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HUI XIAN REIT
滙賢產業信託

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 2023 TO 30 JUNE 2023

HUI XIAN REIT

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

REIT MANAGER

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

The interim results of Hui Xian REIT and its special purpose vehicles for the period from 1 January 2023 to 30 June 2023 are as follows:

CHAIRMAN'S STATEMENT

High Interest Expenses Overshadowed Operation Recovery

Notwithstanding the end of COVID-19, the first half of ("**H1**") 2023 turned out to be another turbulent year. In June 2023, the World Bank warned that the global economy would remain in a precarious position.

In addition to the protracted effects of the pandemic, geopolitical tensions, climate change, currency volatility and trade disputes, a significant challenge many corporations face is rising interest rates. High inflation in many countries has prompted the most aggressive interest rate hike cycle in decades. Corporations face high interest expenses, which eat into profits and reduce cash flow. Elevated borrowing costs are also adding to risks that some highly leveraged companies may default on their debt. The World Bank projected that the global growth would decelerate to 2.1% in 2023, down from 3.1% in 2022.

In China, the lifting of anti-pandemic measures in late 2022 helped drive a gradual economic recovery though the recovery pace was slower than market expectations. The RMB exchange rate experienced volatility during the year. Against the Hong Kong Dollar, the RMB exchange rate as at 30 June 2022 was 1:0.85519* as compared to 1:0.92198* as at 30 June 2023, representing a depreciation of 7.2% year-on-year.

* Based on the People's Bank of China RMB rate against Hong Kong Dollar

(A) Significant Surge in Interest Expenses Wiped out NPI Growth, Impacting Negatively Interim Distributions

			Variance	
	1 Jan – 30 Jun 2023	**1 Jan – 30 Jun 2022**	**Amount**	**Percentage**
Total Revenue *(RMB million)*	1,142	1,100	+42	+3.8%
Net Property Income *(RMB million)*	700	657	+43	+6.5%
Amount Available for Distribution *(RMB million)*	243	354	-111	-31.5%
Distributions to Unitholders *(RMB million)*	219	319	-100	-31.4%
Distribution per Unit *(RMB)*	0.0348	0.0516	-0.0168	-32.6%

NPI Grew by 6.5%YoY

Hui Xian REIT's operation showed signs of recovery in H1 2023, mainly driven by the improved performance of the hotel portfolio as the pandemic impact gradually subsided. During H1 2023, revenue grew by RMB42 million to RMB1,142 million, representing a 3.8% increase year-on-year. Net property income ("**NPI**") rose by RMB43 million to RMB700 million, an increase of 6.5% year-on-year.

Interest Expenses Increased over 200%YoY

HIBOR has increased substantially over the year. As at 30 June 2022, 1-month HIBOR was 0.87101%**. As at 30 June 2023, the rate rose to 4.93405%**. Interest expenses were one of the major expenses for Hui Xian REIT. The amount surged 204.5% from RMB61 million in H1 2022 to RMB186 million in H1 2023. The increase in interest expenses of RMB125 million was more than the increase in NPI of RMB43 million, hence impacting Hui Xian REIT's distributions.

**Sources: The Hong Kong Association of Banks' website

Interim DPU Declined by 32.6%YoY

The NPI growth achieved in H1 2023 was more than offset by the increase in interest expenses, leading to the decline in 2023 interim distributions.

Amount Available for Distribution during H1 2023 was RMB243 million (2022: RMB354 million, this amount consisted of a one-off exchange gain which was distributed to the Unitholders). The payout ratio was 90% (2022: 90%). Distributions to Unitholders amounted to RMB219 million (2022: RMB319 million).

From January to June 2023, the interim distribution per unit ("**DPU**") was down by 32.6% year-on-year to RMB0.0348 (2022: RMB:0.0516). The interim DPU will be paid on 27 September 2023, Wednesday to Unitholders whose names appear on the Register of Unitholders of Hui Xian REIT on 16 August 2023, Wednesday.

(B) Improved Operational Performance, Driven by the Hotel Portfolio
Hui Xian REIT's portfolio spans the office, retail, serviced apartment and hotel sectors in four key cities in China, covering an aggregate area of over 1.1 million square metres.

With China's economy improving from the pandemic, Hui Xian REIT's operation performance saw a gradual recovery. During H1 2023, NPI increased 6.5% year-on-year to RMB700 million. The rise was mainly attributed to the hotel portfolio as China's domestic travel rebounded after the pandemic.

(1) Hotel Portfolio – Witnessed a Visible Recovery
H1 2023 was the turning point for Hui Xian REIT's hotel portfolio after three devastating years of COVID. The hotel portfolio comprises four international chain hotels in four key cities in China.

Following the lifting of pandemic and travel restrictions, China's domestic tourism industry has begun to lurch back to life. Occupancy and room rates of all four hotels witnessed a notable improvement, particularly in the second quarter of 2023. The NPI amounted to RMB10 million, posting a rise of RMB68 million against a negative NPI of RMB58 million recorded in H1 2022.

Sheraton Chengdu Lido Hotel – Room Rate Grew by 53%
Chengdu's domestic business and leisure travel recovered quickly during H1 2023.

Sheraton Chengdu Lido Hotel's average occupancy rate increased from 42.5% in H1 2022 to 62.0% in H1 2023; while average room rate per night surged from RMB379 to RMB579.

Hyatt Regency Liberation Square Chongqing – Occupancy Rate Nearly Doubled
Chongqing is a popular travel destination and its domestic tourism industry saw strong post-pandemic recovery during H1 2023.

At Hyatt Regency Liberation Square Chongqing, the average occupancy rate jumped from 37.9% a year ago to 73.3% in H1 2023. Average room rate per night increased from RMB491 to RMB671.

Grand Hyatt Beijing – Room Rate Exceeded 2019 Pre-Pandemic Level
While international travel was still in the early stage of recovering, Beijing's domestic travel has started to recover since the second quarter of 2023.

Grand Hyatt Beijing's average occupancy rate improved from 11.0% during H1 2022 to 32.5% during the same period of 2023. Average room rate per night rebounded to RMB1,473 (2022: RMB963). It has exceeded the pre-pandemic level in 2019 of RMB1,271.

The Westin Shenyang – Introduced The Westin Brand to Shenyang
The Manager signed an agreement with Marriott International to bring The Westin brand to Shenyang in March 2023. The hotel was formerly known as Sofitel Shenyang Lido.

The Westin Shenyang succeeded in building up brand awareness in the first four months after the rebranding. Average occupancy rate grew from 19.8% in H1 2022 to 40.4% in H1 2023; and average room rate per night increased from RMB439 to RMB535.

(2) Retail Portfolio – Post-COVID Recovery Slower than Expected
China's retail industry had been hit hard by COVID-19 since 2020. Many retailers in China have suffered severe business disruptions and a sharp downturn in revenue due to weak consumer sentiment. Retail shops also faced other challenges, such as cash flow and supply chain issues, as well as keen competition from online shopping.

Some struggling brands and department store chains were forced to reduce their number of stores or terminate their leases before expiration.

Following the lifting of all anti-pandemic measures in late 2022, consumer sentiment improved but consumers were still wary of spending. Retailers had gone through a series of significant shocks over the past few years, and they are taking a cautious approach towards expansion.

Hui Xian REIT's retail portfolio consists of two shopping centres: (i) The Malls at Beijing Oriental Plaza, and (ii) The Mall at Chongqing Metropolitan Oriental Plaza. The NPI during the Reporting Period was RMB254 million (2022: RMB276 million).

At The Malls at Beijing Oriental Plaza, occupancy rate was 92.0% as at June 2023 (93.1% as at June 2022). Average monthly passing rent was RMB735 (2022: RMB739) per square metre. During H1 2023, new lease and renewal terms were mostly concluded at negative reversion rates; this will continue to impact The Malls financially in the second half of ("**H2**") 2023 and beyond.

The department store at The Mall at Chongqing Metropolitan Oriental Plaza, one of the anchor tenants in the mall for over ten years, did not renew its lease upon expiry in 2022. The Mall took advantage of this opportunity to commence a comprehensive asset enhancement programme. As such, the occupancy rate and rental income were affected. Average occupancy rate was 40.5% (2022: 78.9%), and the average monthly passing rent was RMB57 (2022: RMB159) per square metre.

(3) Office Portfolio – Uncertain Global Outlook Weigh on Leasing Market

Following the removal of pandemic restrictions in late 2022, business sentiment in China improved. Corporations started to resume their business activities, as well as their leasing plans. However, they remained cost-conscious and hesitant to commit long-term as uncertainty permeated the business environment. In spite of a recovery in economic activity from the lows seen during the pandemic era, leasing activity in H1 2023 had not significantly rebounded.

During the pandemic, many office workers in China worked from home. After the pandemic, many corporations continued to adopt "work-from-home" or hybrid work models. Such behavioral changes continued to steer the corporations' leasing decision and affect the leasing demand for office space in China.

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 2023, the NPI was RMB397 million (2022: RMB397 million).

Beijing's office leasing market has yet to see a notable rebound. The city's vacancy rate was worsened to 18.3%[1] in the second quarter of 2023, the highest rate since the first quarter of 2010. The average monthly passing rent was RMB266 (2022: RMB259) per square metre at The Tower Offices at Beijing Oriental Plaza; and average occupancy rate was 85.5% (2022: 88.3%).

Chongqing's office vacancy rate further deteriorated to 29.5%[2] in the second quarter of 2023. Landlords were under vacancy pressures, prompting them to continue to offer competitive leasing incentives. At The Tower at Chongqing Metropolitan Oriental Plaza, average occupancy rate was 80.5% (2022: 79.8%), and average monthly passing rent was RMB87 (2022: RMB95) per square metre.

Sources:
1. Savills Research, "Market in Minutes – Beijing Office", July 2023
2. Savills Research, "Market in Minutes – Chongqing Office", July 2023

(4) Serviced Apartment Portfolio – Domestic Market the Major Demand Driver

Similar to the hotel market dynamics, the domestic market remained the major demand driver for the serviced apartment leasing market given that new expatriate arrivals had been scarce.

Hui Xian REIT's serviced apartment portfolio comprises: (i) The Tower Apartments at Beijing Oriental Plaza and (ii) The Westin Residences Shenyang (formerly known as The Residences at Sofitel Shenyang Lido). During H1 2023, the NPI was RMB39 million (2022: RMB42 million).

During H1 2023, average occupancy rates of The Tower Apartments at Beijing Oriental Plaza and The Westin Residences Shenyang were 77.9% (2022: 82.5%) and 50.7% (2022: 50.7%) respectively.

(C) Financial Position

Hui Xian REIT's balance sheet remained healthy. As at 30 June 2023, total debt was RMB8,096 million (31 December 2022: RMB7,840 million). Debts to gross asset value ratio was 21.3% as at 30 June 2023 (31 December 2022: 20.4%), while bank balances and cash on hand amounted to RMB4,823 million (31 December 2022: RMB4,759 million).

In spite of a relatively low gearing ratio, the soaring interest rates pose steep challenge for Hui Xian REIT's financial position. Interest expenses had tripled from RMB61 million in H1 2022 to RMB186 million in H1 2023. Hui Xian REIT's debts are denominated in Hong Kong Dollar and linked to HIBOR. As at 30 June 2022, 1-month HIBOR was only 0.87101%**. It has increased to 5.10% in mid-June 2023, the highest since 2007. As at 30 June 2023, the rate was 4.93405%**. Rising interest expenses became a top concern.

**Sources: The Hong Kong Associations of Banks' website

(D) Subsequent Event

To mitigate the impact of rising interest rates, Hui Xian REIT prepaid HK$1,500 million bank loan (maturing in November 2023) on 18 July 2023. The prepayment had two immediate effects on the distributions: (1) It helped reduce Hui Xian REIT's interest rate risk exposure by lowering the interest expenses for the rest of 2023 and coming years. After the repayment, total debt fell from HK$8,800 million to HK$7,300 million. (2) An exchange loss of around RMB192.6 million was incurred due to the depreciation of RMB against Hong Kong Dollar. Such exchange loss will have a one-time hit on this year's distributions.

(E) Outlook – Rising Interest Expenses Now a Top Concern

Looking ahead, Hui Xian REIT's hotel portfolio would likely recover to pre-pandemic levels by the end of 2023 as driven by the rebound of domestic travel. The leasing business of retail, office and serviced apartment portfolio is expected to continue their progress of slow recovery.

Hui Xian REIT will continue to face an unusually challenging financial environment. RMB exchange rate is expected to continue to fluctuate amid global economic headwinds. Interest rates are likely to stay high in the near term. When high interest expenses continue to overshadow NPI growth, Hui Xian REIT's distributions will be negatively affected. Rising interest rates remain our top concern.

Whilst we remain mindful of ongoing macro-economic challenges, we believe that China's sound economic fundamentals for long-term growth remain unchanged. Government's policy stimulus is expected to further improve the sentiment and facilitate the Chinese economy to recover.

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

I look forward to continuing to work closely with our stakeholders and colleagues to capture the growth and opportunities of the economic rebound, and set Hui Xian REIT on track for sustained recovery and long-term growth.

H L KAM
Chairman
Hui Xian Asset Management Limited
(as manager of Hui Xian Real Estate Investment Trust)
Hong Kong, 28 July 2023

MANAGEMENT DISCUSSION AND ANALYSIS

PORTFOLIO HIGHLIGHTS

As at 30 June 2023, Hui Xian REIT's portfolio included:
(1) investment in Hui Xian (B.V.I.) Limited, which in turn holds Hui Xian Investment Limited ("**Hui Xian Investment**"), the foreign joint venture partner of 北京東方廣場有限公司 (Beijing Oriental Plaza Co., Ltd.#) ("**BOP**"), which is a Sino-foreign cooperative joint venture established in the People's Republic of China ("**PRC**"). BOP holds the land use rights and building ownership rights of **Beijing Oriental Plaza**;

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

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

Following the removal of anti-pandemic measures and travel restrictions, China saw a rebound in domestic travel volumes and revenues, especially during long public holidays. According to the Chinese Ministry of Culture and Tourism, China's domestic trips during H1 2023 increased 63.9% year-on-year to 2.4 billion while domestic tourism revenue was up by 95.9% to RMB2.3 trillion.

China's hotel industry relied heavily on domestic travel. International travel was still in the initial stage of recovery as the frequency of international flights to and from China was not back to pre-pandemic level yet. The pace of recovery of cities that typically rely on more international travel, such as Beijing, was relatively slower than those which used to be more reliant on domestic travel.

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

Our four hotels saw significant improvement in their occupancy and room rates during H1 2023. Revenue was RMB161 million (2022: RMB67 million), and NPI was RMB10 million (2022: negative RMB58 million).

(i) Sheraton Chengdu Lido Hotel (69% interest)
Chengdu's business and leisure travel recovered quickly during H1 after the removal of anti-pandemic measures.

Sheraton Chengdu Lido Hotel's average occupancy rose to 62.0% (2022: 42.5%); average room rate per night was increased to RMB579 (2022: RMB379).

(ii) Hyatt Regency Liberation Square Chongqing
Chongqing is a popular domestic tourism city. During H1 2023, the average occupancy rate of Hyatt Regency Liberation Square Chongqing was significantly improved to 73.3% (2022: 37.9%), and average room rate per night was increased to RMB671 (2022: RMB491).

(iii) Grand Hyatt Beijing
Grand Hyatt Beijing's hotel's business has started to improve since the second quarter of 2023, primarily driven by domestic business and leisure travel. International business travellers had been an important source of revenue for Grand Hyatt Beijing, and this market has not fully recovered to pre-pandemic level yet.

The hotel's average occupancy rate was 32.5% (2022: 11.0%). Average room rate per night during H1 2023 increased by 53.0% year-on-year to RMB1,473 (2022: RMB963).

(iv) The Westin Shenyang (70% interest)
The hotel in Shenyang has been rebranded as The Westin Shenyang in March 2023 (formerly known as Sofitel Shenyang Lido) under the management of Marriott International. Average occupancy rate increased to 40.4% (2022: 19.8%), and average room rate per night was RMB535 (2022: RMB439).

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

During H1 2023, revenue was RMB368 million (2022: RMB408 million) and NPI was RMB254 million (2022: RMB276 million).

(i) The Malls at Beijing Oriental Plaza
During H1 2023, revenue of The Malls at Beijing Oriental Plaza was RMB357 million (2022: RMB363 million) and NPI was RMB263 million (2022: RMB262 million). Average monthly passing rent was RMB735 (2022: RMB739) per square metre. Occupancy rate as at June 2023 was 92.0% (as at June 2022: 93.1%).

(ii) The Mall at Chongqing Metropolitan Oriental Plaza
The department store at The Mall at Chongqing Metropolitan Oriental Plaza, one of the anchor tenants in the mall for over ten years, did not renew its lease upon expiry in 2022. The Mall took advantage of this opportunity to start a comprehensive asset enhancement programme, and its occupancy and rental income were inevitably affected. Average occupancy rate was 40.5% (2022: 78.9%); and average monthly passing rent was RMB57 (2022: RMB159) per square metre.

(3) Office Portfolio
Business activities had begun to resume gradually in China after the removal of anti-pandemic measures in late 2022. Office leasing momentum remained subdued during H1 2023 as many corporations maintained a cautious stance in the face of economic headwinds. The wider adoption of work-from-home and hybrid work mode also affected leasing demand.

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 RMB532 million (2022: RMB539 million) and NPI was RMB397 million (2022: RMB397 million).

(i) The Tower Offices at Beijing Oriental Plaza

Beijing's office vacancy rate increased to 18.3%[1] in the second quarter of 2023, the highest rate in nearly 13 years. Many new projects originally scheduled to enter the market in late 2022 have been delayed until this year. The continual influx in new supply would likely exert 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 H1 2023, revenue of The Tower Offices was RMB510 million (2022: RMB515 million). NPI was RMB385 million (2022: RMB383 million). Average occupancy rate was 85.5% (2022: 88.3%). Average monthly passing rent was RMB266 (2022: RMB259) per square metre while average monthly spot rent was RMB287 (2022: RMB295) per square metre.

(ii) The Tower at Chongqing Metropolitan Oriental Plaza

Chongqing's office vacancy rate was further increased to 29.5%[2] in the second quarter of 2023. New rental demand was weak, largely due to the uncertain business environment.

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

During H1 2023, revenue was RMB22 million (2022: RMB24 million) and NPI was RMB12 million (2022: RMB14 million). Average occupancy rate was 80.5% (2022: 79.8%). Average monthly passing rent was RMB87 (2022: RMB95) per square metre, while average monthly spot rent was RMB86 (2022: RMB91) per square metre.

Sources:
1. Savills Research, "Market in Minutes – Beijing Office", July 2023
2. Savills Research, "Market in Minutes – Chongqing Office", July 2023

(4) Serviced Apartment Portfolio

Hui Xian REIT's serviced apartment portfolio consists of (i) The Tower Apartments at Beijing Oriental Plaza and (ii) The Westin Residences Shenyang. During H1 2023, revenue was RMB81 million (2022: RMB86 million) and NPI was RMB39 million (2022: RMB42 million).

The Tower Apartments at Beijing Oriental Plaza is one of the largest serviced apartment developments in downtown Beijing. During H1 2023, average occupancy rate was 77.9% (2022: 82.5%).

At The Westin Residences Shenyang (formerly known as The Residences at Sofitel Shenyang Lido), average occupancy rate was 50.7% (2022: 50.7%) during H1 2023.

FINANCIAL REVIEW

Net Property Income

The net property income was RMB700 million for the six months ended 30 June 2023.

Distributions

Distribution Amount

Hui Xian REIT will distribute a total of RMB219 million ("**2023 Interim Distribution**") to Unitholders for the six months ended 30 June 2023. The 2023 Interim Distribution represents 90% of Hui Xian REIT's total amount available for distribution during the period from 1 January 2023 to 30 June 2023 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 RMB219 million (2022: RMB319 million).

Distribution per Unit
The interim DPU for the period from 1 January 2023 to 30 June 2023 is RMB0.0348 based on the number of outstanding Units on 30 June 2023. The closing unit price of RMB1.08 on 30 June 2023.

Closure of Register of Unitholders
The record date for the 2023 Interim Distribution will be 16 August 2023, Wednesday ("**Record Date**"). The Register of Unitholders will be closed from 14 August 2023, Monday to 16 August 2023, 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 2023, Wednesday 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 2023 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 11 August 2023, Friday.

Debt Positions
In May 2023, Hui Xian Investment Limited drew down an unsecured 3-year revolving loan of HK$800 million offered by Oversea-Chinese Banking Corporation Limited. The purpose of the facility was to refinance the existing credit facility granted in April 2020.

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 2023, Hui Xian REIT's total debts amounted to RMB8,096 million (31 December 2022: RMB7,840 million). Based on Hui Xian REIT's net assets attributable to Unitholders of RMB22,156 million as at 30 June 2023 (31 December 2022: RMB22,728 million), Hui Xian REIT's debts to net asset value ratio was 36.5% (31 December 2022: 34.5%). Meanwhile, the debts to gross asset value ratio was 21.3% as at 30 June 2023 (31 December 2022: 20.4%).

Bank Balances and Asset Positions
As at 30 June 2023, Hui Xian REIT's bank balances and cash amounted to RMB4,823 million (31 December 2022: RMB4,759 million). The bank balances and cash are mainly denominated in RMB. No currency hedge was employed.

Pursuant to the requirements of the Code on Real Estate Investment Trusts ("**REIT Code**"), Knight Frank Petty Limited ("**Knight Frank**") retired as principal valuer after it has conducted valuations of the real estate of Hui Xian REIT for three consecutive years. Kroll (HK) Limited ("**Kroll**") was appointed as the principal valuer of Hui Xian REIT and valued its properties portfolio as at 30 June 2023.

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.

Kroll valued the eight blocks of office towers, the shopping centre and car parking spaces at RMB24,695 million as at 30 June 2023 (31 December 2022: RMB25,058 million), translating into a decrease of 1.4% over the valuation as of 31 December 2022. Together with the hotel and serviced apartment premises, gross property value of BOP was RMB28,878 million as at 30 June 2023, as compared to RMB29,299 million as at 31 December 2022.

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 2023, the shopping centre, office building and car parking spaces were valued by Kroll at RMB2,738 million (31 December 2022: RMB2,840 million). Gross property value of the properties as at 30 June 2023 was RMB2,709 million (31 December 2022: RMB2,786 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 RMB446 million as at 31 December 2022. Gross property value of the hotel premises as at 30 June 2023 was RMB291 million (31 December 2022: RMB299 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 RMB622 million as at 31 December 2022. Gross property value of the hotel premises as at 30 June 2023 was RMB510 million (31 December 2022: RMB507 million).

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

Knight Frank valued the hotel and serviced apartment premises of Shenyang Lido at RMB709 million as at 31 December 2022 while gross property value of the hotel and serviced apartment premises as at 30 June 2023 was RMB506 million (31 December 2022: RMB494 million).

Net Assets Attributable to Unitholders

As at 30 June 2023, net assets attributable to Unitholders amounted to RMB22,156 million (31 December 2022: RMB22,728 million) or RMB3.5242 per Unit, representing a 226.3% premium to the closing unit price of RMB1.08 on 30 June 2023 (31 December 2022: RMB3.6480 per Unit, representing a 247.4% premium to the closing unit price of RMB1.05 on 31 December 2022).

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 2023, except for capital commitment in respect of the asset enhancement programmes for Grand Hyatt Beijing, Beijing Oriental Plaza, The Westin Shenyang, 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 2023, Hui Xian REIT, by subsidiaries and through its branches, employed a total of 850 employees in Hong Kong and the PRC; of which, 825 employees performed hotel operation functions and services, and 25 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 2023.

CORPORATE GOVERNANCE

With the objectives of establishing and maintaining high standards of corporate governance, certain policies and procedures with built-in checks and balances have been put in place. In particular, the Manager has adopted, and revised from time to time, a compliance manual which sets out the key processes, systems and measures the Manager applies in order to comply with the Trust Deed, the 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 2023, both the Manager and Hui Xian REIT have in material terms complied with the provisions of the compliance manual, the corporate governance policy, the Trust Deed, the REIT Code and applicable provisions of the Securities and Futures Ordinance (Cap. 571 Laws of Hong Kong) ("**SFO**") and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Authorisation Structure
Hui Xian REIT is a collective investment scheme authorised by the SFC under section 104 of the SFO and regulated by the provisions of the REIT Code. The Manager is licensed by the SFC under Section 116 of the SFO to conduct the regulated activity of asset management. As at the date of this announcement, Mr. CHEUNG Ling Fung, Tom (executive director and chief executive officer of the Manager), Mr. LEE Chi Kin, Casey (executive director and chief operating officer of the Manager), Ms. LAI Wai Yin, Agnes (executive director and chief financial officer of the Manager), Mr. CHING Sung, Eric (deputy chief project development officer of the Manager) and Ms. TANG Hiu Tung, Daisy (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 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 2023 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 2023, (i) an aggregate of 37,937,339 new Units were issued to the Manager as payment of part of the Manager's fees; and (ii) an aggregate of 18,496,600 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 2022 to 31 December 2022.

The total number of Units in issue as at 30 June 2023 was 6,286,793,211 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 2023.

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 2023.

Issuance of the Interim Report 2023
The interim report of Hui Xian REIT for the six months ended 2023 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 2023.

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, 28 July 2023

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

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2023

	NOTES	**2023 RMB million (unaudited)**	2022 RMB million (unaudited)
Revenue	*5*	**1,142**	1,100
Other income	*6*	**63**	72
Decrease in fair value of investment properties		**(481)**	(1,308)
Inventories consumed		**(14)**	(9)
Staff costs		**(63)**	(65)
Depreciation		**(155)**	(177)
Other operating expenses	*7*	**(361)**	(362)
Finance costs, including exchange differences	*8*	**(438)**	(388)
Manager's fees	*9*	**(58)**	(61)
Real estate investment trust expenses	*10*	**(5)**	(4)
Loss before taxation and transactions with unitholders		**(370)**	(1,202)
Income tax (expense) credit	*11*	**(83)**	114
Loss for the period, before transactions with unitholders		**(453)**	(1,088)
Distribution to unitholders		**(219)**	(319)
Loss for the period, after transactions with unitholders		**(672)**	(1,407)
Other comprehensive income:			
Item that will not be reclassified to profit or loss			
Gain on revaluation of right-of-use assets upon transfer to investment properties, net of tax		**23**	-
Total comprehensive expense for the period, after transactions with unitholders		**(649)**	(1,407)
Loss for the period, before transactions with unitholders attributable to:			
Non-controlling interests		**(15)**	(25)
Unitholders		**(438)**	(1,063)
		(453)	(1,088)
Total comprehensive expense for the period, after transactions with unitholders attributable to:			
Non-controlling interests		**(15)**	(25)
Unitholders		**(634)**	(1,382)
		(649)	(1,407)
Basic loss per unit *(RMB)*	*12*	**(0.0699)**	(0.1724)

FINANCIAL INFORMATION

DISTRIBUTION STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	2023 **RMB million** **(unaudited)**	2022 RMB million (unaudited)
Loss for the period, before transactions with Unitholders attributable to Unitholders	**(438)**	(1,063)
Adjustments *(Note (i))*:		
Manager's fees	**41**	42
Deferred tax	**(3)**	(3)
Net unrealised exchange loss on bank loans and loan front-end fee	**252**	330
Net realised exchange gain on bank loans and loan front-end fee	**-**	18
Difference between cash and accounting finance cost	**4**	7
Other non-cash gain	**(3)**	(3)
	291	391
Total adjusted loss	**(147)**	(672)
Additional available amount *(Note (ii))*	**390**	1,026
Amount available for distribution	**243**	354
Payout ratio *(Note (iii))*	**90%**	90%
Additional amount to be distributed *(Note (ii))*	**219**	319
Distribution to unitholders	**219**	319
Distribution per unit *(RMB) (Note (iv))*	**0.0348**	0.0516

DISTRIBUTION STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2023 - continued

Notes:

(i) Adjustments for the period include:

(a) For the six months ended 30 June 2023, Manager's fees payable in units of RMB41 million (37,706,600 units estimated to be issued) out of the total Manager's fees of RMB58 million. The difference of RMB17 million is payable in cash.

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.

(b) For the six months ended 30 June 2023, deferred tax credit of RMB3 million (2022: RMB3 million) in relation to accelerated tax depreciation.

(c) Net unrealised exchange loss on bank loans and loan front-end fee of RMB252 million for the six months ended 30 June 2023 (2022: RMB330 million).

(d) 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.

(e) Adjustment of RMB4 million in respect of accounting finance costs less cash finance costs during the six months ended 30 June 2023 (2022: RMB7 million).

(f) Other non-cash gain of RMB3 million for the six months ended 30 June 2023 (2022: RMB3 million).

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

(ii) Pursuant to clause 11.4.1 of the Trust Deed, the Manager determined that an additional amount of RMB390 million be adjusted (2022: RMB1,026 million) to arrive at the amount available for distribution during the six months ended 30 June 2023, and additional amount to be distributed during the six months ended 30 June 2023 is RMB219 million (2022: RMB319 million).

(iii) In accordance with the Trust Deed, Hui Xian REIT (as defined in Note 1) is required to distribute to unitholders not less than 90% of its distributable income for each financial period. While Hui Xian REIT had an adjusted loss of RMB147 million for the six months ended 30 June 2023 (2022: RMB672 million), the Manager determined an amount of RMB243 million to be available for distribution for the period (2022: RMB354 million) as referred to in (ii) above.

Distributions to unitholders for the six months ended 30 June 2023 represent a payout ratio of 90% (2022: 90%) of such amount available for distribution for the period.

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

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	NOTES	**30.6.2023** **RMB million** **(unaudited)**	31.12.2022 RMB million (audited)
Non-current assets			
Investment properties	*13*	**27,346**	27,739
Property, plant and equipment	*14*	**2,012**	1,994
Right-of-use assets		**3,640**	3,759
Goodwill		**2**	2
Total non-current assets		**33,000**	33,494
Current assets			
Inventories		**20**	21
Trade and other receivables	*15*	**113**	126
Bank balances and cash		**4,823**	4,759
Total current assets		**4,956**	4,906
Total assets		**37,956**	38,400
Current liabilities			
Trade and other payables	*16*	**423**	472
Tenants' deposits		**202**	233
Tax payable		**57**	21
Manager's fee payable		**58**	56
Distribution payable		**219**	198
Bank loans	*17*	**2,763**	3,388
Total current liabilities		**3,722**	4,368
Total assets less current liabilities		**34,234**	34,032
Non-current liabilities, excluding net assets attributable to unitholders			
Bank loans	*17*	**5,333**	4,452
Tenants' deposits		**399**	393
Deferred tax liabilities		**6,210**	6,308
Total non-current liabilities, excluding net assets attributable to unitholders		**11,942**	11,153
Total liabilities, excluding net assets attributable to unitholders		**15,664**	15,521
Non-controlling interests		**136**	151
Net assets attributable to unitholders		**22,156**	22,728
Units in issue *('000)*		**6,286,793**	6,230,359
Net asset value per unit *(RMB)* attributable to unitholders	*18*	**3.5242**	3.6480

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

1. GENERAL INFORMATION

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

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

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

2. BASIS OF PREPARATION

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

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 2023 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022, 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 new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), for the first time, which are mandatorily effective for the annual period beginning on 1 January 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The application of the new and 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 Westin Residences (previously known as Sofitel Shenyang Lido), Shenyang, the PRC.
Hotels:	Operation of Grand Hyatt Beijing in Oriental Plaza, Beijing, the PRC, The Westin Shenyang (previously known as 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 2023 (unaudited)

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

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)

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, 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:

	30.6.2023 RMB million (unaudited)	31.12.2022 RMB million (audited)
Offices	**14,301**	14,423
Malls	**13,148**	13,475
Apartments	**2,023**	2,246
Hotels	**3,707**	3,504
Total segment assets	**33,179**	33,648
Unallocated bank balances and cash	**4,717**	4,682
Other assets	**60**	70
Consolidated total assets	**37,956**	38,400

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

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

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

(c) Geographical information

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

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

(d) Other segment information

Six months ended 30 June 2023 (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**	**-**	**1**	**8**	**10**	**145**	**155**
Additions to non-current assets	**1**	**16**	**1**	**107**	**125**	**-**	**125**

4. SEGMENT REPORTING - continued

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

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**

5. REVENUE

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

For the six months ended 30 June 2022 (unaudited)	Offices RMB million	Malls 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	-	-	-	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

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. 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 RMB5 million (2022: RMB3 million).

The direct operating expense from investment properties (includes mainly certain other operating expenses, certain Manager's fees and staff costs) amounting to RMB251 million (2022: RMB275 million).

6. OTHER INCOME

	2023 **RMB million** **(unaudited)**	2022 RMB million (unaudited)
Interest income from banks	**58**	69
Others	**5**	3
Total	**63**	72

7. OTHER OPERATING EXPENSES

	2023 **RMB million** **(unaudited)**	2022 RMB million (unaudited)
Advertising and promotion	**11**	8
Audit fee	**1**	1
Insurance	**3**	3
Lease agency fee	**9**	8
Property manager's fee	**28**	31
Property management fees	**36**	31
Repairs and maintenance	**29**	34
Other miscellaneous expenses *(note)*	**69**	63
Stamp duty	**1**	1
Urban land use tax	**2**	2
Urban real estate tax	**113**	124
Utilities	**43**	38
Value added tax surcharges	**5**	6
Loss on disposal of property, plant and equipment	**11**	12
	361	362

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

8. FINANCE COSTS, INCLUDING EXCHANGE DIFFERENCES

	2023	2022
	RMB million	RMB million
	(unaudited)	(unaudited)
Net unrealised exchange loss on bank loans and loan front-end fee	**252**	330
Net realised exchange gain on bank loans and loan front-end fee arising on settlement	**-**	(3)
Interest expense on unsecured bank loans	**186**	61
	438	388

9. MANAGER'S FEES

	2023	2022
	RMB million	RMB million
	(unaudited)	(unaudited)
Base Fee	**51**	53
Variable Fee	**7**	8
	58	61

10. REAL ESTATE INVESTMENT TRUST EXPENSES

	2023	2022
	RMB million	RMB million
	(unaudited)	(unaudited)
Trustee's fee	**2**	2
Legal and professional fees	**1**	1
Trust administrative expenses and others	**2**	1
	5	4

11. INCOME TAX EXPENSE (CREDIT)

	2023	2022
	RMB million	RMB million
	(unaudited)	(unaudited)
The income tax expense (credit) comprises:		
Current tax		
- PRC Enterprise Income Tax	**148**	143
- Withholding tax	**41**	-
Deferred taxation	**(106)**	(257)
	83	(114)

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 operating in Chongqing which was granted a concessionary tax rate of 15% by the local tax bureau following the Catalogue of Encouraged Industries in Western Region which was promulgated by the National Development and Reform Commission of the PRC in 2014.

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

12. LOSS PER UNIT

The loss per unit for the six months ended 30 June 2023 is calculated by dividing the loss for the period attributable to unitholders before transactions with unitholders of RMB438 million (2022: RMB1,063 million) by the weighted average of 6,264,599,646 (2022: 6,163,087,794) units in issue during the period, taking into account the units issuable as Manager’s fee for its service for the period.

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

13. INVESTMENT PROPERTIES

	30.6.2023 **RMB million** **(unaudited)**	31.12.2022 RMB million (audited)
FAIR VALUE		
At the beginning of the period/year	**27,739**	29,127
Additions	**17**	11
Transferred from property, plant and equipment	**9**	1
Transferred from right-of-use assets	**62**	4
Decrease in fair value recognised in profit or loss	**(481)**	(1,404)
At the end of the period/year	**27,346**	27,739

(a) The Group's investment properties 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 2023 and 31 December 2022 by Kroll (HK) Limited and Knight Frank Petty Limited respectively, independent professional valuers 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 2023, the Group acquired property, plant and equipment of RMB108 million (six months ended 30 June 2022: RMB102 million).

Items of buildings with carrying value of RMB9 million were transferred to investment properties during the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

Items of plant and equipment with a carrying value of RMB11 million were disposed of during the six months ended 30 June 2023 (six months ended 30 June 2022: RMB12 million).

15. TRADE AND OTHER RECEIVABLES

	30.6.2023 RMB million (unaudited)	31.12.2022 RMB million (audited)
Trade receivables	**35**	37
Deposits and prepayments	**8**	17
Advance to suppliers	**6**	8
Interest receivables	**29**	31
Other receivables	**35**	33
	113	126

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

	30.6.2023 RMB million (unaudited)	31.12.2022 RMB million (audited)
Less than or equal to 1 month	**16**	23
1 - 3 months	**8**	10
Over 3 months	**11**	4
	35	37

16. TRADE AND OTHER PAYABLES

	30.6.2023 RMB million (unaudited)	31.12.2022 RMB million (audited)
Trade payables	**105**	146
Receipts in advance *(Note (i))*	**179**	193
Others *(Note (ii))*	**139**	133
	423	472

16. TRADE AND OTHER PAYABLES - continued

Notes:

(i) Included in receipts in advance were contract liabilities amounting to RMB55 million as at 30 June 2023 (31 December 2022: RMB56 million), which were related to advance receipts from customers under hotels segment, and ancillary services provided in malls, offices and apartments segments.

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

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

	30.6.2023 RMB million (unaudited)	31.12.2022 RMB million (audited)
Less than or equal to 3 months	**58**	92
Over 3 months	**47**	54
	105	146

17. BANK LOANS

	30.6.2023 RMB million (unaudited)	31.12.2022 RMB million (audited)
Unsecured term loans	**8,113**	7,861
Loan front-end fees	**(17)**	(21)
	8,096	7,840

The maturities of the above bank loans are as follows:

Within one year	**2,763**	3,388
More than one year but not exceeding two years	**4,599**	3,740
More than two years but not exceeding five years	**734**	712
	8,096	7,840
Less: Amounts shown under current liabilities	**(2,763)**	(3,388)
Amounts due after one year	**5,333**	4,452

The credit facility of HK$800 million granted to the Group in April 2020 was renewed on 2 May 2023 upon its expiry. The total amount of such credit facility utilised by the Group as at 30 June 2023 was HK$800 million (equivalent to RMB738 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 April 2026.

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

FINANCIAL INFORMATION

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 2023 of RMB22,156 million (31 December 2022: RMB22,728 million) and the total number of 6,286,793,211 units in issue as at 30 June 2023 (31 December 2022: 6,230,359,272 units).

19. EVENT AFTER THE REPORTING PERIOD

On 18 July 2023, the Group made an early repayment of bank loan of HK$1,500 million and an exchange loss of approximately RMB193 million upon the settlement is realised in the consolidated financial statements of Hui Xian REIT. Such exchange loss will be taken into account as a deduction in the calculation of the amount available for distribution to the unitholders of Hui Xian REIT for the year ending 31 December 2023.