months ended 30 June 2024 is RMB19 million (2023: RMB219 million).

(iii) In accordance with the Trust Deed, Hui Xian REIT (as defined in Note 1) is required to distribute to unitholders not less than 90% of its distributable income for each financial period. While Hui Xian REIT had an adjusted loss of RMB422 million for the six months ended 30 June 2024 (2023: RMB147 million), the Manager determined an amount of RMB19 million to be available for distribution for the period (2023: RMB243 million) as referred to in (ii) above.

Distributions to unitholders for the six months ended 30 June 2024 represent a payout ratio of 100% (2023: 90%) of such amount available for distribution for the period.

(iv) The distribution per unit of RMB0.0030 for the six months ended 30 June 2024 is calculated based on 100% of Hui Xian REIT's amount available for distribution of RMB19,145,209 over 6,409,289,762 units, representing issued units as at 30 June 2024. The distribution per unit of RMB0.0348 for the six months ended 30 June 2023 is calculated based on 90% of Hui Xian REIT's amount available for distribution of RMB242,784,085 over 6,286,793,211 units, representing issued units as at 30 June 2023.

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	<u>NOTES</u>	<u>30.6.2024</u> RMB million (unaudited)	<u>31.12.2023</u> RMB million (audited)
Non-current assets			
Investment properties	13	26,565	27,057
Property, plant and equipment	14	1,994	2,050
Right-of-use assets		3,428	3,547
Goodwill		2	2
Total non-current assets		<u>31,989</u>	<u>32,656</u>
Current assets			
Inventories		19	18
Trade and other receivables	15	100	116
Bank balances and cash		2,776	3,470
Total current assets		<u>2,895</u>	<u>3,604</u>
Total assets		<u>34,884</u>	<u>36,260</u>
Current liabilities			
Trade and other payables	16	507	546
Tenants' deposits		232	224
Tax payable		28	8
Manager's fee payable		56	55
Distribution payable		19	8
Bank loans	17	3,283	3,801
Total current liabilities		<u>4,125</u>	<u>4,642</u>
Total assets less current liabilities		<u>30,759</u>	<u>31,618</u>
Non-current liabilities, excluding net assets attributable to unitholders			
Bank loans	17	2,393	2,800
Tenants' deposits		360	378
Deferred tax liabilities		6,128	6,230
Total non-current liabilities, excluding net assets attributable to unitholders		<u>8,881</u>	<u>9,408</u>
Total liabilities, excluding net assets attributable to unitholders		<u>13,006</u>	<u>14,050</u>
Non-controlling interests		115	126
Net assets attributable to unitholders		<u>21,763</u>	<u>22,084</u>
Units in issue ('000)		<u>6,409,290</u>	<u>6,353,100</u>
Net asset value per unit (RMB) attributable to unitholders	18	<u>3.3955</u>	<u>3.4762</u>

FINANCIAL INFORMATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

1. GENERAL INFORMATION

Hui Xian Real Estate Investment Trust ("Hui Xian REIT") is a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (the "SFO") (Chapter 571 of the Laws of Hong Kong) and its units were listed on The Stock Exchange of Hong Kong Limited (the "HKSE") since 29 April 2011. Hui Xian REIT is governed by the Deed of Trust constituting Hui Xian REIT dated 1 April 2011 as amended by five supplemental deeds dated 24 May 2013, 16 May 2014, 28 May 2015, 19 May 2017 and 14 May 2021 (the "Trust Deed") made between Hui Xian Asset Management Limited (the "Manager") and DB Trustees (Hong Kong) Limited (the "Trustee"), and the Code on Real Estate Investment Trusts (the "REIT Code") issued by the Securities and Futures Commission (the "SFC").

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

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

2. BASIS OF PREPARATION

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

As at 30 June 2024, the Group has net current liabilities of RMB1,230 million. The Manager is of the opinion that, taking into account the headroom of the fair value of investment properties for obtaining additional banking facilities and the assumption that the bank loans will be successfully renewed upon maturity, the Group has sufficient financial resources to meet in full its financial obligation when they fall due for the next twelve months from the date of the issuance of the condensed consolidated financial statements. Hence, the condensed consolidated financial statements have been prepared on a going concern basis.

3. PRINCIPAL 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 2024 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023.

FINANCIAL INFORMATION

3. PRINCIPAL ACCOUNTING POLICIES - continued

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 (the "HKICPA"), for the first time, which are mandatorily effective for the annual period beginning on 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

4. SEGMENT REPORTING

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

The following are identified operating and reportable segments:

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

FINANCIAL INFORMATION

4. SEGMENT REPORTING - continued

(a) Segment revenue and results

Six months ended 30 June 2024 (unaudited)

	<u>Offices</u> RMB million	<u>Malls</u> RMB million	<u>Apartments</u> RMB million	<u>Hotels</u> RMB million	<u>Consolidated</u> RMB million
Segment revenue	523	326	80	229	1,158
Segment profit	384	206	43	32	665
Decrease in fair value of investment properties					(571)
Finance costs, including exchange differences					(260)
Unallocated depreciation					(145)
Unallocated income					40
Unallocated expense					(75)
Loss before taxation and transactions with unitholders					(346)

Six months ended 30 June 2023 (unaudited)

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

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

FINANCIAL INFORMATION

4. SEGMENT REPORTING - continued

(b) Segment assets

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

	<u>30.6.2024</u> RMB million (unaudited)	<u>31.12.2023</u> RMB million (audited)
Offices	14,313	14,573
Malls	12,294	12,575
Apartments	1,741	1,915
Hotels	3,830	3,816
Total segment assets	32,178	32,879
Unallocated bank balances and cash	2,654	3,316
Other assets	52	65
Consolidated total assets	<u>34,884</u>	<u>36,260</u>

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

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

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

(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.

FINANCIAL INFORMATION

4. SEGMENT REPORTING - continued

(d) Other segment information

Six months ended 30 June 2024 (unaudited)

	<u>Offices</u> RMB million	<u>Malls</u> RMB million	<u>Apartments</u> RMB million	<u>Hotels</u> RMB million	<u>Total reportable segments</u> RMB million	<u>Unallocated</u> RMB million	<u>Consolidated</u> RMB million
Depreciation	-	-	1	11	12	145	157
Additions to non-current assets	-	5	-	39	44	-	44
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Six months ended 30 June 2023 (unaudited)

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

5. REVENUE

	<u>Offices</u> RMB million	<u>Malls</u> RMB million	<u>Apartments</u> RMB million	<u>Hotels</u> RMB million	<u>Consolidated</u> RMB million
For the six months ended 30 June 2024 (unaudited)					
Disaggregation of revenue					
Revenue from contracts with customers within the scope of HKFRS 15					
Room revenue	-	-	-	165	165
Food and beverage	-	-	-	57	57
Carpark revenue	-	11	-	-	11
Ancillary services income	91	54	28	7	180
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	91	65	28	229	413
Rental income	432	261	52	-	745
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenue	523	326	80	229	1,158
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Timing of revenue recognition					
A point in time	11	11	2	62	86
Over time	80	54	26	167	327
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenue from contracts with customers within the scope of HKFRS 15	91	65	28	229	413
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

FINANCIAL INFORMATION

5. REVENUE - continued

	<u>Offices</u> RMB million	<u>Malls</u> RMB million	<u>Apartments</u> RMB million	<u>Hotels</u> RMB million	<u>Consolidated</u> RMB million
For the six months ended 30 June 2023 (unaudited)					
Disaggregation of revenue					
Revenue from contracts with customers within the scope of HKFRS 15					
Room revenue	-	-	-	114	114
Food and beverage	-	-	-	41	41
Carpark revenue	-	12	-	-	12
Ancillary services income	94	66	29	6	195
	<u>94</u>	<u>78</u>	<u>29</u>	<u>161</u>	<u>362</u>
Rental income	438	290	52	-	780
Total revenue	<u>532</u>	<u>368</u>	<u>81</u>	<u>161</u>	<u>1,142</u>
Timing of revenue recognition					
A point in time	13	18	1	46	78
Over time	81	60	28	115	284
	<u>94</u>	<u>78</u>	<u>29</u>	<u>161</u>	<u>362</u>
Revenue from contracts with customers within the scope of HKFRS 15					
	<u>94</u>	<u>78</u>	<u>29</u>	<u>161</u>	<u>362</u>

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

The gross rental from investment properties includes variable lease payments that do not depend on an index or a rate of RMB6 million (2023: RMB5 million).

The direct operating expense from investment properties (includes mainly certain other operating expenses, certain Manager's fees and staff costs) amounting to RMB260 million (2023: RMB251 million).

6. OTHER INCOME

	<u>2024</u> RMB million (unaudited)	<u>2023</u> RMB million (unaudited)
Interest income from banks	39	58
Others	<u>1</u>	<u>5</u>
Total	<u>40</u>	<u>63</u>

FINANCIAL INFORMATION

7. OTHER OPERATING EXPENSES

	<u>2024</u> RMB million (unaudited)	<u>2023</u> RMB million (unaudited)
Advertising and promotion	10	11
Audit fee	1	1
Insurance	3	3
Agency fee	14	9
Property manager's fee	31	28
Property management fees	36	36
Repairs and maintenance	32	29
Other miscellaneous expenses (<i>note</i>)	93	69
Stamp duty	1	1
Urban land use tax	2	2
Urban real estate tax	113	113
Utilities	46	43
Value added tax surcharges	5	5
Loss on disposal of property, plant and equipment	14	11
	<u>401</u>	<u>361</u>

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

8. FINANCE COSTS, INCLUDING EXCHANGE DIFFERENCES

	<u>2024</u> RMB million (unaudited)	<u>2023</u> RMB million (unaudited)
Net unrealised exchange loss on bank loans and loan front-end fee	38	252
Net realised exchange loss on bank loans and loan front-end fee arising on settlement	34	-
Interest expense on unsecured bank loans	188	186
	<u>260</u>	<u>438</u>

9. MANAGER'S FEES

	<u>2024</u> RMB million (unaudited)	<u>2023</u> RMB million (unaudited)
Base Fee	49	51
Variable Fee	7	7
	<u>56</u>	<u>58</u>

FINANCIAL INFORMATION

10. REAL ESTATE INVESTMENT TRUST EXPENSES

	<u>2024</u> RMB million (unaudited)	<u>2023</u> RMB million (unaudited)
Trustee's fee	2	2
Legal and professional fees	3	1
Trust administrative expenses and others	2	2
	<u>7</u>	<u>5</u>

11. INCOME TAX EXPENSE

	<u>2024</u> RMB million (unaudited)	<u>2023</u> RMB million (unaudited)
Income tax expense comprises:		
Current tax		
- PRC Enterprise Income Tax	140	148
- Withholding tax	-	41
Deferred taxation	(109)	(106)
	<u>31</u>	<u>83</u>

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

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

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

12. LOSS PER UNIT

The loss per unit for the six months ended 30 June 2024 is calculated by dividing the loss for the period attributable to unitholders before transactions with unitholders of RMB366 million (2023: RMB438 million) by the weighted average of 6,382,585,538 (2023: 6,264,599,646) units in issue during the period, taking into account the units issuable as Manager's fee for its service for the period.

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

FINANCIAL INFORMATION

13. INVESTMENT PROPERTIES

	<u>30.6.2024</u> RMB million (unaudited)	<u>31.12.2023</u> RMB million (audited)
FAIR VALUE		
At the beginning of the period/year	27,057	27,739
Additions	5	99
Transferred from property, plant and equipment	8	10
Transferred from right-of-use assets	66	74
Decrease in fair value recognised in profit or loss	(571)	(865)
At the end of the period/year	<u>26,565</u>	<u>27,057</u>

- (a) The Group's investment properties are located in Beijing and Chongqing, the PRC, and are measured using the fair value model.
- (b) Investment properties were revalued on 30 June 2024 and 31 December 2023 by Kroll (HK) Limited, independent professional valuer with appropriate professional qualifications and experiences in the valuation of similar properties in the relevant locations.

14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired property, plant and equipment of RMB39 million (six months ended 30 June 2023: RMB108 million).

Items of buildings with carrying value of RMB8 million were transferred to investment properties during the six months ended 30 June 2024 (six months ended 30 June 2023: RMB9 million).

Items of plant and equipment with a carrying value of RMB14 million were disposed of during the six months ended 30 June 2024 (six months ended 30 June 2023: RMB11 million).

15. TRADE AND OTHER RECEIVABLES

	<u>30.6.2024</u> RMB million (unaudited)	<u>31.12.2023</u> RMB million (audited)
Trade receivables	24	25
Deposits and prepayments	7	16
Advance to suppliers	8	6
Interest receivables	23	29
Other receivables	38	40
	<u>100</u>	<u>116</u>

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15. 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:

	<u>30.6.2024</u> RMB million (unaudited)	<u>31.12.2023</u> RMB million (audited)
Less than or equal to 1 month	18	16
1 - 3 months	4	5
Over 3 months	2	4
	<u>24</u>	<u>25</u>

16. TRADE AND OTHER PAYABLES

	<u>30.6.2024</u> RMB million (unaudited)	<u>31.12.2023</u> RMB million (audited)
Trade payables	200	223
Receipts in advance (<i>Note (i)</i>)	175	182
Others (<i>Note (ii)</i>)	132	141
	<u>507</u>	<u>546</u>

Notes:

- (i) Included in receipts in advance were contract liabilities amounting to RMB62 million as at 30 June 2024 (31 December 2023: RMB60 million), which were related to advance receipts from customers under hotels segment, and ancillary services provided in malls, offices and apartments segments.
- (ii) Others comprise mainly accrued salaries, accrued staff welfare and certain operating expense payables.

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

	<u>30.6.2024</u> RMB million (unaudited)	<u>31.12.2023</u> RMB million (audited)
Less than or equal to 3 months	80	153
Over 3 months	120	70
	<u>200</u>	<u>223</u>

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17. BANK LOANS

	<u>30.6.2024</u> RMB million (unaudited)	<u>31.12.2023</u> RMB million (audited)
Unsecured term loans	5,685	6,616
Loan front-end fees	(9)	(15)
	<u>5,676</u>	<u>6,601</u>

The maturities of the above bank loans are as follows:

Within one year	3,283	3,801
More than one year but not exceeding two years	728	723
More than two years but not exceeding five years	<u>1,665</u>	<u>2,077</u>
	5,676	6,601
Less: Amounts shown under current liabilities	<u>(3,283)</u>	<u>(3,801)</u>
Amounts due after one year	<u>2,393</u>	<u>2,800</u>

Amount of HK\$1,400 million (equivalent to RMB1,303 million), being part of a credit facility of HK\$1,800 million drawn down by the Group on 22 December 2021, was prepaid in May 2024. The total amount of the credit facility utilised by the Group as at 30 June 2024 was HK\$400 million (equivalent to RMB365 million) (31 December 2023: HK\$1,800 million (equivalent to RMB1,631 million)).

A credit facility of RMB700 million was granted to the Group on 12 June 2024 to finance the general working capital of the Group, and the total amount of the credit facility utilised by the Group as at 30 June 2024 was RMB300 million. It bears interest at fixed interest rate and is repayable in full in June 2027.

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

18. 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 2024 of RMB21,763 million (31 December 2023: RMB22,084 million) and the total number of 6,409,289,762 units in issue as at 30 June 2024 (31 December 2023: 6,353,099,752 units).