Hui Xian Real Estate Investment Trust

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

(Stock Code: 87001)

Managed by Hui Xian Asset Management Limited

滙賢房託管理有限公司

INTERIM RESULTS ANNOUNCEMENT FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

HUI XIAN REIT

Hui Xian Real Estate Investment Trust ("**Hui Xian REIT**") is a real estate investment trust constituted by a deed of trust entered 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.

The interim results of Hui Xian REIT and its special purpose vehicles for the period from 1 January 2021 to 30 June 2021 ("**Reporting Period**") are as follows:

* dissolved on 9 April 2020

CHAIRMAN'S STATEMENT

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

World Recovery Led by China

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

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

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

Hui Xian REIT Continued a Gradual Recovery

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

Amount Available for Distribution for the Reporting Period increased to RMB455 million from RMB140 million in H1 2020.

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

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

Business Performance Varied by Sector and Location

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

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

(1) Hotel Portfolio Showed Improvement

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

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

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

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

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

Sheraton Chengdu Lido Hotel – A Strong Recovery
Among the four cities, Chengdu's tourism and consumption recovered at a relatively faster pace.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) Office Portfolio Focused on Retaining Quality Tenants

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

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

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

Hui Xian REIT's office portfolio consists of: (i) The Tower Offices at Beijing Oriental Plaza, and (ii) The Tower at Chongqing Metropolitan Oriental Plaza. During H1 2021, NPI was RMB396 million (2020: RMB403 million).

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

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

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

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

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

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

(4) Serviced Apartment Portfolio's Market Shifted from International to Domestic
Hui Xian REIT's serviced apartment portfolio comprises two projects: The Tower Apartments at Beijing Oriental Plaza and The Residences at Sofitel Shenyang Lido. NPI was RMB42 million (2020: RMB48 million).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

H L KAM
Chairman
Hui Xian Asset Management Limited
(as manager of Hui Xian Real Estate Investment Trust)
Hong Kong, 30 July 2021

MANAGEMENT DISCUSSION AND ANALYSIS

PORTFOLIO HIGHLIGHTS

As at 30 June 2021, Hui Xian REIT's portfolio included:
(1) investment in Hui Xian (B.V.I.) Limited, which in turn holds Hui Xian Investment Limited (“**Hui Xian Investment**”), the foreign joint venture partner of 北京東方廣場有限公司 (Beijing Oriental Plaza Co., Ltd.#) (“**BOP**”), which is a Sino-foreign cooperative joint venture established in the People's Republic of China (“**PRC**”). BOP holds the land use rights and building ownership rights of **Beijing Oriental Plaza**;

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

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

(4) investment in Chongqing Hotel Investment Limited, which in turn holds Highsmith (HK) Limited. Highsmith (HK) Limited owns the entire interest in 重慶東廣飯店有限公司 (Chongqing Oriental Plaza Hotel Co., Ltd #), which holds the land use rights and building ownership rights of **Hyatt Regency Liberation Square Chongqing** (formerly known as Harbour Plaza Chongqing); and

(5) investment in New Sense Resources Limited, which in turn holds Chengdu Investment Limited, the foreign joint venture partner of 成都長天有限公司 (Chengdu Changtian Co., Ltd.#) (“**Chengdu Changtian”)**. Chengdu Investment Limited is entitled to 69% interest in Chengdu Changtian, which is a Sino-foreign cooperative joint venture established in the PRC. Chengdu Changtian holds the land use rights and building ownership rights in **Sheraton Chengdu Lido Hotel**.

The English name is shown for identification purpose only

OPERATIONS REVIEW

(1) Hotel Portfolio

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

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

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

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

(i) Sheraton Chengdu Lido Hotel (69% interest)
Chengdu's tourism and consumption recovered faster than the other three cities.

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

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

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

(iii) Sofitel Shenyang Lido (70% interest)
There were surges of COVID-19 cases in Shenyang in early 2021 and in May 2021. Strict preventive measures and travel restrictions were implemented in the city. Business of Sofitel Shenyang Lido was affected.

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

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

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

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

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

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

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

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

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

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

(ii) The Mall at Chongqing Metropolitan Oriental Plaza

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

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

(3) Office Portfolio

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

(i) The Tower Offices at Beijing Oriental Plaza

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

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

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

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

(ii) The Tower at Chongqing Metropolitan Oriental Plaza

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

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

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

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

(4) Serviced Apartment Portfolio

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

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

The expatriate market had been a vital source of revenue for The Tower Apartments. Entry visa and border controls for foreigners to China, especially Beijing, were very strict due to the pandemic controls. The number of new expatriate tenants at The Tower Apartments dropped as compared to pre-pandemic period.

The Tower Apartments focused on the rapidly-growing affluent domestic market, including those from both Beijing and other Chinese cities.

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

FINANCIAL REVIEW

Net Property Income

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

Distributions

Distribution Amount

Hui Xian REIT will distribute a total of RMB410 million ("**2021 Interim Distribution**") to Unitholders for the six months ended 30 June 2021. The 2021 Interim Distribution represents 90% of Hui Xian REIT's total amount available for distribution during the period from 1 January 2021 to 30 June 2021 and will be paid in RMB. The distribution amount includes certain profit elements in the capital nature of Hui Xian REIT. The amount of capital nature items is RMB125 million (2020: RMB126 million).

Distribution per Unit

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

Closure of Register of Unitholders

The record date for the 2021 Interim Distribution will be 18 August 2021, Wednesday ("**Record Date**"). The Register of Unitholders will be closed from 16 August 2021, Monday to 18 August 2021, Wednesday, both days inclusive, during which period no transfer of Units will be registered. The interim distribution is expected to be payable on 27 September 2021, Monday to Unitholders whose names appear on the Register of Unitholders on the Record Date.

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

In order to qualify for the 2021 Interim Distribution, all properly completed transfer forms (accompanied by the relevant Unit certificates) must be lodged for registration with Hui Xian REIT's Unit Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 13 August 2021, Friday.

Debt Positions

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

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

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

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

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

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

Hui Xian REIT indirectly owns the entire interest of Chongqing Metropolitan Oriental Plaza, a 164,360 square metre integrated commercial property development comprising a shopping centre and a Grade A office building. Chongqing Metropolitan Oriental Plaza is located at the Jiefangbei Central Business District, Yuzhong District, Chongqing.

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

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

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

Hui Xian REIT also indirectly owns 69% interest of Sheraton Chengdu Lido Hotel through Chengdu Investment Limited. It is a 37-storey hotel tower of 56,350 square metre located to the north of the landmark Tianfu Plaza, Chengdu city centre.

Knight Frank valued the hotel premises of Sheraton Chengdu Lido Hotel at RMB603 million as at 31 December 2020. Gross property value of the hotel premises as at 30 June 2021 was RMB553 million (31 December 2020: RMB572 million).

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

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

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

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

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

Employees
As at 30 June 2021, Hui Xian REIT, by subsidiaries and through its branches, employed a total of 970 employees in Hong Kong and the PRC; of which, 934 employees performed hotel operation functions and services, and 36 employees handled legal, regulatory and other administrative matters and provided commercial functions and services, including leasing and some other property management functions and services, other than the hotel operation functions and services.

Save as disclosed above, Hui Xian REIT is managed by the Manager and did not directly employ any staff as at 30 June 2021.

CORPORATE GOVERNANCE

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

Throughout the six months ended 30 June 2021, both the Manager and Hui Xian REIT have in material terms complied with the provisions of the compliance manual, the corporate governance policy, the Trust Deed, the REIT Code and applicable provisions of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("**SFO**") and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

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

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

Review of the Interim Results
The interim results of Hui Xian REIT for the six months ended 30 June 2021 have been reviewed by the Audit Committee and Disclosures Committee of the Manager in accordance with their respective terms of reference.

New Units Issued
In the six months ended 30 June 2021, (i) 27,107,348 new Units were issued to the Manager as payment of part of the Manager's fees; and (ii) 38,897,509 new Units were issued to Unitholders who elected scrip distribution pursuant to the distribution reinvestment arrangement in respect of the final distribution for the period from 1 July 2020 to 31 December 2020.

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

Buy-Back, Sale or Redemption of Units
There was no buy-back, sale or redemption of the Units of Hui Xian REIT by the Manager on behalf of Hui Xian REIT or any of the special purpose vehicles that were owned and controlled by Hui Xian REIT in the six months ended 30 June 2021.

Public Float of the Units
As far as the Manager is aware, more than 25% of the issued and outstanding Units of Hui Xian REIT were held in public hands as at 30 June 2021.

Issuance of the Interim Report 2021
The interim report of Hui Xian REIT for the six months ended 30 June 2021 will be published on the respective websites of the Stock Exchange at www.hkexnews.hk and Hui Xian REIT at www.huixianreit.com, and will be sent to Unitholders on or before 30 September 2021.

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

Hong Kong, 30 July 2021

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

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2021

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

FINANCIAL INFORMATION

DISTRIBUTION STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2021

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

Notes:

(i) *Adjustments for the period include:*

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

For the six months ended 30 June 2020, Manager's fees payable in units of RMB48 million out of the total Manager's fees of RMB68 million. The difference of RMB20 million is payable in cash.

(b) *Decrease in fair value of investment properties of RMB132 million (2020: RMB2,101 million), being reversal of fair value gains adjusted previously in the distribution statement.*

(c) *Deferred tax credit of RMB10 million (2020: deferred tax charge of RMB3 million) in relation to accelerated tax depreciation and deferred tax credit of RMB70 million (2020: RMB438 million) in relation to change in fair value of investment properties.*

(d) *Net unrealised exchange gain on bank loans and loan front-end fee of RMB99 million for the six months ended 30 June 2021 (2020: Nil).*

(e) *Accumulated net unrealised exchange gain of RMB3 million on bank loan and loan front-end fee previously adjusted out from the distribution statement have been realised and adjusted back upon loan repayment during the six months ended 30 June 2021 (2020: Nil).*

(f) *Other non-cash gain of RMB1 million for the six months ended 30 June 2020.*

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

(ii) *Additional items refer to any additional amount (include capital) to be distributed as determined by the Manager pursuant to clause 11.4.1 of the Trust Deed. Additional items for the period include:*

(1) *Depreciation attributable to unitholders arising from fair value adjustment upon acquisition of Shenyang Lido Business Co. Ltd, Chongqing Oriental Plaza Hotel Co., Ltd and Chengdu Changtian Co., Ltd. totalling RMB26 million (2020: RMB26 million).*

(2) *Decrease in fair value of investment properties of RMB255 million (2020: Nil) for the six months ended 30 June 2021 except for adjustments in Note (i)(b).*

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

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

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

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	NOTES	**30.6.2021 RMB million (unaudited)**	31.12.2020 RMB million (audited)
Non-current assets			
Investment properties	*13*	**30,251**	30,629
Property, plant and equipment	*14*	**2,037**	2,132
Right-of-use assets	*15*	**4,016**	4,100
Goodwill		**2**	2
Total non-current assets		**36,306**	36,863
Current assets			
Inventories		**25**	26
Trade and other receivables	*16*	**124**	140
Bank balances and cash		**5,825**	5,725
Total current assets		**5,974**	5,891
Total assets		**42,280**	42,754
Current liabilities			
Trade and other payables	*17*	**459**	512
Tenants' deposits		**261**	241
Tax payable		**32**	24
Manager's fee payable		**64**	60
Distribution payable		**410**	394
Bank loans	*18*	**1,496**	-
Total current liabilities		**2,722**	1,231
Total assets less current liabilities	*21*	**39,558**	41,523
Non-current liabilities, excluding net assets attributable to unitholders			
Bank loans	*18*	**7,123**	8,876
Tenants' deposits		**429**	470
Deferred tax liabilities		**6,850**	6,884
Total non-current liabilities, excluding net assets attributable to unitholders		**14,402**	16,230
Total liabilities, excluding net assets attributable to unitholders		**17,124**	17,461
Non-controlling interests		**225**	241
Net assets attributable to unitholders		**24,931**	25,052
Units in issue *('000)*		**6,080,657**	6,014,652
Net asset value per unit *(RMB)* attributable to unitholders	*19*	**4.1001**	4.1651

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

1. GENERAL INFORMATION

Hui Xian Real Estate Investment Trust ("Hui Xian REIT") is a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Hui Xian REIT was established on 1 April 2011 and had not carried on any operation prior to 29 April 2011 (date of listing), and its units were listed on The Stock Exchange of Hong Kong Limited (the "HKSE") since that date. Hui Xian REIT is governed by the Deed of Trust constituting Hui Xian REIT dated 1 April 2011 as amended by five supplemental deeds dated 24 May 2013, 16 May 2014, 28 May 2015, 19 May 2017 and 14 May 2021 (the "Trust Deed") made between Hui Xian Asset Management Limited (the "Manager") and DB Trustees (Hong Kong) Limited (the "Trustee"), and the Code on Real Estate Investment Trusts (the "REIT Code") issued by the Securities and Futures Commission (the "SFC").

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020, except as described below.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

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

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group's condensed consolidated financial statements:

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

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

Accounting polices

Financial instruments

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

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

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

- the change is necessary as a direct consequence of interest rate benchmark reform; and

- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (ie the basis immediately preceding the change).

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

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

4. SEGMENT REPORTING

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

The following are identified operating and reportable segments:

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

(a) Segment revenue and results

Six months ended 30 June 2021 (unaudited)

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

4. SEGMENT REPORTING - continued

(a) **Segment revenue and results** - continued

Six months ended 30 June 2020 (unaudited)

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

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

(b) **Segment assets**

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

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

4. SEGMENT REPORTING - continued

(b) Segment assets - continued

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

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

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

(c) Geographical information

All of the Group's revenue is derived from activities and customers located in the PRC and the Group's non-current assets are all located in the PRC.

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

(d) Other segment information

Six months ended 30 June 2021 (unaudited)

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

Six months ended 30 June 2020 (unaudited)

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

5. REVENUE

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

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

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

The gross rental from investment properties includes variable lease payments that do not depend on an index or a rate of RMB8 million (2020: RMB3 million).

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

6. OTHER INCOME

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

7. OTHER OPERATING EXPENSES

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

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

8. FINANCE COSTS, INCLUDING EXCHANGE DIFFERENCES

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

9. MANAGER'S FEES

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

10. REAL ESTATE INVESTMENT TRUST EXPENSES

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

11. INCOME TAX EXPENSE (CREDIT)

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

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

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

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

12. EARNINGS (LOSS) PER UNIT

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

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

13. INVESTMENT PROPERTIES

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

(a) The Group's investment properties held under leases are located in Beijing and Chongqing, the PRC under medium-term leases and are measured using the fair value model.

(b) Investment properties were revalued on 30 June 2021 and 31 December 2020 by Knight Frank Petty Limited, independent professional valuer with appropriate professional qualifications and experiences in the valuation of similar properties in the relevant locations.

14. PROPERTY, PLANT AND EQUIPMENT

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

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

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

15. RIGHT-OF-USE ASSETS

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

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

16. TRADE AND OTHER RECEIVABLES

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

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

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

17. TRADE AND OTHER PAYABLES

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

Notes:

(i) Included in receipts in advance were contract liabilities amounting to RMB55 million as at 30 June 2021 (31 December 2020: RMB62 million), which were related to advance receipts from customers under hotels segments, and ancillary services provided in malls, offices and apartments segments.

(ii) Others comprise mainly accrued salaries, accrued staff welfare and certain operating expense payables.

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

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

18. BANK LOANS

	30.6.2021 RMB million (unaudited)	31.12.2020 RMB million (audited)
Unsecured term loans	**8,654**	8,921
Loan front-end fees	**(35)**	(45)
	8,619	8,876

The maturities of the above bank loans are as follows:

Within one year	**1,496**	-
More than one year but not exceeding two years	**2,988**	3,524
More than two years but not exceeding five years	**4,135**	5,352
	8,619	8,876
Less: Amounts shown under current liabilities	**(1,496)**	-
Amounts due after one year	**7,123**	8,876

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

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

19. NET ASSET VALUE PER UNIT ATTRIBUTABLE TO UNITHOLDERS

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

20. NET CURRENT ASSETS

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

21. TOTAL ASSETS LESS CURRENT LIABILITIES

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