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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)

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 2022 TO 30 JUNE 2022

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

The interim results of Hui Xian REIT and its special purpose vehicles for the period from 1 January 2022 to 30 June 2022 ("**Reporting Period**") are as follows:

* dissolved on 9 April 2020

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 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).

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.

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 acerbated 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.

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%).

(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).

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).

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.

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 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 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 Securities and Futures Commission of Hong Kong ("**SFC**") under section 104 of the SFO and regulated by the provisions of the REIT Code. The Manager is licensed by the SFC under Section 116 of the SFO to conduct the regulated activity of asset management. As at the date of this announcement, Mr. CHEUNG Ling Fung, Tom (executive director and chief executive officer of the Manager), Mr. LEE Chi Kin, Casey (executive director and chief operating officer of the Manager), Ms. LAI Wai Yin, Agnes (executive director and chief financial officer of the Manager), Mr. CHING Sung, Eric (deputy chief project development officer of the Manager) and Ms. TANG Hiu Tung, Daisy (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.

Review of the Interim Results
The interim results of Hui Xian REIT for the six months ended 30 June 2022 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 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.

Issuance of the Interim Report 2022
The interim report of Hui Xian REIT for the six months ended 30 June 2022 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 2022.

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, 1 August 2022

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, Dr. CHOI Koon Shum, Jonathan and Mr. YIN Ke (independent non-executive Directors).

FINANCIAL INFORMATION

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

FINANCIAL INFORMATION

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 - continued

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.*

FINANCIAL INFORMATION

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		**23**	24
Trade and other receivables	*15*	**133**	125
Bank balances and cash		**4,768**	5,880
Total current assets		**4,924**	6,029
Total assets		**38,589**	41,086
Current liabilities			
Trade and other payables	*16*	**400**	435
Tenants' deposits		**242**	255
Tax payable		**21**	23
Manager's fee payable		**61**	60
Distribution payable		**319**	160
Bank loans	*17*	**684**	1,307
Total current liabilities		**1,727**	2,240
Total assets less current liabilities		**36,862**	38,846
Non-current liabilities, excluding net assets attributable to unitholders			
Bank loans	*17*	**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)*		**6,181,081**	6,129,115
Net asset value per unit *(RMB)* attributable to unitholders	*18*	**3.7416**	3.9900

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

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

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

2. BASIS OF PREPARATION

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

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 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.

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.

4. SEGMENT REPORTING - continued

(a) Segment revenue and results

Six months ended 30 June 2022 (unaudited)

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

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.

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.

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

4. SEGMENT REPORTING - continued

(d) **Other segment information** - continued

Six months ended 30 June 2021 (unaudited)

	Offices RMB million	Malls 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	3	7	1	14	25	2	27

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**

	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

5. REVENUE - continued

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 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 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).

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	**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.

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	**53**	55
Variable Fee	**8**	9
	61	64

10. REAL ESTATE INVESTMENT TRUST EXPENSES

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

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

11. INCOME TAX (CREDIT) EXPENSE - continued

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.

13. INVESTMENT PROPERTIES

	30.6.2022 **RMB million** **(unaudited)**	31.12.2021 RMB million (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.

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 machinery were 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. 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

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

16. 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

16. TRADE AND OTHER PAYABLES - continued

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

17. BANK LOANS

	30.6.2022 **RMB million** **(unaudited)**	31.12.2021 RMB million (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.

17. BANK LOANS - continued

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.

18. NET ASSET VALUE PER UNIT ATTRIBUTABLE TO UNITHOLDERS

The net asset value per unit is calculated based on the net assets attributable to unitholders as at 30 June 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).