



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 **2022**

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 which became a wholly-owned subsidiary of ESR Group Limited (formerly known as ESR Cayman Limited) on 20 January 2022.

[△] dissolved on 9 April 2020

CONTENTS

2	Chairman's Statement
9	Management Discussion and Analysis
17	Corporate Governance
21	Connected Party Transactions
24	Disclosure of Interests
26	Report on Review of Condensed Consolidated Financial Statements
27	Condensed Consolidated Statement of Comprehensive Income
28	Distribution Statement
30	Condensed Consolidated Statement of Financial Position
32	Condensed Consolidated Statement of Changes in Net Assets Attributable to Unitholders and Non-Controlling Interests
33	Condensed Consolidated Statement of Cash Flows
34	Notes to the Condensed Consolidated Financial Statements
58	Summary Financial Information
60	Performance Table
61	Investor Calendar
62	Corporate Information
63	Glossary

CHAIRMAN'S STATEMENT

The impact of the COVID-19 pandemic continued to be felt across the global economy in the first half of 2022. The conflation of inflationary pressures, disrupted supply chains and the intensification of geopolitical tensions had cast a shadow over a nascent economic recovery. In June 2022, the World Bank slashed its global growth forecast by nearly a third to 2.9% for the year.

Facing multiple outbreaks of the Omicron variant in the first half of 2022, China implemented strict public health measures nationwide to stem the most serious outbreak since the early days of the pandemic in 2020. Major cities such as Shanghai, Beijing and Shenzhen had been fully or partially locked down for weeks. The mobility restrictions and factory production interruptions resulted in a sharp contraction in economic activity, travel and consumption.

Economic data for the second quarter of 2022 was weaker than expected, reflecting the disruption to China's growth normalization. According to the National Bureau of Statistics, the country's gross domestic product ("GDP") from April to June grew by 0.4% year-on-year. Value-added industrial output was up by 0.7% year-on-year while total retail sales went down by 4.6% year-on-year. The general unemployment rate was 5.8%, but the unemployment rate for youth (aged 16–24) reached a record high of 19.3% in June 2022.

HUI XIAN REIT'S INTERIM RESULTS

With the entirety of Hui Xian REIT's asset portfolio located in different parts of China, our businesses across all sectors were hampered during the first half of 2022.

Hui Xian REIT's revenue was RMB1,100 million (2021: RMB1,301 million). Net property income ("NPI") was RMB657 million (2021: RMB800 million).

Amount Available for Distribution was RMB354 million (2021: RMB455 million). The payout ratio was 90% (2021: 90%). Distributions to Unitholders amounted to RMB319 million (2021: RMB410 million).

From January to June 2022, the interim distribution per unit ("DPU") was RMB0.0516 (2021: RMB0.0674). The interim DPU will be paid on 28 September 2022, Wednesday to Unitholders whose names appear on the Register of Unitholders of Hui Xian REIT on 18 August 2022, Thursday.

Based on the closing unit price of RMB1.01 on 30 June 2022, the annualised distribution yield is 10.3%.

BUSINESS PERFORMANCE VARIED BY SECTOR AND LOCATION

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

With our portfolio diversified by geography and sector, the impact on the business performance of our assets varied across different cities and sectors.

Beijing, where our flagship property — Beijing Oriental Plaza is located, was adversely affected by outbreaks of COVID during the period from 1 January 2022 to 30 June 2022 ("Reporting Period"). In May 2022, the capital city imposed multiple rounds of mass testing, suspended dine-in services, closed a number of metro stations and shopping centres, and locked down certain districts. Employees in some business locations had to work from home. Beijing's GDP in the second quarter of 2022 contracted by 2.9% year-on-year. The Beijing Oriental Plaza complex was temporarily closed for almost three weeks in May in compliance with the government's directives.

Hui Xian REIT's hotels were hit hardest, even harder than two years ago when the pandemic first started. Our hotel assets were the worst performing sector in our portfolio during the first half of 2022.

The leasing business of our retail and office properties and serviced apartments was also negatively affected by the sporadic COVID-19 outbreaks and lockdowns, but the impact was less pronounced than that of the hotel sector given that revenue is protected by medium and long-term lease agreements.

(1) Hotel Portfolio — Vulnerable in Pandemic Restrictions

The hospitality sector has been particularly vulnerable to measures taken to contain the spread of COVID-19. During the first half of 2022, COVID-19 stymied China's hotel industry with the implementation of wider pandemic-related curbs on both international and interprovincial travel, lockdowns and multiple rounds of mass testing. Many hotels suffered from COVID-induced financial losses.

Visa entry and quarantine restrictions for inbound international travellers remained strict. International flights to and from China were very limited. These measures have halted nearly all international business and leisure travel.

Domestic travel within China was also adversely affected by the resurgence of COVID cases across the country, which prompted authorities to impose lockdowns and stringent travel restrictions. Citizens were discouraged from making cross-provincial trips, especially during the typically heavy travel periods such as Lunar New Year, Qing Ming Festival and Labour Day. Many major exhibitions and sports events were cancelled or put on hold. According to the Ministry of Culture and Tourism, the number of domestic tourist trips and domestic tourism revenue in the first half of 2022 fell by about 22% and 28% year-on-year respectively.

Hui Xian REIT's hotel portfolio comprises four international chain hotels in four key cities in China. Impacted by the ongoing pandemic, demand for hotel rooms was weak and occupancy rates were low. Revenue from banqueting and restaurants also declined drastically due to social gathering restrictions.

All four hotels have implemented aggressive cost-cutting measures to reduce operating expenditures where possible to mitigate the drop-off in revenue. Despite our best efforts, the hotel portfolio underperformed during the first half of 2022, recording a negative NPI of RMB58 million (2021: NPI of RMB1 million).

CHAIRMAN'S STATEMENT

Grand Hyatt Beijing — Hit Hardest by Stringent Measures and Partial Lockdown

In the capital Beijing, COVID-19 preventive and quarantine measures were among the strictest in the country.

The absence of foreign travellers had been impacting Grand Hyatt Beijing's business since the pandemic started two years ago. With a renewed COVID surge in 2022, domestic travel was also severely restricted, further weakening demand for hotel rooms in the capital city. Grand Hyatt Beijing's average occupancy rate dropped to 11.0% (2021: 48.9%), and average room rate per night was RMB963 (2021: RMB927). No dine-in and large-scale gatherings were allowed at the peak of the pandemic, immediately affecting the hotel's food and beverage and MICE revenue.

In the second half of May 2022, the Beijing Oriental Plaza complex, including Grand Hyatt Beijing, was closed temporarily in compliance with the government's instructions.

Sofitel Shenyang Lido — Impacted by Strict Measures and Citywide Lockdown

Shenyang has one of the world's most stringent quarantine policies for international travellers. It entails 28 days of quarantine in a government facility, plus another 28 days of home quarantine. A surge in infections in Shenyang in March 2022 triggered a citywide lockdown for a month.

Sofitel Shenyang Lido's average occupancy rate was 19.8% (2021: 37.5%); and average room rate per night was RMB439 (2021: RMB443).

Hyatt Regency Liberation Square Chongqing — Showed Signs of Improvement in June

At Hyatt Regency Liberation Square Chongqing, the average occupancy rate was 37.9% in the first half of 2022 (2021: 53.5%). Average room rate per night was RMB491 (2021: RMB576).

Domestic tourism started to resume gradually when some travel restrictions were relaxed in June 2022. The hotel returned to cash positive in June after five months of operating loss.

Sheraton Chengdu Lido Hotel — Domestic Tourism Resuming

Sheraton Chengdu Lido Hotel's average occupancy rate was 42.5% (2021: 67.5%), the highest among the four hotels. Average room rate per night was RMB379 (2021: RMB489) during the first half of 2022.

Among the four cities, Chengdu's tourism industry recovered at a relatively faster pace following the easing of some pandemic restrictions. A cash positive month was recorded by the hotel in June 2022.

(2) Retail Portfolio — COVID-19 Upended the Retail Industry

The COVID-19 pandemic has upended the retail industry in China. Over the past two years, many retailers have suffered severe business disruption and a sharp decline in revenue. Apart from weak consumer sentiment, they also faced other challenges, such as cash flow and supply chain issues, as well as competition from online shopping. Struggling brands and department store chains were forced to surrender or terminate their leases before expiration, reduce their number of outlets, or even withdraw from the China market.

The most recent outbreaks led to renewed lockdown measures, arresting consumer spending and disrupting supply chains once more. China's total retail sales of consumer goods declined by 4.6% year-on-year in the second quarter of 2022 when Shanghai and Beijing were under lockdowns. At the height of the pandemic, no dine-in service was allowed, delivering another blow to food and beverage operators.

Against this backdrop, demand for retail space was weak. Leasing activities substantially slowed in the second quarter of 2022. During the lockdown, decision-makers of retail brands headquartered in Shanghai were not able to conduct site inspections as per normal practice.

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 sporadic COVID-19 outbreaks and ensuing lockdowns resulted in an immediate drop in foot traffic and retail sales. The NPI during the Reporting Period was RMB276 million (2021: RMB361 million).

In Beijing, the government tightened pandemic restrictions before the Labour Day holiday in May and ordered the suspension of dine-in services and closure of cinemas, gyms and entertainment venues.

During the month of May, the whole Beijing Oriental Plaza complex was closed in compliance with government orders owing to a number of COVID cases. The Malls at Beijing Oriental Plaza was closed for business for nearly three weeks.

Some tenants sought rent relief, leased area reduction, or early termination of their tenancy agreements. During this difficult time, The Malls supported our tenants by offering temporary rent relief, which lowered our revenue and passing rent during the first half of 2022. To retain quality retailers and maintain a diverse mix of tenants, we concluded many of our new and renewal leases at lower rates. This strategy helped us maintain an occupancy rate of 93.1% as at June 2022 (90.5% as at June 2021). Average monthly passing rent was RMB739 (2021: RMB972) per square metre. The financial impact of negative reversion will continue to affect the second half of the year and throughout the entire lease terms.

Retailers in Chongqing also faced strong macro headwinds during the Reporting Period. The department store at The Mall at Chongqing Metropolitan Oriental Plaza, one of the anchor tenants which had been with the mall for over ten years, did not renew its lease upon expiry. At The Mall at Chongqing Metropolitan Oriental Plaza, the average occupancy rate was 78.9% (2021: 85.0%), and the average monthly passing rent was RMB159 (2021: RMB166) per square metre.

CHAIRMAN'S STATEMENT

The ramifications of negative reversion affecting the retail portfolio's revenue will likely emerge in the second half of 2022 and in the coming years.

(3) Office Portfolio — Leasing Momentum Slowed with Weakened Business Sentiment

The office leasing business was also impacted by the sporadic outbreaks of COVID during the Reporting Period, though to a lesser extent compared to other sectors. Multiple challenges including escalating international political tensions, the struggles of China's real estate sector, and supply chain disruptions exacerbated by the pandemic have clouded the global economic outlook going forward. With many corporations hesitant to commit long-term, leasing momentum during the first half of 2022 remained slow.

Firms remained cost-conscious and postponed their decisions on leasing new space as uncertainty hung over the business environment. The Work From Home and Hybrid Work models gained further traction, affecting the underlying demand for office space in the short to medium term.

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 the Reporting Period, the NPI was RMB397 million (2021: RMB396 million).

During the lockdown in Beijing, many corporate executives were unable to conduct site visits. As a result, leasing activity dropped in the second quarter of 2022. The city's office vacancy rate stayed at a relatively high level of 16.4%¹, and rents continued to come under pressure. Landlords had become more flexible in lease negotiations to maintain a stable occupancy level.

To sustain a stable income stream and improve the occupancy level, The Tower Offices at Beijing Oriental Plaza focused on retaining existing quality tenants by offering competitive renewal packages. This strategy helped us achieve a respectable average occupancy rate of 88.3% (2021: 86.5%); and average monthly passing rent was RMB259 (2021: RMB269) per square metre.

Chongqing's office leasing market remained in an adjustment phase. The city's office vacancy rate stood at a high level of 31.5%² in the second quarter of 2022. At The Tower at Chongqing Metropolitan Oriental Plaza, average occupancy rate was 79.8% (2021: 84.4%). Average monthly passing rent was RMB95 (2021: RMB100) per square metre.

Sources:

1. Colliers, "Beijing Quarterly — Vacancy increase a slight 1% QoQ as COVID affects Beijing office market", 8 July 2022
2. Cushman and Wakefield, "Chongqing Office and Retail Market Report, Q2 2022", July 2022

(4) Serviced Apartment Portfolio — Difficult to Attract New Tenants Amid COVID Restrictions

The prolonged pandemic continued to have a negative impact on serviced apartment leasing. Disrupted by travel restrictions and intermittent lockdowns, it was difficult to attract and sign new tenants. Expatriates working in China had always been a significant source of new tenants, but they were dissuaded from entry by the mandatory quarantine procedures. Potential tenants based in China unable to conduct site visits during the lockdowns hampered their decision-making.

Hui Xian REIT's serviced apartment portfolio comprises: (i) The Tower Apartments at Beijing Oriental Plaza (836 units) and (ii) The Residences at Sofitel Shenyang Lido (134 units). The NPI was RMB42 million (2021: RMB42 million) during the Reporting Period.

The pandemic controls, entry visa and border controls for foreigners travelling to China, particularly Beijing, remained very strict in the first half of the year. In the absence of new expatriate tenants, The Tower Apartments at Beijing Oriental Plaza focused on the growing affluent domestic market, including potential tenants from Beijing and other Chinese cities. Average occupancy rate was 82.5% (2021: 81.9%) during the first half of 2022.

The Residences at Sofitel Shenyang Lido had been popular among expatriates in the city. However, Shenyang has imposed one of the country's longest quarantines for foreigners entering the city, leading to a further fall in the average occupancy rate from 66.0% in 2021 to 50.7% in 2022.

FINANCIAL POSITION REMAINED SOUND

Hui Xian REIT continues to adopt a prudent financial strategy. During the Reporting Period, total debts were reduced to RMB7,499 million from RMB8,471 million as at 31 December 2021.

Debts to gross asset value ratio was 19.4% (31 December 2021: 20.6%) while bank balances and cash on hand amounted to RMB4,768 million (31 December 2021: RMB5,880 million).

OUTLOOK

The prolonged pandemic, compounded by ongoing geopolitical tension, rising inflation and disrupted supply chains, will likely continue to constrain the pace of global economic recovery in the second half of 2022.

In late June 2022, China announced that it would reduce the quarantine period for inbound travellers, signifying a big step toward loosening COVID controls that have persisted for over two years. It is hoped that Hui Xian REIT's hotel portfolio can begin to mount a recovery when international travel resumes gradually. China's civil aviation authorities also announced that more international flights would be allowed.

CHAIRMAN'S STATEMENT

Meanwhile, China also removed the cautionary asterisks marking all travel codes to alleviate restrictions on domestic travel. The asterisk had indicated that a person had visited a city with a medium or high risk of infection in the previous 14 days, and this would restrict their further travel. In view of these more relaxed protocols, domestic tourism is expected to recover in the second half of 2022. Hui Xian REIT's hotel portfolio showed immediate signs of recovery in June following the relaxation of some pandemic restrictions. The hotels will continue to refine their offerings by launching asset enhancement initiatives in anticipation of a tourism rebound.

The operating environment for retailers may get worse before it gets better. Hui Xian REIT's retail tenants experienced different degrees of business disruption and financial difficulties. To retain and attract tenants and achieve a higher occupancy rate, we are generally negotiating lower rental rates and more favourable terms than previously. Rent reversion is likely to be weak as retailers become more cautious and inclined to curtail their expansion plans or leasing activities in an uncertain operating environment. The financial impact is expected to affect the retail portfolio's revenue in the second half of 2022 and throughout the entire lease terms. Leveraging on our prime locations and long-established reputation, Hui Xian REIT's malls will continue to achieve a balance between tenant mix and occupancy and rental rates.

The overall leasing market for offices and serviced apartments in China is expected to pivot toward favouring the tenants. Hui Xian REIT's own portfolios in these sectors will continue to focus on building up occupancy and maximising retention rates by adopting competitive leasing strategies.

Hui Xian REIT's pace of recovery is subject to the developments around COVID-19 in China and the macroeconomic business environment. In May 2022, China unveiled a policy measure package aimed at stimulating economic activity and shoring up investments, ranging from tax cuts to infrastructure spending to job subsidies. We are hopeful that the worst of the downturn is behind us. As the policy stimulus works its way through the system, it is anticipated that the Chinese economy will recover in the second half of 2022 though the pace of recovery will likely to be gradual.

On behalf of the Manager, I would like to take this opportunity to thank all our colleagues across the group for the dedication, sacrifice, hard work and commitment to our businesses in the face of considerable challenges. I would also like to thank all the Unitholders and the Trustees 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, 1 August 2022

MANAGEMENT DISCUSSION AND ANALYSIS

PORTFOLIO HIGHLIGHTS

As at 30 June 2022, 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

OPERATIONS REVIEW

(1) Hotel Portfolio

The slump in international travel has persisted into the first half of 2022 because many pandemic-related measures, including entry visa and border controls for foreigners and quarantine measures remained in place in China. The international flights were also very limited. The absence of foreign travellers continued to affect the demand for hotel rooms.

China's hotel business remained heavily reliant on domestic travel. However, the sporadic COVID outbreaks across the country have dashed hopes of recovery in the hotel sector. Interprovincial travel was discouraged, especially during the busy travel seasons. According to the Ministry of Culture and Tourism, the number of domestic tourist trips during the first half of 2022 dropped 22% year-on-year to 1.45 billion, while domestic tourism revenue was down by 28% year-on-year to RMB1.17 trillion.

Hui Xian REIT's hotel portfolio comprises four international chain hotels in four key cities in China: Grand Hyatt Beijing at Beijing Oriental Plaza, Sofitel Shenyang Lido (70% interest), Hyatt Regency Liberation Square Chongqing and Sheraton Chengdu Lido Hotel (69% interest). Revenue was RMB67 million (2021: RMB156 million). Despite the implementation of aggressive cost reduction measures, all four hotels incurred operating loss during the first half of 2022. The hotel portfolio recorded a negative NPI of RMB58 million (2021: NPI of RMB1 million).

(i) *Grand Hyatt Beijing*

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

International leisure and business travellers had been an important source of revenue for Grand Hyatt Beijing. The absence of foreign travellers has been affecting the hotel's income since the pandemic started in early 2020. The surge of infections in Beijing during the second quarter of 2022 severely impacted domestic travel. Demand for hotel rooms was weak. Dine-in and large-scale gatherings were not allowed at the height of the pandemic, immediately affecting the hotel's food and beverage and MICE revenue. In May 2022, the complex of Beijing Oriental Plaza, including Grand Hyatt Beijing, had to close temporarily in compliance with the government's instruction. Grand Hyatt Beijing's average occupancy rate was 11.0% (2021: 48.9%). Average room rate per night was RMB963 (2021: RMB927).

(ii) *Sofitel Shenyang Lido (70% interest)*

International travellers arriving at Shenyang during the first half of 2022 were required to spend 28 days of quarantine in a government facility, followed by another 28 days of home quarantine. A spike of COVID cases in March 2022 led to a citywide lockdown for about a month. Strict preventive and quarantine measures, as well as travel restrictions were implemented in the city. Average occupancy rate was 19.8% (2021: 37.5%). Average room rate per night was RMB439 (2021: RMB443).

(iii) Hyatt Regency Liberation Square Chongqing

During the Reporting Period, the average occupancy rate of Hyatt Regency Liberation Square Chongqing was 37.9% (2021: 53.5%), and average room rate per night was RMB491 (2021: RMB576). Domestic tourism started to resume gradually when some travel restrictions were relaxed in June 2022. The hotel returned to cash positive in June after five months of operating loss.

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

Chengdu's domestic tourism and business activity recovered faster than the other three cities following the relaxation of some pandemic restrictions in June 2022. During the first half of 2022, Sheraton Chengdu Lido Hotel's average occupancy was 42.5% (2021: 67.5%); average room rate per night was RMB379 (2021: RMB489). A cash positive month was recorded by the hotel in June 2022.

(2) Retail Portfolio

Multiple waves of COVID outbreaks, which have resulted in lockdowns across the country, have hit the retail sector and consumption hard, particularly during the second quarter of 2022. China's total retail sales of consumer goods declined by 4.6% year-on-year during April to June 2022. In the first half of 2022, total retail sales of consumer goods were down by 0.7% year-on-year as compared to 23.0% increase for the same period in 2021. Online retail sales' year-on-year growth rate also slowed down from 23.2% in the first half of 2021 to 3.1% in the same period of 2022.

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

During the Reporting Period, revenue was RMB408 million (2021: RMB508 million) and NPI was RMB276 million (2021: RMB361 million).

(i) The Malls at Beijing Oriental Plaza

A new wave of COVID-19 outbreak which hit Beijing in May and June 2022 led to the implementation of stringent measures and partial lockdown. During the second quarter of 2022, Beijing's GDP shrank by 2.9% year-on-year according to the Beijing Municipal Bureau of Statistics.

During the first half of 2022, Beijing's GDP grew 0.7% year-on-year to RMB1,935 billion. Total retail sales of consumer goods decreased 7.2% year-on-year to RMB671 billion, with the food and beverage sector suffering the most due to the temporary suspension of dine-in services. Sales revenue of the catering sector dropped 16.4% year-on-year.

In May 2022, The Malls at Beijing Oriental Plaza was closed for business for nearly three weeks in compliance with the government's requirement. To support the tenants during this challenging time, rental relief was offered on a case-by-case basis. During the Reporting Period, revenue of The Malls was RMB363 million (2021: RMB456 million) and NPI was RMB262 million (2021: RMB339 million). Average monthly passing rent was RMB739 (2021: RMB972) per square metre. Occupancy rate as at June 2022 was 93.1% (as at June 2021: 90.5%).

MANAGEMENT DISCUSSION AND ANALYSIS

(ii) The Mall at Chongqing Metropolitan Oriental Plaza

During the first half 2022, impacted by sporadic COVID outbreaks, Chongqing's retail sales of consumer goods slightly increased 1.1% year-on-year according to the Chongqing Municipal Bureau of Statistics, as compared to 29.9% growth during the same period in 2021.

During the first half of 2022, The Mall's average monthly passing rent was RMB159 (2021: RMB166) per square metre and average occupancy rate was 78.9% (2021: 85.0%).

(3) 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 RMB539 million (2021: RMB547 million) and NPI was RMB397 million (2021: RMB396 million).

(i) The Tower Offices at Beijing Oriental Plaza

Beijing's vacancy rate remained at a relatively high level of 16.4%¹ in the second quarter of 2022. The continual influx of new supply and a weaker leasing demand due to the uncertain business environment are expected to exert downward pressure on rents.

The Tower Offices at Beijing Oriental Plaza comprises eight towers, offering over 300,000 square metres of Grade A office space. It has a diversified tenant base across different industries, including finance and banking, insurance, accounting, technology, legal, pharmaceutical, media and advertising, and consumer products. There are also professional institutions and government-related organisations.

During the first half of 2022, revenue of The Tower Offices was RMB515 million (2021: RMB521 million). NPI was RMB383 million (2021: RMB381 million). Average occupancy rate was 88.3% (2021: 86.5%). Average monthly passing rent was RMB259 (2021: RMB269) per square metre while average monthly spot rent was RMB295 (2021: RMB270) per square metre.

(ii) The Tower at Chongqing Metropolitan Oriental Plaza

Chongqing's office vacancy rate was 31.5%² in the second quarter of 2022. Leasing activities slowed down during the first half of 2022.

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 the first half of 2022, revenue was RMB24 million (2021: RMB26 million) and NPI was RMB14 million (2021: RMB15 million). Average occupancy rate was 79.8% (2021: 84.4%). Average monthly passing rent was RMB95 (2021: RMB100) per square metre, while average monthly spot rent was RMB91 (2021: RMB92) per square metre.

Sources:

1. Colliers, "Beijing Quarterly — Vacancy increase a slight 1% QoQ as COVID affects Beijing office market", 8 July 2022
2. Cushman and Wakefield, "Chongqing Office and Retail Market Report, Q2 2022", July 2022

(4) Serviced Apartment Portfolio

Hui Xian REIT's serviced apartment portfolio consists of (i) The Tower Apartments at Beijing Oriental Plaza and (ii) The Residences at Sofitel Shenyang Lido. During the first half of 2022, revenue was RMB86 million (2021: RMB90 million) and NPI was RMB42 million (2021: RMB42 million).

The Tower Apartments at Beijing Oriental Plaza, one of the largest serviced apartment developments in downtown Beijing, offers a total of 836 units for leasing. Average occupancy rate was 82.5% (2021: 81.9%) during the first half of 2022.

The expatriate market had been an important source of revenue for The Tower Apartments. Entry visa and border controls for foreigners to China, especially Beijing, remained strict. There was an absence of new expatriate tenants. 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 project has been popular among the expatriates in the city. However, Shenyang's quarantine time requirement for foreigners was one of the longest in the country. During the first half of 2022, average occupancy rate was 50.7% (2021: 66.0%).

FINANCIAL REVIEW

Net Property Income

The net property income was RMB657 million for the six months ended 30 June 2022.

Distributions

Distribution Amount

Hui Xian REIT will distribute a total of RMB319 million ("2022 Interim Distribution") to Unitholders for the six months ended 30 June 2022. The 2022 Interim Distribution represents 90% of Hui Xian REIT's total amount available for distribution during the period from 1 January 2022 to 30 June 2022 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 RMB319 million (2021: RMB125 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Distribution per Unit

The interim DPU for the period from 1 January 2022 to 30 June 2022 is RMB0.0516 based on the number of outstanding Units on 30 June 2022. This represents an annualised distribution yield of 10.3% based on the closing unit price of RMB1.01 on 30 June 2022.

Closure of Register of Unitholders

The record date for the 2022 Interim Distribution will be 18 August 2022, Thursday (“Record Date”). The Register of Unitholders will be closed from 16 August 2022, Tuesday to 18 August 2022, Thursday, both days inclusive, during which period no transfer of Units will be registered. The interim distribution is expected to be payable on 28 September 2022, Wednesday to Unitholders whose names appear on the Register of Unitholders on the Record Date.

In order to qualify for the 2022 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 15 August 2022, Monday.

Debt Positions

In February 2022, Hui Xian Investment Limited (“Hui Xian Investment”) fully prepaid HK\$600 million of a 3-year unsecured 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.

In April 2022, Hui Xian Investment fully prepaid a 4-year unsecured term loan of HK\$1,000 million which was granted by Bank of China (Hong Kong) Limited (“BOC”) in August 2018.

In May 2022, Hui Xian Investment partially prepaid HK\$800 million of a 3-year unsecured term loan which was drawn down in November 2020. The loan was offered by BOC, DBS Bank (Hong Kong) Limited (“DBS”), Bank of Communications (Hong Kong) Limited, Hang Seng Bank Limited, Sumitomo Mitsui Banking Corporation, The Bank of East Asia, Limited and China Construction Bank (Asia) Corporation Limited. As at 30 June 2022, the outstanding amount of the facility was HK\$3,000 million.

In June 2022, Hui Xian Investment drew down a 3-year unsecured revolving loan of HK\$800 million offered by DBS and Oversea-Chinese Banking Corporation Limited. 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 2022, Hui Xian REIT's total debts amounted to RMB7,499 million (31 December 2021: RMB8,471 million). Based on Hui Xian REIT's net assets attributable to Unitholders of RMB23,127 million as at 30 June 2022 (31 December 2021: RMB24,455 million), Hui Xian REIT's debts to net asset value ratio was 32.4% (31 December 2021: 34.6%). Meanwhile, the debts to gross asset value ratio was 19.4% as at 30 June 2022 (31 December 2021: 20.6%).

Bank Balances and Asset Positions

As at 30 June 2022, Hui Xian REIT's bank balances and cash amounted to RMB4,768 million (31 December 2021: RMB5,880 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 RMB25,089 million as at 30 June 2022 (31 December 2021: RMB26,218 million), translating into a decrease of 4.3% over the valuation as of 31 December 2021. Together with the hotel and serviced apartment premises, gross property value of BOP was RMB29,358 million as at 30 June 2022, as compared to RMB30,509 million as at 31 December 2021.

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 2022, the shopping centre, office building and car parking spaces were valued by Knight Frank at RMB2,898 million (31 December 2021: RMB3,074 million). Gross property value of the properties as at 30 June 2022 was RMB2,846 million (31 December 2021: RMB3,026 million).

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

Knight Frank valued the hotel premises of Hyatt Regency Liberation Square Chongqing at RMB448 million as at 31 December 2021. Gross property value of the hotel premises as at 30 June 2022 was RMB322 million (31 December 2021: RMB343 million).

MANAGEMENT DISCUSSION AND ANALYSIS

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 RMB609 million as at 31 December 2021. Gross property value of the hotel premises as at 30 June 2022 was RMB538 million (31 December 2021: RMB543 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 central business district in southern Shenyang.

Knight Frank valued the hotel and serviced apartment premises of Shenyang Lido at RMB715 million as at 31 December 2021 while gross property value of the hotel and serviced apartment premises as at 30 June 2022 was RMB492 million (31 December 2021: RMB532 million).

Net Assets Attributable to Unitholders

As at 30 June 2022, net assets attributable to Unitholders amounted to RMB23,127 million (31 December 2021: RMB24,455 million) or RMB3.7416 per Unit, representing a 270.5% premium to the closing unit price of RMB1.01 on 30 June 2022 (31 December 2021: RMB3.9900 per Unit, representing a 185.0% premium to the closing unit price of RMB1.40 on 31 December 2021).

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 2022, 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.

Employees

As at 30 June 2022, Hui Xian REIT, by subsidiaries and through its branches, employed a total of 846 employees in Hong Kong and the PRC; of which, 813 employees performed hotel operation functions and services, and 33 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 2022.

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 2022, both the Manager and Hui Xian REIT have in material terms complied with the provisions of the compliance manual, the corporate governance policy, the Trust Deed, the REIT Code and applicable provisions of the SFO and the Listing Rules.

AUTHORISATION STRUCTURE

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

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

ROLES OF THE TRUSTEE AND THE MANAGER

The Trustee and the Manager are independent of each other. The Trustee is primarily responsible under the Trust Deed for the safe custody of the assets of Hui Xian REIT and holds the assets in trust for the benefit of the Unitholders. The Manager's role under the Trust Deed is to manage Hui Xian REIT and its assets in accordance with the Trust Deed in the sole interest of Unitholders and to fulfil the duties imposed on it under general law as manager of Hui Xian REIT and, in particular, to ensure that the financial and economic aspects of Hui Xian REIT are professionally managed in the sole interest of the Unitholders.

BOARD OF DIRECTORS OF THE MANAGER

The Board of Directors of the Manager currently comprises ten directors, four of whom are independent non-executive directors.

CORPORATE GOVERNANCE

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 2022 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, Dr. CHOI Koon Shum, Jonathan and Mr. YIN Ke (appointed with effect from 12 May 2022) (independent non-executive directors).

Save as Mr. YIN Ke was appointed as an independent non-executive director and a member of the Audit Committee with effect from 12 May 2022, there were no changes to the composition of the Board or any of its committees in the six months ended 30 June 2022. On 1 August 2022, the Manager established a Nomination Committee and adopted its terms of reference. Mr. KAM Hing Lam, Mr. YIN Ke and Professor LEE Chack Fan were appointed as members of Nomination Committee and Mr. KAM Hing Lam acting as the chairman of the Nomination Committee.

BOARD COMMITTEES

The Manager has established the following Board committees:

- (1) Audit Committee, whose role is to monitor and evaluate the effectiveness of the Manager's internal control. It also reviews the quality and reliability of information prepared for inclusion in financial reports and is responsible for the nomination of external auditors and internal auditors, reviewing the adequacy of existing audits in respect of cost, scope and performance, in respect of both the Manager and Hui Xian REIT and its special purpose vehicles;
- (2) Disclosures Committee, which is responsible for reviewing matters relating to the disclosure of information to Unitholders and public announcements;
- (3) Designated (Finance) Committee, which is responsible for reviewing matters relating to hedging strategies, financing and re-financing arrangements, and transactions involving derivative instruments for hedging purposes; and
- (4) Nomination Committee (established on 1 August 2022), which is responsible for establishing nomination procedures and the process and criteria to identify, select and recommend candidates for directorship of the Manager.

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 2022 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 2022 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 2022.

CORPORATE GOVERNANCE

CHANGES IN INFORMATION OF DIRECTORS

Mr. YIN Ke was appointed as an independent non-executive director and a member of the Audit Committee with effect from 12 May 2022.

Mr. LIM Hwee Chiang ceased to be a director of ARA Asset Management Limited with effect from 20 January 2022.

With effect from 1 August 2022, Mr. KAM Hing Lam, Mr. YIN Ke and Professor LEE Chack Fan were appointed as members of the Nomination Committee, with Mr. KAM Hing Lam acting as chairman of the Nomination Committee.

NEW UNITS ISSUED

In the six months ended 30 June 2022, (i) 44,211,265 new Units were issued to the Manager as payment of part of the Manager's fees; and (ii) 7,754,532 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 2021 to 31 December 2021.

The total number of Units in issue as at 30 June 2022 was 6,181,080,984 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 2022.

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 2022.

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 2022, 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 2022, 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 2022:

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Income for the six months ended 30 June 2022 RMB'000
CK Asset Holdings Limited	Indirect holding company of a substantial holder ¹	Leasing and licensing transaction	50
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	Associate of a substantial holder ¹	Leasing and licensing transaction	780
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	1,020
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 2022 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	252
瀋陽麗都商務有限公司 (Shenyang Lido Business Co. Ltd.*)	Connected subsidiary	Interest income	920
Total			3,058

Notes:

1 Substantial holder being Noblecrown Investment Limited ("Noblecrown").

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

* The English name is shown for identification purpose only.

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 2022:

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Expenses for six months ended 30 June 2022 RMB'000
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	Property management fee	11,012
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	11,790

CONNECTED PARTY TRANSACTIONS

Name of Connected Party	Relationship with Hui Xian REIT	Nature of Connected Party Transaction	Expenses for six months ended 30 June 2022 RMB'000
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	7,543
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	31,073
Total			61,418

Notes:

- Substantial holder being Noblecrown Investment Limited ("Noblecrown").

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

* The English name is shown for identification purpose only.

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 2022 were RMB1,765,000 and RMB60,542,000 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 2022 on pages 35 to 36 of this Interim Report.

DISCLOSURE OF INTERESTS

INTERESTS OF CONNECTED PERSONS

Based on the information available to the Manager as at 30 June 2022, 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 2022	
	No. of Units held	Percentage of Units held ¹
Subsidiaries of CK Asset Holdings Limited (“CKAH”) ²	2,045,524,142	33.09%
Subsidiaries of China Life Insurance (Group) Company ³	865,406,000	14.00%

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 6,181,080,984 Units in issue as at 30 June 2022.
2. These subsidiaries of CKAH were Noblecrown Investment Limited (“Noblecrown”) (held 1,091,083,328 Units as at 30 June 2022), Wisdom Ally Limited (“Wisdom Ally”) (held 252,403,579 Units as at 30 June 2022), Wealth Finder Limited (“Wealth Finder”) (held 73,907,917 Units as at 30 June 2022), Heathcliff Developments Limited (“Heathcliff Developments”) (held 586,884,405 Units as at 30 June 2022) and Hui Xian Asset Management Limited (“Manager”) (held 41,244,913 Units as at 30 June 2022). All these companies were associates of the Manager which is a connected person of Hui Xian REIT.

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

- (i) as at 30 June 2022, 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 2022, 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 2022, 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.

Interests of the Manager

As at 30 June 2022, the Manager held 41,244,913 Units in Hui Xian REIT.

Interests of the Directors and Chief Executive of the Manager

As at 30 June 2022, 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 2022 Number of Units held
KAM Hing Lam	841,316¹
IP Tak Chuen, Edmond	1,100,000²
CHEUNG Ling Fung, Tom	104,475³
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 2022.

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 27 to 57, which comprise the condensed consolidated statement of financial position as of 30 June 2022 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

1 August 2022

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	NOTES	2022 RMB million (unaudited)	2021 RMB million (unaudited)
Revenue	5	1,100	1,301
Other income	6	72	81
Decrease in fair value of investment properties		(1,308)	(387)
Inventories consumed		(9)	(18)
Staff costs		(65)	(79)
Depreciation		(177)	(196)
Other operating expenses	7	(362)	(385)
Finance costs, including exchange differences	8	(388)	39
Manager's fees	9	(61)	(64)
Real estate investment trust expenses	10	(4)	(5)
(Loss) profit before taxation and transactions with unitholders		(1,202)	287
Income tax credit (expense)	11	114	(130)
(Loss) profit for the period, before transactions with unitholders		(1,088)	157
Distribution to unitholders		(319)	(410)
Loss and total comprehensive expense for the period, after transactions with unitholders		(1,407)	(253)
(Loss) profit for the period, before transactions with unitholders attributable to:			
Non-controlling interests		(25)	(16)
Unitholders		(1,063)	173
		(1,088)	157
Basic (loss) earnings per unit (RMB)	12	(0.1724)	0.0287

DISTRIBUTION STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	2022 RMB million (unaudited)	2021 RMB million (unaudited)
(Loss) profit for the period, before transactions with unitholders	(1,088)	157
Less: loss for the period attributable to non-controlling interests	25	16
(Loss) profit for the period attributable to unitholders, before transactions with unitholders	(1,063)	173
Adjustments (Note (i)):		
Manager's fees	42	45
Decrease in fair value of investment properties	—	132
Deferred tax	(3)	(80)
Net unrealised exchange loss (gain) on bank loans and loan front-end fee	330	(99)
Net realised exchange gain on bank loans and loan front-end fee	18	3
Difference between cash and accounting finance cost	7	—
Other non-cash gain	(3)	—
	391	1
Total (adjusted loss) distributable income	(672)	174
Additional item (Note (ii))	1,026	281
Amount available for distribution	354	455
Payout ratio (Note (iii))	90%	90%
Distribution to unitholders	319	410
Distribution per unit (RMB) (Note (iv))	0.0516	0.0674

DISTRIBUTION STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2022

Notes:

- (i) Adjustments for the period include:
- (a) For the six months ended 30 June 2022, Manager's fees payable in units of RMB42 million (41,959,731 units estimated to be issued) out of the total Manager's fees of RMB61 million. The difference of RMB19 million is payable in cash.
- For the six months ended 30 June 2021, Manager's fees payable in units of RMB45 million out of the total Manager's fees of RMB64 million. The difference of RMB19 million is payable in cash.
- (b) Decrease in fair value of investment properties of RMB132 million for the six months ended 30 June 2021, being reversal of fair value gains adjusted previously in the distribution statement.
- (c) For the six months ended 30 June 2022, deferred tax credit of RMB3 million in relation to accelerated tax depreciation.
- For the six months ended 30 June 2021, deferred tax credit of RMB10 million in relation to accelerated tax depreciation and deferred tax credit of RMB70 million in relation to change in fair value of investment properties.
- (d) Net unrealised exchange loss on bank loans and loan front-end fee of RMB330 million for the six months ended 30 June 2022 (2021: Net unrealised exchange gain on bank loans and loan front-end fee of RMB99 million).
- (e) Accumulated net unrealised exchange gain of RMB18 million on bank loans and loan front-end fee previously adjusted out from the distribution statement have been realised and adjusted back upon loan repayment during the six months ended 30 June 2022 (2021: RMB3 million).
- (f) Adjustment of RMB7 million in respect of accounting finance costs less cash finance costs for the six months ended 30 June 2022 (2021: nil).
- (g) Other non-cash gain of RMB3 million for the six months ended 30 June 2022 (2021: nil).

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 RMB1,026 million be included in the amount available for distribution during the six months ended 30 June 2022 (2021: RMB281 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.

Distributions to unitholders for the six months ended 30 June 2022 represent a payout ratio of 90% (2021: 90%) of Hui Xian REIT's distributable income for the period.

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	NOTES	30.6.2022 RMB million (unaudited)	31.12.2021 RMB million (audited)
Non-current assets			
Investment properties	13	27,822	29,127
Property, plant and equipment	14	1,994	1,996
Right-of-use assets		3,847	3,932
Goodwill		2	2
Total non-current assets		33,665	35,057
Current assets			
Inventories	15	23	24
Trade and other receivables	16	133	125
Bank balances and cash	17	4,768	5,880
Total current assets		4,924	6,029
Total assets		38,589	41,086
Current liabilities			
Trade and other payables	18	400	435
Tenants' deposits		242	255
Tax payable		21	23
Manager's fee payable		61	60
Distribution payable		319	160
Bank loans	19	684	1,307
Total current liabilities		1,727	2,240
Total assets less current liabilities		36,862	38,846

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	NOTES	30.6.2022 RMB million (unaudited)	31.12.2021 RMB million (audited)
Non-current liabilities, excluding net assets attributable to unitholders			
Bank loans	19	6,815	7,164
Tenants' deposits		403	428
Deferred tax liabilities		6,337	6,594
Total non-current liabilities, excluding net assets attributable to unitholders		13,555	14,186
Total liabilities, excluding net assets attributable to unitholders			
		15,282	16,426
Non-controlling interests		180	205
Net assets attributable to unitholders			
		23,127	24,455
Units in issue ('000)	20	6,181,081	6,129,115
Net asset value per unit (RMB) attributable to unitholders		3.7416	3.9900

The condensed consolidated financial statements on pages 27 to 57 were approved and authorised for issue by the Board of Directors of the Manager on 1 August 2022 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 2022

	NOTE	Net assets attributable to unitholders RMB million	Non-controlling interests RMB million	Total RMB million
Net assets as at 1 January 2022 (audited)		24,455	205	24,660
Units issued for settlement of Manager's fees	20	45	—	45
Units issued pursuant to the distribution reinvestment arrangement in respect of 2021 final distribution	20	9	—	9
Loss for the period, before transactions with unitholders		(1,063)	(25)	(1,088)
Interim distribution payable to unitholders		(319)	—	(319)
Net assets as at 30 June 2022 (unaudited)		23,127	180	23,307

		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		48	—	48
Units issued pursuant to the distribution reinvestment arrangement in respect of 2020 final distribution		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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	NOTE	2022 RMB million (unaudited)	2021 RMB million (unaudited)
Net cash from operating activities		431	595
Net cash from investing activities			
Placement of deposits in banks		(2,761)	(3,638)
Withdrawal of deposits in banks		4,291	3,901
Purchases of property, plant and equipment		(97)	(17)
Other investing activities		65	66
		1,498	312
Net cash used in financing activities			
Distribution payments to unitholders		(151)	(326)
Repayment of bank loans		(1,959)	(167)
Proceeds from new bank loan raised		653	—
Other financing cash flows		(54)	(51)
		(1,511)	(544)
Net increase in cash and cash equivalents		418	363
Cash and cash equivalents at the beginning of the period		2,869	2,855
Cash and cash equivalents at the end of the period	17	3,287	3,218

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

1. GENERAL INFORMATION

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

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

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

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

(a) Property Manager’s fee

Under the operations management agreement and supplemental agreement entered by Beijing Oriental Plaza Co., Ltd. controlled by Hui Xian REIT and Beijing Hui Xian Enterprise Services Limited (the “Beijing Property Manager”) on 29 April 2011, 22 June 2017 and 27 December 2020, the Beijing Property Manager will receive a property manager’s fee with details as described in Note 1(c) and reimbursements for the employment costs and remuneration of the employees of the Beijing Property Manager for provision of business advisory and management services, marketing and lease management services and property management co-ordination services.

Under the Chongqing property manager agreement and supplemental agreement entered into by Chongqing Metropolitan Oriental Plaza Co., Ltd (“Chongqing Company”) controlled by Hui Xian REIT and the Chongqing branch of Beijing Hui Xian Enterprise Services Limited (the “Chongqing Property Manager”) on 2 March 2015, 31 December 2017 and 31 December 2020, the Chongqing Property Manager will be fully reimbursed by Chongqing Company for (i) employment costs and remuneration of the personnel provided or procured by the Chongqing Property Manager engaged solely and exclusively for the provision of its services relating to Metropolitan Plaza and Metropolitan Tower (collectively referred to as “Metropolitan Oriental Plaza”); and (ii) management expenses incurred by the Chongqing Property Manager on Metropolitan Oriental Plaza, including but not limited to the costs and expenses incurred under contracts entered into with third party service providers by the Chongqing Property Manager (as agent for Chongqing Company) at the request of Chongqing Company for the provision of cleaning, maintenance, security, car park management and other services for Metropolitan Oriental Plaza.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

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 as at the end of such financial year.

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 2022, the Manager has elected to receive 70% (2021: 70%) base fee in units and 30% (2021: 30%) in cash in respect of the financial year ending 31 December 2022.

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 2022

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 2022, the Manager has elected to receive 70% (2021: 70%) variable fee in units and 30% (2021: 30%) in cash in respect of the financial year ending 31 December 2022.

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 issued by the SFC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

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 2022 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021, 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 (the "HKICPA"), for the first time, which are mandatorily effective for the annual period beginning on 1 January 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

4. SEGMENT REPORTING

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

The following are identified operating and reportable segments:

Offices: Renting of office buildings in Oriental Plaza, Beijing, the People's Republic of China (the "PRC") and Metropolitan Oriental Plaza in Chongqing, the PRC.

Malls: Renting of the shopping mall and car parking spaces in Oriental Plaza, Beijing, the PRC and Metropolitan Oriental Plaza in Chongqing, the PRC.

Apartments: Operation of serviced apartment towers in Oriental Plaza, Beijing, the PRC and serviced apartment units in The 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 2022 (unaudited)

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

4. SEGMENT REPORTING (CONTINUED)

(a) Segment revenue and results (Continued)

Six months ended 30 June 2021 (unaudited)

	Offices RMB million	Malls RMB million	Apartments RMB million	Hotels RMB million	Consolidated RMB million
Segment revenue	547	508	90	156	1,301
Segment profit	396	361	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

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 2022

4. SEGMENT REPORTING (CONTINUED)

(b) Segment assets

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

	30.6.2022 RMB million (unaudited)	31.12.2021 RMB million (audited)
Offices	14,471	14,538
Malls	13,514	14,743
Apartments	2,299	2,355
Hotels	3,505	3,567
Total segment assets	33,789	35,203
Unallocated bank balances and cash	4,722	5,801
Other assets	78	82
Consolidated total assets	38,589	41,086

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 and goodwill) which are unallocated.

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

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 except for certain right-of-use assets.

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 2022 (unaudited)

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

Six months ended 30 June 2021 (unaudited)

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

5. REVENUE

	Offices RMB million	Malls RMB million	Apartments RMB million	Hotels RMB million	Consolidated RMB million
For the six months ended 30 June 2022 (unaudited)					
Disaggregation of revenue					
Revenue from contracts with customers within the scope of HKFRS 15					
Room revenue	–	–	–	39	39
Food and beverage	–	–	–	24	24
Carpark revenue	–	11	–	–	11
Ancillary services income	97	64	30	4	195
	97	75	30	67	269
Rental income	442	333	56	–	831
Total revenue	539	408	86	67	1,100
Timing of revenue recognition					
A point in time	13	15	2	27	57
Over time	84	60	28	40	212
Revenue from contracts with customers within the scope of HKFRS 15	97	75	30	67	269

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

5. REVENUE (CONTINUED)

	Offices RMB million	Malls 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	97	72	30	7	206
	97	86	30	156	369
Rental income	450	422	60	—	932
Total revenue	547	508	90	156	1,301
Timing of revenue recognition					
A point in time	20	28	3	51	102
Over time	77	58	27	105	267
Revenue from contracts with customers					
within the scope of HKFRS 15					
	97	86	30	156	369

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 RMB3 million (2021: RMB8 million).

The direct operating expense from investment properties (includes mainly certain other operating expenses, certain Manager's fees and staff costs) amounting to RMB275 million (2021: RMB300 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

6. OTHER INCOME

	2022 RMB million (unaudited)	2021 RMB million (unaudited)
Interest income from banks	69	78
Others	3	3
Total	72	81

7. OTHER OPERATING EXPENSES

	2022 RMB million (unaudited)	2021 RMB million (unaudited)
Advertising and promotion	8	10
Audit fee	1	1
Insurance	3	2
Lease agency fee	8	10
Property manager's fee (Note 1(a))	31	37
Property management fees	31	30
Repairs and maintenance	34	37
Other miscellaneous expenses (note)	63	70
Stamp duty	1	1
Urban land use tax	2	2
Urban real estate tax	124	133
Utilities	38	45
Value added tax surcharges	6	6
Loss on disposal of property, plant and equipment	12	1
	362	385

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 2022

8. FINANCE COSTS, INCLUDING EXCHANGE DIFFERENCES

	2022 RMB million (unaudited)	2021 RMB million (unaudited)
Net unrealised exchange loss (gain) on bank loans and loan front-end fee	330	(99)
Net realised exchange gain on bank loans and loan front-end fee arising on settlement	(3)	(1)
Interest expense on unsecured bank loans	61	61
	388	(39)

9. MANAGER'S FEES

	2022 RMB million (unaudited)	2021 RMB million (unaudited)
Base Fee (Note 1(c))	53	55
Variable Fee (Note 1(c))	8	9
	61	64

10. REAL ESTATE INVESTMENT TRUST EXPENSES

	2022 RMB million (unaudited)	2021 RMB million (unaudited)
Trustee's fee (Note 1(b))	2	2
Legal and professional fees	1	2
Trust administrative expenses and others	1	1
	4	5

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

11. INCOME TAX (CREDIT) EXPENSE

	2022 RMB million (unaudited)	2021 RMB million (unaudited)
The income tax (credit) expense comprises:		
Current tax		
— PRC Enterprise Income Tax	143	164
Deferred taxation	(257)	(34)
	(114)	130

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 which is operating in Chongqing 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) EARNINGS PER UNIT

The loss per unit for the six months ended 30 June 2022 is calculated by dividing the loss for the period attributable to unitholders before transactions with unitholders of RMB1,063 million by 6,163,087,794 units, being the weighted average number of units in issue during the period of 6,141,992,018 units, plus the weighted average number of units issuable for settlement of Manager's fees for the period from 1 January 2022 to 30 June 2022 of 21,095,776 units.

The earnings per unit for the six months ended 30 June 2021 was 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

13. INVESTMENT PROPERTIES

	30.6.2022	31.12.2021
	RMB million	RMB million
	(unaudited)	(audited)
FAIR VALUE		
At the beginning of the period/year	29,127	30,629
Additions	3	12
Transferred from property, plant and equipment	—	2
Decrease in fair value recognised in profit or loss	(1,308)	(1,516)
At the end of the period/year	27,822	29,127

- (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 2022 and 31 December 2021 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 2021: level 3) of the fair value hierarchy.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired property, plant and equipment of RMB102 million (2021: RMB17 million).

No property, plant and equipment was transferred to or from investment properties during both periods.

Items of plant and equipment with a carrying value of RMB12 million were disposed of during the six months ended 30 June 2022 (2021: RMB1 million).

15. INVENTORIES

	30.6.2022 RMB million (unaudited)	31.12.2021 RMB million (audited)
Food and beverage	2	2
Other consumables	21	22
	23	24

16. TRADE AND OTHER RECEIVABLES

	30.6.2022 RMB million (unaudited)	31.12.2021 RMB million (audited)
Trade receivables	29	20
Deposits and prepayments	7	14
Advance to suppliers	14	8
Interest receivables	47	46
Other receivables	36	37
	133	125

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables include receivables arising from leasing arrangements and receivables arising from contracts with customers. As at 30 June 2022, trade receivables arising from contracts with customers amounted to RMB24 million (31 December 2021: RMB10 million).

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

	30.6.2022 RMB million (unaudited)	31.12.2021 RMB million (audited)
Less than or equal to 1 month	21	11
1–3 months	3	6
Over 3 months	5	3
	29	20

17. BANK BALANCES AND CASH

	30.6.2022 RMB million (unaudited)	31.12.2021 RMB million (audited)
Cash at bank or on hand	2,101	1,749
Time deposits (with original maturity of three months or less)	1,186	1,120
Cash and cash equivalents	3,287	2,869
Time deposits (with original maturity of more than three months)	1,481	3,011
	4,768	5,880

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

18. TRADE AND OTHER PAYABLES

	30.6.2022 RMB million (unaudited)	31.12.2021 RMB million (audited)
Trade payables	104	110
Receipts in advance (note (i))	161	192
Others (note (ii))	135	133
	400	435

Notes:

(i) Included in receipts in advance were contract liabilities amounting to RMB48 million as at 30 June 2022 (31 December 2021: RMB55 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:

	30.6.2022 RMB million (unaudited)	31.12.2021 RMB million (audited)
Less than or equal to 3 months	50	71
Over 3 months	54	39
	104	110

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

19. BANK LOANS

	30.6.2022	31.12.2021
	RMB million	RMB million
	(unaudited)	(audited)
Unsecured term loans	7,525	8,503
Loan front-end fees	(26)	(32)
	7,499	8,471
The maturities of the above bank loans are as follows:		
Within one year	684	1,307
More than one year but not exceeding two years	2,556	3,746
More than two years but not exceeding five years	4,259	3,418
	7,499	8,471
Less: Amounts shown under current liabilities	(684)	(1,307)
Amounts due after one year	6,815	7,164

In relation to the credit facility of HK\$800 million drawn down by the Group on 20 March 2019, the Group fully prepaid the outstanding balance of the credit facility which was HK\$600 million (equivalent to RMB492 million) in February 2022.

In relation to the credit facility of HK\$1,000 million drawn down by the Group on 31 August 2018, the Group fully prepaid HK\$1,000 million (equivalent to RMB814 million) of the credit facility in April 2022.

In relation to the credit facility of HK\$5,000 million drawn down by the Group on 30 November 2020, the Group partially prepaid HK\$800 million (equivalent to RMB653 million) of the credit facility in May 2022. The total amount of the credit facility utilised by the Group as at 30 June 2022 was HK\$3,000 million (equivalent to RMB2,566 million) (31 December 2021: HK\$3,800 million (equivalent to RMB3,107 million)).

In relation to the revolving credit facility of HK\$800 million granted to the Group on 24 June 2022 to finance the general working capital of the Group, the total amount of the credit facility utilised by the Group as at 30 June 2022 was HK\$800 million (equivalent to RMB684 million). It bears interest at floating interest rate of Hong Kong Interbank Offered Rate plus 0.93% per annum and is repayable in full in June 2025.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

20. UNITS IN ISSUE

As at 30 June 2022, Hui Xian REIT had 6,181,080,984 (31 December 2021: 6,129,115,187) issued units.

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

	Number of units	RMB million
Balance at 1 January 2021	6,014,651,998	29,022
Payment of Manager's fees through issuance of new units during the year (<i>note (a)</i>)	56,683,071	93
Units issued pursuant to the distribution reinvestment arrangement in respect of 2020 final and 2021 interim distributions (<i>note (b)</i>)	57,780,118	99
Balance at 31 December 2021 (audited)	6,129,115,187	29,214
Payment of Manager's fees through issuance of new units during the period (<i>note (a)</i>)	44,211,265	45
Units issued pursuant to the distribution reinvestment arrangement in respect of 2021 final distribution (<i>note (b)</i>)	7,754,532	9
Balance at 30 June 2022 (unaudited)	6,181,080,984	29,268

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

20. UNITS IN ISSUE (CONTINUED)

Notes:

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

Issue date	Payment of Manager's fees for the period	Average price per unit determined based on the Trust Deed RMB	Number of units issued
Six months ended 30 June 2022			
17 May 2022	1 July 2021 to 31 December 2021	1.02	44,211,265
Year ended 31 December 2021			
13 May 2021	1 July 2020 to 31 December 2020	1.79	27,107,348
24 September 2021	1 January 2021 to 30 June 2021	1.52	29,575,723
			56,683,071

- (b) On 18 May 2022, 7,754,532 scrip units at an issue price of RMB1.12 per unit were issued to unitholders pursuant to the distribution reinvestment arrangement in respect of 2021 final distribution.

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.

On 27 September 2021, 18,882,609 scrip units at an issue price of RMB1.65 per unit were issued to unitholders pursuant to the distribution reinvestment arrangement in respect of 2021 interim distribution.

21. 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 2022 of RMB23,127 million (31 December 2021: RMB24,455 million) and the total number of 6,181,080,984 units in issue as at 30 June 2022 (31 December 2021: 6,129,115,187 units).

22. CAPITAL COMMITMENTS

	30.6.2022 RMB million (unaudited)	31.12.2021 RMB million (audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided	238	291

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

23. 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	1.1.2022 to 30.6.2022 RMB'000 (unaudited)	1.1.2021 to 30.6.2021 RMB'000 (unaudited)
Rent and rental related income			
CK Asset Holdings Limited	(a)	50	49
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	(a)	780	773
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	(a)	1,020	1,011
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	(a)	36	36
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(c)	252	248
Hotel room revenue			
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(c)	—	12
Food & beverages and other hotel income			
和記黃埔地產(重慶南岸)有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited*)	(a)	1	2
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(c)	— [^]	3
Interest income from connected subsidiary			
瀋陽麗都商務有限公司 (Shenyang Lido Business Co. Ltd*)	(e)	920	—
Reimbursement of staff cost			
Hui Xian Asset Management Limited	(b)	499	525

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

23. CONNECTED AND RELATED PARTY TRANSACTIONS (CONTINUED)

Name of Connected/Related Party	Notes	1.1.2022 to	1.1.2021 to
		30.6.2022	30.6.2021
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Property management fee			
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	(a)	11,012	11,057
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	(a)	11,790	11,999
家利物業管理(深圳)有限公司 (Cayley Property Management (Shenzhen) Limited*)	(a)	7,543	4,768
Internet services fee			
CK Asset Holdings Limited	(a)	20	19
Trustee's fee			
DB Trustees (Hong Kong) Limited	(d)	1,765	1,835
Manager's fees			
Hui Xian Asset Management Limited	(b)	60,542	64,222
Property Manager's fee			
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(c)	31,073	36,957
Rent & rental related expense			
Turbo Top Limited	(a)	226	156

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

23. CONNECTED AND RELATED PARTY TRANSACTIONS (CONTINUED)

Balances with connected and related parties as at 30 June 2022 and 31 December 2021 are as follows:

Name of Connected/Related Party	Notes	30.6.2022	31.12.2021
		RMB'000 (unaudited)	RMB'000 (audited)
Loan receivable			
瀋陽麗都商務有限公司 (Shenyang Lido Business Co. Ltd*)	(e)	35,000	35,000
Deposits placed with the Group for the lease of the Group's properties			
CK Asset Holdings Limited	(a)	25	25
北京寶苑房地產開發有限公司 (Beijing Po Garden Real Estates Development Co., Ltd.*)	(a)	1	1
北京長樂房地產開發有限公司 (Beijing Chang Le Real Estates Development Co., Ltd.*)	(a)	1	1
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	(a)	474	474
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	(a)	506	506
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	(a)	18	18
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(c)	126	126
Deposits paid for the lease of property			
Turbo Top Limited	(a)	117	112
Other payable			
北京港基世紀物業管理有限公司 (Beijing Citybase Century Property Management Ltd.*)	(a)	3,544	1,223
北京高衛世紀物業管理有限公司 (Beijing Goodwell Century Property Management Ltd.*)	(a)	3,593	1,207
家利物業管理(深圳)有限公司 (Cayley Property Management (Shenzhen) Limited*)	(a)	1,220	1,000
Hui Xian Asset Management Limited	(b)	60,542	60,205
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(c)	7,411	8,816

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

23. CONNECTED AND RELATED PARTY TRANSACTIONS (CONTINUED)

Name of Connected/Related Party	Notes	30.6.2022	31.12.2021
		RMB'000 (unaudited)	RMB'000 (audited)
Other receivable			
Hui Xian Asset Management Limited	(b)	63	80
Receipts in advance			
CK Asset Holdings Limited	(a)	9	9
北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd.*)	(a)	6	6
北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*)	(c)	—	7
Prepayment			
家利物業管理(深圳)有限公司 (Cayley Property Management (Shenzhen) Limited*)	(a)	2,850	2,850

Notes:

- (a) These companies are associates¹ of Noblecrown which is a substantial holder² of Hui Xian REIT, and/or are subsidiaries or associates¹ of CK Asset Holdings Limited. These subsidiaries of CK Asset Holdings Limited are also related parties³ of Hui Xian REIT.
- (b) This company is the manager of Hui Xian REIT and is a related party³ of Hui Xian REIT.
- (c) This company is an associate¹ or subsidiary of the Manager and is a related party³ of Hui Xian REIT.
- (d) These companies are either the Trustee or associates¹ of the Trustee.
- (e) This company is a connected subsidiary⁴ of Hui Xian REIT by virtue of CK Asset Holdings Limited, being a connected person of Hui Xian REIT, which at the same time holds more than 10% of the voting power of this company.

¹ The term "associate" is defined under 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 The term "related party" is defined in HKAS 24 *Related Party Disclosures* issued by the HKICPA.

⁴ The term "connected subsidiary" is defined under the Hong Kong Listing Rules.

* The English name is shown for identification purpose only.

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

SUMMARY

FINANCIAL INFORMATION

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

SUMMARY OF CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1.1.2022 to 30.6.2022 RMB million	1.1.2021 to 30.6.2021 RMB million	1.1.2020 to 30.6.2020 RMB million	1.1.2019 to 30.6.2019 RMB million	1.1.2018 to 30.6.2018 RMB million
Revenue					
Gross rental from investment properties	919	1,008	1,018	1,211	1,199
Income from hotel operation	67	156	63	231	266
Income from serviced apartments operation	86	90	95	93	83
Rental related income	28	47	27	63	46
	1,100	1,301	1,203	1,598	1,594
(Loss) profit before taxation and transactions with unitholders	(1,202)	287	(1,863)	696	790
Income tax credit (expense)	114	(130)	243	(270)	(286)
(Loss) profit for the period, before transactions with unitholders	(1,088)	157	(1,620)	426	504
(Loss) profit for the period attributable to unitholders, before transactions with unitholders	(1,063)	173	(1,599)	441	518
	RMB	RMB	RMB	RMB	RMB
Basic (loss) earnings per unit	(0.1724)	0.0287	(0.2703)	0.0762	0.0921

SUMMARY FINANCIAL INFORMATION

SUMMARY OF DISTRIBUTIONS

	1.1.2022 to 30.6.2022 RMB million	1.1.2021 to 30.6.2021 RMB million	1.1.2020 to 30.6.2020 RMB million	1.1.2019 to 30.6.2019 RMB million	1.1.2018 to 30.6.2018 RMB million
Distributions to unitholders	319	410	126	725	804
	RMB	RMB	RMB	RMB	RMB
Distribution per unit	0.0516	0.0674	0.0212	0.1245	0.1414

SUMMARY OF CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30.6.2022 RMB million	31.12.2021 RMB million	31.12.2020 RMB million	31.12.2019 RMB million	31.12.2018 RMB million
Non-current assets	33,665	35,057	36,863	39,521	39,736
Current assets	4,924	6,029	5,891	6,954	6,431
Total assets	38,589	41,086	42,754	46,475	46,167
Current liabilities	1,727	2,240	1,231	3,682	3,355
Non-current liabilities, excluding net assets attributable to unitholders	13,555	14,186	16,230	16,523	16,120
Total liabilities, excluding net assets attributable to unitholders	15,282	16,426	17,461	20,205	19,475
Non-controlling interests	180	205	241	287	319
Net assets attributable to unitholders	23,127	24,455	25,052	25,983	26,373
	RMB	RMB	RMB	RMB	RMB
Net asset value per unit attributable to unitholders	3.7416	3.9900	4.1651	4.4187	4.5807

PERFORMANCE TABLE

	Notes	30.6.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018
Net assets attributable to unitholders (<i>RMB million</i>)		23,127	24,455	25,052	25,983	26,373
Net asset value per unit attributable to unitholders (<i>RMB</i>)		3.7416	3.9900	4.1651	4.4187	4.5807
Market capitalisation (<i>RMB million</i>)		6,243	8,581	10,887	19,287	18,366
Units issued (<i>units</i>)		6,181,080,984	6,129,115,187	6,014,651,998	5,880,262,459	5,757,337,072
Debts to net asset value ratio	1	32.4%	34.6%	35.4%	41.8%	37.6%
Debts to total asset value ratio	2	19.4%	20.6%	20.8%	23.4%	21.5%
		1.1.2022 to 30.6.2022	1.1.2021 to 31.12.2021	1.1.2020 to 31.12.2020	1.1.2019 to 31.12.2019	1.1.2018 to 31.12.2018
Highest traded unit price (<i>RMB</i>)		1.41	1.92	3.30	3.45	3.35
Highest premium of the traded unit price to net asset value per unit	3	N/A	N/A	N/A	N/A	N/A
Lowest traded unit price (<i>RMB</i>)		0.98	1.33	1.36	3.16	3.03
Highest discount of the traded unit price to net asset value per unit		73.8%	66.7%	67.3%	28.5%	33.9%
Distribution per unit (<i>RMB</i>)		0.0516	0.0935	0.0866	0.2177	0.2653
Annualised distribution yield per unit	4	10.30%	6.68%	4.78%	6.64%	8.32%

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 2022 announcing, among other information, the interim distribution for the six months ended 30 June 2022 (“2022 Interim Distribution”)	1 August 2022 (Monday)
Units quoted ex-2022 Interim Distribution	12 August 2022 (Friday)
Closure of register of Unitholders (for ascertaining entitlement to the 2022 Interim Distribution)	16 August 2022 (Tuesday) to 18 August 2022 (Thursday) (both dates inclusive)
Record date for 2022 Interim Distribution	18 August 2022 (Thursday)
Payment of the 2022 Interim Distribution for cash distribution election	28 September 2022 (Wednesday)

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
YIN Ke[#]

BOARD COMMITTEES

Audit Committee

CHENG Hoi Chuen, Vincent (*Chairman*)
LEE Chack Fan
CHOI Koon Shum, Jonathan
IP Tak Chuen, Edmond
YIN Ke[#]

Disclosures Committee

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

Designated (Finance) Committee

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

Nomination Committee[^]

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

COMPANY SECRETARY OF THE MANAGER

Fair Wind Secretarial Services Limited

TRUSTEE

DB Trustees (Hong Kong) Limited

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

PRINCIPAL VALUER

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

[#] Appointed with effect from 12 May 2022

[^] Established on 1 August 2022

[†] Appointed with effect from 1 August 2022

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 1 August 2022