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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

ANNUAL RESULTS ANNOUNCEMENT FOR THE PERIOD FROM 1 JANUARY 2023 TO 31 DECEMBER 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 ESR Group Limited.

The annual results of Hui Xian REIT and its special purpose vehicles for the period from 1 January 2023 to 31 December 2023 are as follows:

CHAIRMAN'S STATEMENT

Distribution Dropped Despite an Improvement in Net Property Income

2023 was another turbulent year for the world economy. The aftereffects of the COVID-19 pandemic persisted. Many new and ongoing challenges, such as geopolitical tensions, soaring interest rates, high inflation and climate disasters also impeded a global economic recovery.

Lingering Effects of COVID-19 Pandemic
The three-year COVID-19 pandemic plunged the world economy into a contraction. Although the end of the pandemic was declared in 2023, its lingering effects continued to hinder a broad economic recovery.

Geopolitical Tensions and Climate Disasters
Wars and rising geopolitical tensions, escalating geoeconomic fragmentation as well as climate disasters continued to pose significant risks to the global economy.

Soaring Interest Rates
Since the second half of 2022, major central banks had unleashed the steepest series of interest rate increases in decades to contain inflation. Interest rates kept surging in 2023, exerting immense pressure on various sectors. Elevated borrowing costs amplified their fragilities.

Weak Global Economy
During 2023, the global economic landscape was clouded by uncertainty. The risks of global trade fragmentation increased significantly. According to the World Bank's "Global Economic Prospects" report (January 2024), global growth decelerated from 3.0% in 2022 to 2.6% in 2023.

China's Road to Recovery Bumpier than Expected
After the lifting of its anti-pandemic measures in late 2022, China's economy started to show signs of recovery. However, turmoil in the global economy and volatility of RMB exchange rate paved the road to economic recovery with obstacles. Against the Hong Kong Dollar, the RMB exchange rate as at 29 December 2023 was 1:0.90622*, representing a depreciation of 1.4% year-on-year.

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

Another Challenging Year for Hui Xian REIT
2023 was another challenging year for Hui Xian REIT. Despite an increase in net property income ("**NPI**") of RMB68 million, the combined effect of an increase of RMB193 million in interest expenses and a realised exchange loss of RMB190 million negated the NPI growth, leading to a reduction in 2023's distributions.

(1) NPI increased RMB68 million
While the pace of recovery for Hui Xian REIT's leasing business was slower than expected, its hotel portfolio experienced a rebound during 2023, leading to a year-on-year increase of total revenue and NPI.

Despite the challenging conditions faced by China's property sector, Hui Xian REIT's revenue increased from RMB2,202 million in 2022 to RMB2,345 million in 2023, an increase of RMB143 million. NPI increased from RMB1,300 million in 2022 to RMB1,368 million in 2023, an increase of RMB68 million.

	1 Jan – 31 Dec 2023	1 Jan – 31 Dec 2022	YoY Increase	Percentage Increase
Total Revenue *(RMB million)*	2,345	2,202	+143	+6.5%
Net Property Income *(RMB million)*	1,368	1,300	+68	+5.3%

(2) Interest Expenses Increased RMB193 million
High inflation in many countries has prompted the most aggressive interest rate hike cycle in decades. Global interest rates kept surging since the second half of 2022 and stayed at a high level throughout 2023. Rising interest expenses became a top concern.

Hui Xian REIT's debts are denominated in Hong Kong Dollar and are linked to the Hong Kong Interbank Offered Rate ("**HIBOR**") which had increased substantially over the year. As at 31 January 2023, 1-month HIBOR was 2.7057%. On 29 November 2023, 1-month HIBOR was 5.6595%, hitting its highest level since 2007. The average rate between July and December 2023 was around 5.0%.

Consequently, Hui Xian REIT's interest expenses increased from RMB206 million in 2022 to RMB399 million in 2023, an increase of RMB193 million. Interest expenses were one of the major expenses for Hui Xian REIT.

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

(3) Realised Exchange Loss of RMB190 million

Hui Xian REIT's revenue is in RMB while debts are denominated in Hong Kong Dollar. Its distributions are sensitive to RMB exchange rate movements when there is a loan repayment. A realised exchange loss of approximately RMB190 million was incurred in 2023 in relation to loan repayment and settlement. As a comparison, a realised exchange gain of RMB22 million was recorded in 2022.

Full Year DPU Decreased by 56.7% Year-on-Year

In 2023, certain treasury items, particularly the increase in interest expenses and a realised exchange loss, exceeded the NPI increase, leading to a year-on-year decrease in distributions.

Total Amount Available for Distribution for 2023 was RMB227 million (2022: RMB575 million).

Distributions to Unitholders for 2023 was RMB227 million at a payout ratio of 100%, compared to RMB517 million at a payout ratio of 90% for 2022. Distribution per unit ("**DPU**") for 2023 was RMB0.0361 (2022: RMB0.0834).

The above treasury items had a larger impact on the second half of 2023. Final distribution per unit ("**final DPU**") for the six months ended 31 December 2023 was RMB0.0013 (2022: RMB:0.0318). The final DPU will be paid on 28 May 2024, Tuesday to Unitholders whose names appear on the Register of Unitholders of Hui Xian REIT on 27 March 2024, Wednesday.

	1 Jan – 31 Dec 2023	**1 Jan – 31 Dec 2022**	**YoY Variance**	**Percentage Change**
Net Property Income *(RMB million)*	1,368	1,300	+68	+5.3%
Amount Available for Distribution *(RMB million)*	227	575	-348	-60.5%
Distributions to Unitholders *(RMB million)*	227	517	-290	-56.1%
Distribution per Unit *(RMB)*	0.0361	0.0834	-0.0473	-56.7%

NPI Improved by 5.3%, Driven by 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.

Hui Xian REIT's NPI increased from RMB1,300 million in 2022 to RMB1,368 million in 2023, an increase of 5.3% year-on-year. The increase was attributed to a higher contribution from the hotel portfolio as pent-up demand for domestic travel was unleashed after the pandemic.

Hotel Portfolio – A Visible Recovery

2023 marked a turning point for China's hotel industry after three devastating years of the pandemic. China's domestic tourism market started to rebound after the pandemic and travel restrictions were removed.

According to the Chinese Ministry of Culture and Tourism, the number of domestic trips taken in 2023 increased 93% year-on-year and domestic travel spending increased 140% year-on-year.

International travel was still in the initial stage of recovery as the frequency of international flights to and from China had not fully returned to the pre-pandemic levels. According to China's National Immigration Administration, the number of inbound visits was 210 million in 2023, 63% of the pre-pandemic figure in 2019.

Hui Xian REIT's hotel portfolio comprises four international chain hotels in four key cities in China. Occupancy and room rates of all four hotels witnessed a notable improvement during 2023. Revenue rose to approximately 80% of 2019's pre-pandemic level. The NPI was RMB34 million, an increase of RMB132 million as compared to a negative NPI of RMB98 million in 2022.

Sheraton Chengdu Lido Hotel – Room Rate Increased by 34%

Chengdu's domestic business and leisure travel recovered quickly during 2023.

The average occupancy rate at Sheraton Chengdu Lido Hotel increased from 39.5% in 2022 to 64.6% in 2023. Average room rate per night increased from RMB433 in 2022 to RMB579 in 2023, an increase of 33.7% year-on-year.

Hyatt Regency Metropolitan Chongqing – Occupancy Increased by 32 percentage points

Chongqing is a popular travel destination and its domestic tourism industry showed signs of a strong recovery during 2023.

At Hyatt Regency Metropolitan Chongqing, the average occupancy rate increased from 43.1% in 2022 to 75.5% in 2023. Average room rate per night increased from RMB535 in 2022 to RMB668 in 2023.

Grand Hyatt Beijing – Room Rate Increased by 62%, Exceeding Pre-Pandemic Levels

While international travel was constrained by the limited international flights, Beijing's domestic travel has staged a recovery since the second quarter of 2023.

Grand Hyatt Beijing's average occupancy rate increased from 16.5% in 2022 to 42.0% in 2023. Average room rate per night increased 62.0% from RMB981 in 2022 to RMB1,589 in 2023, exceeding the 2019 pre-pandemic level of RMB1,271.

The Westin Shenyang – Introducing The Westin Brand to Shenyang

The Manager signed an agreement with Marriott International to introduce 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 ten months after the rebranding. Average occupancy rate increased from 31.1% in 2022 to 51.6% in 2023. Average room rate per night increased from RMB449 in 2022 to RMB557 in 2023.

Retail Portfolio – Post-COVID Recovery Slower than Expected

During 2023, consumers in China were still wary of spending due to the uncertain macroeconomic environment. A weak real estate market and stock market also weighed on consumer spending.

Many retailers in China had suffered severe business disruptions and a sharp downturn in revenue during the pandemic. Retail shops faced cash flow and supply chain issues, as well as keen competition from online shopping. Some brands were forced to reduce their number of stores or terminate their leases before expiration. Retailers were taking a cautious approach towards lease renewal, let alone 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 2023 was RMB473 million (2022: RMB522 million).

At The Malls at Beijing Oriental Plaza, average occupancy rate was 91.7% (2022: 93.6%). Average monthly passing rent was RMB724 (2022: RMB750) per square metre. During 2023, new lease and renewal terms were mostly concluded at negative reversion rates, continuing to impact The Malls financially.

The Mall at Chongqing Metropolitan Oriental Plaza continued its comprehensive asset enhancement programme, impacting occupancy rate and rental income.

Office Portfolio – Uncertain Global Outlook Weighs on Leasing Market
Throughout 2023, the office leasing market remained weak. Corporations remained cost-conscious and hesitant to commit to leases as uncertainty permeated the business environment.

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 shifts continued to steer corporate decision-making and hinder demand for office space moving forward.

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 2023, the NPI was RMB779 million (2022: RMB793 million).

In Beijing, leasing demand for office space did not see a notable improvement as the market continued to witness a substantial influx of new office stock. The overall new supply of Grade A office in Beijing in 2023 increased approximately 2.8 times over 2022. Vacancy rates increased to 20.4%[1] in the last quarter of 2023, the highest in 13 years.

At The Tower Offices at Beijing Oriental Plaza, the average monthly passing rent was RMB267 (2022: RMB265) per square metre. The average occupancy rate was 85.4% (2022: 87.8%).

In Chongqing, office leasing demand remained weak. Vacancy rate was 32.6%[2] in the last quarter of 2023. Pressured by higher vacancy rates, landlords continued to offer competitive leasing incentives. At The Tower at Chongqing Metropolitan Oriental Plaza, average occupancy rate was 80.6% (2022: 79.2%), and average monthly passing rent was RMB89 (2022: RMB93) per square metre.

Sources:
1. Savills Research, "Market in Minutes – Beijing Office", January 2024
2 . Cushman & Wakefield, "2023年重慶商業及物流地產市場回顧與展望" , January 2024

Serviced Apartment Portfolio – Domestic Market Remained the Key Demand Driver
Similar to the dynamics in the hotel industry, the domestic market has remained the key demand driver for serviced apartment leasing in China. New expatriate arrivals have not returned to pre-pandemic levels.

During 2023, the NPI of Hui Xian REIT's serviced apartment portfolio was RMB82 million (2022: RMB83 million). Average occupancy rates of The Tower Apartments at Beijing Oriental Plaza and The Westin Residences Shenyang were 83.8% (2022: 81.4%) and 45.6% (2022: 50.7%) respectively.

Financial Position
Hui Xian REIT's total debt was reduced from RMB7,840 million as at 31 December 2022 to RMB6,601 million as at 31 December 2023.

Debts to gross asset value ratio was down from 20.4% as at 31 December 2022 to 18.2% as at 31 December 2023. Bank balances and cash on hand decreased from RMB4,759 million as at 31 December 2022 to RMB3,470 million as at 31 December 2023.

In spite of a relatively low gearing ratio, Hui Xian REIT's financial position was affected by elevated interest rates and RMB exchange rate volatility.

Hui Xian REIT's debts are denominated in Hong Kong Dollar and are linked to HIBOR, which has increased substantially over the year and stayed at a high level throughout 2023. 1-month HIBOR was 2.7057% as at 31 January 2023 while it was 5.2681% as at 29 December 2023. Interest expenses increased from RMB206 million in 2022 to RMB399 million in 2023, an increase of 94% year-on-year.

A realised exchange loss of approximately RMB190 million was incurred in 2023, compared to a realised exchange gain of RMB22 million in 2022.

Outlook – Recovery Trajectory Remains Uncertain

In 2024, the global economy is expected to face the challenges that persisted throughout 2023. The lingering effects of the pandemic, ongoing geopolitical tensions, escalating geoeconomic fragmentation, and rising scale of climate disasters will continue to pose significant risks to the world economy.

As we entered 2024, the financial landscape continued to be dominated by high interest rates and persistent inflation. The higher-for-longer interest rate environment will continue to put pressure on corporations. According to the World Bank, global economic growth in 2024 is projected to slow for a third consecutive year, dipping to 2.4% from 2.6% in 2023. This would mark the weakest half-decade of GDP growth in 30 years.

The Chinese economy is in recovery mode with anticipation of some bumps ahead. The government is expected to roll out fresh stimulus policies to further boost consumer sentiment and facilitate the nascent economic recovery.

Looking ahead, Hui Xian REIT's hotel portfolio will likely continue to benefit from a strong rebound in domestic tourism and the business could return to pre-pandemic levels by the end of 2024.

Cognizant of some difficulties ahead, the leasing business of the retail, office and serviced apartment portfolio is expected to continue making steady progress toward recovery.

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.

H L KAM
Chairman
Hui Xian Asset Management Limited
(as manager of Hui Xian Real Estate Investment Trust)
Hong Kong, 8 March 2024

MANAGEMENT DISCUSSION AND ANALYSIS

PORTFOLIO HIGHLIGHTS

As at 31 December 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 重慶東廣大都會酒店有限公司(Chongqing Oriental Plaza Metropolitan Hotel Co. Ltd. #), which holds the land use rights and building ownership rights of **Hyatt Regency Metropolitan Chongqing** (formerly known as 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

Hotel Portfolio
Following the removal of anti-pandemic measures and travel restrictions, China saw a rebound in domestic travel. According to the Chinese Ministiry of Culture and Tourism, the number of China's domestic travel trips in 2023 were 4.9 billion, an increase of 93.3% year-on-year. Domestic travel spending was over RMB4.9 trillion, up by 140% year-on-year.

China's hotel industry remained heavily relied on domestic travel. International travel was still in the early 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, including 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 Metropolitan Chongqing, The Westin Shenyang (70% interest), and Sheraton Chengdu Lido Hotel (69% interest).

All four hotels witnessed significant improvement in their occupancy and room rates during 2023. Revenue was RMB390 million (2022: RMB166 million), and NPI was RMB34 million (2022: negative RMB98 million).

(i) Sheraton Chengdu Lido Hotel (69% interest)
Chengdu's business and leisure travel recovered quickly during 2023 after the removal of anti-pandemic measures.

Sheraton Chengdu Lido Hotel's average occupancy was increased to 64.6% in 2023 (2022: 39.5%); average room rate per night was RMB579 (2022: RMB433).

(ii) Hyatt Regency Metropolitan Chongqing
Chongqing is a popular domestic tourism city. During 2023, the average occupancy rate of Hyatt Regency Metropolitan Chongqing was increased to 75.5% (2022: 43.1%), and average room rate per night was RMB668 (2022: RMB535).

(iii) Grand Hyatt Beijing
Grand Hyatt Beijing'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.

During 2023, the hotel's average occupancy rate was 42.0% (2022: 16.5%). Average room rate per night increased by 62.0% year-on-year to RMB1,589 (2022: RMB981). The 2023's room rate also surpassed the pre-pandemic level of RMB1,271 in 2019.

(iv) The Westin Shenyang (70% interest)
Hui Xian REIT's hotel in Shenyang has been rebranded as The Westin Shenyang in March 2023 (formerly known as Sofitel Shenyang Lido) under the management of Marriott International. Average occupancy rate increased to 51.6% (2022: 31.1%), and average room rate per night was RMB557 (2022: RMB449).

Retail Portfolio
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; they together provide about 222,000 square metres of retail space.

During 2023, revenue was RMB720 million (2022: RMB779 million) and NPI was RMB473 million (2022: RMB522 million).

(i) The Malls at Beijing Oriental Plaza
During 2023, revenue of The Malls at Beijing Oriental Plaza was RMB698 million (2022: RMB725 million) and NPI was RMB497 million (2022: RMB526 million). Average monthly passing rent was RMB724 (2022: RMB750) per square metre. Average occupancy rate was 91.7% (2022: 93.6%).

(ii) The Mall at Chongqing Metropolitan Oriental Plaza
The Mall at Chongqing Metropolitan Oriental Plaza continued its comprehensive asset enhancement programme, and its occupancy and rental income were inevitably affected. Average occupancy rate was 37.2% (2022: 64.4%); and average monthly passing rent was RMB56 (2022: RMB114) per square metre.

Office Portfolio
In 2023, many corporations in China have remained cost cautious in the face of an uncertain global economic recovery. The wider adoption of work-from-home and hybrid work mode also affected leasing demand. Leasing momentum during 2023 has stayed relatively subdued, in turn exerting further pressure on the rental and occupancy levels.

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 RMB1,066 million (2022: RMB1,086 million) and NPI was RMB779 million (2022: RMB793 million).

(i) The Tower Offices at Beijing Oriental Plaza
Expectations of slower economic recovery and conservative business expansion plans had led to sluggish leasing demand for office space in Beijing. During 2023, Beijing's office market saw substantial new supply. Many new projects originally scheduled to enter the market in late 2022 have been delayed until 2023/4 due to the pandemic.

Vacancy rate in Beijing continued to increase in 2023. Over one-fifth[1] of Grade A office buildings in the capital city were vacant as at the end of 2023, the highest vacancy rate in 13 years.

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

During 2023, revenue of The Tower Offices was RMB1,021 million (2022: RMB1,040 million). NPI was RMB754 million (2022: RMB767 million). Average occupancy rate was 85.4% (2022: 87.8%). Average monthly passing rent was RMB267 (2022: RMB265) per square metre while average monthly spot rent was RMB250 (2022: RMB293) per square metre.

(ii) The Tower at Chongqing Metropolitan Oriental Plaza
Chongqing's office vacancy rate was 32.6%[2] in the last quarter of 2023. New leasing demand was weak, largely due to the uncertain business environment.

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

During 2023, revenue was RMB45 million (2022: RMB46 million) and NPI was RMB25 million (2022: RMB26 million). Average occupancy rate was 80.6% (2022: 79.2%). Average monthly passing rent was RMB89 (2022: RMB93) per square metre, while average monthly spot rent was RMB85 (2022: RMB90) per square metre.

Sources:
1. Savills Research, "Market in Minutes – Beijing Office", January 2024
2. Cushman & Wakefield, "2023年重慶商業及物流地產市場回顧與展望 , January 2024

Serviced Apartment Portfolio
During 2023, revenue of Hui Xian REIT's serviced apartment portfolio was RMB169 million (2022: RMB171 million); and NPI was RMB82 million (2022: RMB83 million). Average occupancy rates of The Tower Apartments at Beijing Oriental Plaza was 83.8% (2022: 81.4%). At The Westin Residences Shenyang (formerly known as The Residences at Sofitel Shenyang Lido), average occupancy rate was 45.6% (2022: 50.7%).

FINANCIAL REVIEW

Net Property Income
The net property income was RMB1,368 million for the year ended 31 December 2023.

Distributions
Distribution Amount
Hui Xian REIT will distribute a total of RMB8 million ("**2023 Final Distribution**") to Unitholders for the period from 1 July 2023 to 31 December 2023. The 2023 Final Distribution which will be paid in RMB represents 100% of Hui Xian REIT's total amount available for distribution during the period from 1 January 2023 to 31 December 2023, less interim distribution of RMB219 million which has been distributed to Unitholders of Hui Xian REIT on 27 September 2023 for the period from 1 January 2023 to 30 June 2023. In total, Hui Xian REIT will distribute a total of RMB227 million to Unitholders for the year ended 31 December 2023. The distribution amount includes certain profit elements in the capital nature of Hui Xian REIT. The amount of capital nature items is RMB227 million (2022: RMB517 million).

Distribution per Unit
The final DPU for the period from 1 July 2023 to 31 December 2023 is RMB0.0013 based on the number of outstanding Units on 31 December 2023. Together with the interim DPU of RMB0.0348, Hui Xian REIT provides a total DPU of RMB0.0361 for the year ended 31 December 2023.

Closure of Register of Unitholders
The record date for the 2023 Final Distribution will be 27 March 2024, Wednesday ("**Record Date**"). The Register of Unitholders will be closed from 25 March 2024, Monday to 27 March 2024, Wednesday, both days inclusive, during which period no transfer of Units will be registered. The final distribution is expected to be payable on 28 May 2024, Tuesday, to Unitholders whose names appear on the Register of Unitholders on the Record Date.

In order to qualify for the 2023 Final 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 22 March 2024, Friday.

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

Debt Positions
In May 2023, Hui Xian Investment Limited ("**Hui Xian Investment**") 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.

In July 2023, Hui Xian Investment partially prepaid HK$1,500 million of an unsecured 3-year revolving loan which was drawn down in November 2020. In November 2023, Hui Xian Investment Limited drew down an unsecured 3-year term loan of HK$1,500 million offered by The Bank of East Asia, Limited, Bank of China (Hong Kong) Limited , DBS Bank (Hong Kong) Limited and China Construction Bank (Asia) Corporation Limited . The purpose of the facility was to refinance the outstanding balance of the existing credit facility granted in November 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 31 December 2023, Hui Xian REIT's total debts amounted to RMB6,601 million (31 December 2022: RMB7,840 million). Based on Hui Xian REIT's net assets attributable to Unitholders of RMB22,084 million as at 31 December 2023 (31 December 2022: RMB22,728 million), Hui Xian REIT's debts to net asset value ratio decreased to 29.9% (31 December 2022: 34.5%). Meanwhile, the debts to gross asset value ratio was 18.2% as at 31 December 2023 (31 December 2022: 20.4%).

Bank Balances and Asset Positions
As at 31 December 2023, Hui Xian REIT's bank balances and cash amounted to RMB3,470 million (31 December 2022: RMB4,759 million). The bank balances and cash are mainly denominated in RMB. No currency hedge was employed as at the year end date.

Pursuant to the requirements of the Code on Real Estate Investment Trusts ("**REIT Code**"), Knight Frank Petty Limited 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 31 December 2023.

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

Kroll valued the eight blocks of office towers, the shopping centre and car parking spaces at RMB24,651 million as at 31 December 2023 (31 December 2022: RMB25,058 million), translating into a decrease of 1.6% over the valuation as of 31 December 2022. The hotel and serviced apartment premises were valued at RMB4,610 million as at 31 December 2023 (31 December 2022: RMB4,845 million). The total valuation of Beijing Oriental Plaza was RMB29,261 million (31 December 2022: RMB29,903 million), while the total gross property value of the properties was RMB28,756 million as at 31 December 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 31 December 2023, the shopping centre, office building and car parking spaces were valued by Kroll at RMB2,480 million (31 December 2022: RMB2,840 million). Gross property value of the properties as at 31 December 2023 was RMB2,450 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 Metropolitan Chongqing (previously known as Hyatt Regency Liberation Square Chongqing), a 38-storey hotel tower of 52,238 square metre. It is adjacent to Chongqing Metropolitan Oriental Plaza.

Kroll valued the hotel premises of Hyatt Regency Metropolitan Chongqing at RMB405 million as at 31 December 2023 (31 December 2022: RMB446 million). Gross property value of hotel premises as at 31 December 2023 was RMB272 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.

Kroll valued the hotel premises of Sheraton Chengdu Lido Hotel at RMB583 million as at 31 December 2023 (31 December 2022: RMB622 million). Gross property value of hotel premises as at 31 December 2023 was RMB532 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.

Kroll valued the hotel and serviced apartment premises of Shenyang Lido at RMB673 million as at 31 December 2023 (31 December 2022: RMB709 million). Gross property value of the hotel and serviced apartment premises as at 31 December 2023 was RMB509 million (31 December 2022: RMB494 million).

Net Assets Attributable to Unitholders
As at 31 December 2023, net assets attributable to Unitholders amounted to RMB22,084 million (31 December 2022: RMB22,728 million) or RMB3.4762 per Unit, representing a 282.0% premium to the closing unit price of RMB0.91 on 29 December 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 has not pledged 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 31 December 2023, except for capital commitment in respect of the asset enhancement programmes for Grand Hyatt Beijing, Sheraton Chengdu Lido Hotel and Chongqing Metropolitan Oriental Plaza, Hui Xian REIT did not have any significant commitments.

Employees
As at 31 December 2023, Hui Xian REIT, by subsidiaries and through its branches, employed a total of 866 employees in Hong Kong and the PRC, of which 837 employees performed hotel operation functions and services, and 29 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 31 December 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 12 months ended 31 December 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 Annual Results
The annual results of Hui Xian REIT for the year ended 31 December 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 year ended 31 December 2023, (i) an aggregate of 82,688,030 new Units were issued to the Manager as payment of part of the manager's fees; and (ii) an aggregate of 40,052,450 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 and the interim distribution for the period from 1 January 2023 to 30 June 2023.

The total number of Units in issue as at 31 December 2023 was 6,353,099,752 Units.

Corporate Social Responsibility
The Manager recognises the importance of corporate social responsibility and will continue to commit appropriate resources to meet the environmental, social and governance standards and requirements in the day-to-day operations of Hui Xian REIT's properties. Detailed information in these areas will be published in the Annual Report of Hui Xian REIT for the year ended 31 December 2023.

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 year ended 31 December 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 31 December 2023.

Issuance of the Annual Report 2023

The annual report of Hui Xian REIT for the year ended 31 December 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, who have elected for hard copies, on or before 30 April 2024.

Annual General Meeting of Unitholders

The 2024 annual general meeting of Hui Xian REIT will be held on or around 24 May 2024, Friday, notice of which will be published and given to Unitholders in due course.

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, 8 March 2024

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

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTES	**2023** **RMB million**	2022 RMB million
Revenue	5	**2,345**	2,202
Other income	6	**105**	136
Decrease in fair value of investment properties	13	**(865)**	(1,404)
Inventories consumed		**(29)**	(19)
Staff costs		**(137)**	(116)
Depreciation		**(313)**	(370)
Other operating expenses	7	**(796)**	(754)
Finance costs, including exchange differences	8	**(537)**	(867)
Manager's fees	9	**(113)**	(117)
Real estate investment trust expenses	10	**(13)**	(10)
Loss before taxation and transactions with unitholders		**(353)**	(1,319)
Income tax expense	11	**(234)**	(42)
Loss for the year, before transactions with unitholders		**(587)**	(1,361)
Distributions to unitholders		**(227)**	(517)
Loss for the year, after transactions with unitholders		**(814)**	(1,878)
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**	1
Total comprehensive expense for the year, after transactions with unitholders		**(791)**	(1,877)
Loss for the year, before transactions with unitholders attributable to:			
Non-controlling interests		**(25)**	(54)
Unitholders		**(562)**	(1,307)
		(587)	(1,361)
Total comprehensive expense for the year, after transactions with unitholders attributable to:			
Non-controlling interests		**(25)**	(54)
Unitholders		**(766)**	(1,823)
		(791)	(1,877)
Basic loss per unit *(RMB)*	12	**(0.0893)**	(0.2112)

FINANCIAL INFORMATION

DISTRIBUTION STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 RMB million	2022 RMB million
Loss for the year, before transactions with unitholders	**(587)**	(1,361)
Less: loss for the year attributable to non-controlling interests	**25**	54
Loss for the year attributable to unitholders, before transactions with unitholders	**(562)**	(1,307)
Adjustments *(Note (i))*:		
Manager's fees	**82**	85
Deferred tax	**(6)**	(6)
Net unrealised exchange loss on bank loans and loan front-end fee	**94**	665
Net realised exchange (loss) gain on bank loans and loan front-end fee	**(146)**	18
Difference between cash and accounting finance costs	**6**	14
Other non-cash gain	**(1)**	(7)
	29	769
Total adjusted loss	**(533)**	(538)
Additional available amount *(Note (ii))*:	**760**	1,113
Amount available for distribution	**227**	575
Payout ratio *(Note (iii))*	**100%**	90%
Additional amount distributed (*Note (ii)*)	**227**	517
Distributions to unitholders *(Note (iv))*		
- Interim distribution paid	**219**	319
- Final distribution payable	**8**	198
	227	517
Distribution per unit *(RMB) (Note (iv))*		
Interim distribution per unit	**0.0348**	0.0516
Final distribution per unit	**0.0013**	0.0318
	0.0361	0.0834

Notes:

(i) Adjustments for the year include:

(a) For the year ended 31 December 2023, Manager's fees paid and payable in units of RMB82 million (44,750,691 units issued and 46,612,168 units estimated to be issued) out of the total Manager's fees of RMB113 million. The difference of RMB31 million is paid or payable in cash.

For the year ended 31 December 2022, Manager's fees paid and payable in units of RMB85 million (49,278,288 units issued and 40,349,729 units estimated to be issued) out of the total Manager's fees of RMB117 million. The difference of RMB32 million is paid or payable in cash.

(b) For the year ended 31 December 2023, deferred tax credit of RMB6 million (2022: RMB6 million) in relation to accelerated tax depreciation.

(c) Net unrealised exchange loss on bank loans and loan front-end fee of RMB94 million for the year ended 31 December 2023 (2022: RMB665 million).

(d) Accumulated net unrealised exchange loss of RMB146 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 year ended 31 December 2023 (2022: Net realised exchange gain on bank loans and loan front-end fee of RMB18 million).

(e) Adjustment of RMB6 million in respect of accounting finance costs less cash finance costs during the year ended 31 December 2023 (2022: RMB14 million).

(f) Other non-cash gain of RMB1 million for the year ended 31 December 2023 (2022: RMB7 million).

Pursuant to the Trust Deed (as defined in Note 1), 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 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 year.

Notes: - continued

(ii) Pursuant to clause 11.4.2 of the Trust Deed, the Manager determined that an amount of RMB760 million be available for addition (2022: RMB1,113 million) to arrive at the amount available for distribution during the year ended 31 December 2023 and additional amount distributed during the year ended 31 December 2023 is RMB227 million (2022: RMB517 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 annual distributable income for each financial year. While Hui Xian REIT had an adjusted loss of RMB533 million for the year ended 31 December 2023 (2022: RMB538 million), the Manager determined an amount of RMB227 million to be available for distribution for the year (2022: RMB575 million) as referred to in Note (ii) above.

Distributions to unitholders for the year ended 31 December 2023 represent a payout ratio of 100% (2022: 90%) of such amount available for distribution for the year.

(iv) The interim distribution per unit of RMB0.0348 for the six months ended 30 June 2023, paid on 27 September 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 final distribution per unit is RMB0.0013 for the six months ended 31 December 2023, payable on 28 or around May 2024, is calculated based on 100% of Hui Xian REIT's amount available for distribution for the year of RMB226,816,329, less distribution to unitholders for the six months ended 30 June 2023, over 6,353,099,752 units, representing issued units as at 31 December 2023.

The interim distribution per unit of RMB0.0516 for the six months ended 30 June 2022, paid on 28 September 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 final distribution per unit of RMB0.0318 for the six months ended 31 December 2022, paid on 15 May 2023, is calculated based on 90% of Hui Xian REIT's amount available for distribution for the year of RMB574,849,238, less distribution to unitholders for the six months ended 30 June 2022, over 6,230,359,272 units, representing issued units as at 31 December 2022.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	NOTES	**2023** **RMB million**	2022 RMB million
Non-current assets			
Investment properties	13	**27,057**	27,739
Property, plant and equipment	14	**2,050**	1,994
Right-of-use assets	15	**3,547**	3,759
Goodwill		**2**	2
Total non-current assets		**32,656**	33,494
Current assets			
Inventories		**18**	21
Trade and other receivables	16	**116**	126
Bank balances and cash		**3,470**	4,759
Total current assets		**3,604**	4,906
Total assets		**36,260**	38,400
Current liabilities			
Trade and other payables	17	**546**	472
Tenants' deposits		**224**	233
Tax payable		**8**	21
Manager's fee payable		**55**	56
Distribution payable		**8**	198
Bank loans	18	**3,801**	3,388
Total current liabilities		**4,642**	4,368
Total assets less current liabilities		**31,618**	34,032
Non-current liabilities, excluding net assets attributable to unitholders			
Bank loans	18	**2,800**	4,452
Tenants' deposits		**378**	393
Deferred tax liabilities		**6,230**	6,308
Total non-current liabilities, excluding net assets attributable to unitholders		**9,408**	11,153
Total liabilities, excluding net assets attributable to unitholders		**14,050**	15,521
Non-controlling interests		**126**	151
Net assets attributable to unitholders		**22,084**	22,728
Units in issue *('000)*		**6,353,100**	6,230,359
Net asset value per unit *(RMB)* attributable to unitholders	19	**3.4762**	3.6480

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 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). Hui Xian REIT was established on 1 April 2011 and its units were listed on the Main Board of 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 of Hong Kong (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 consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of Hui Xian REIT.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). For the purpose of preparation of consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include the applicable disclosure requirements set out in Appendix C of the REIT Code issued by the SFC, the relevant provisions of the Trust Deed and the Rules Governing the Listing of Securities on the HKSE.

As at 31 December 2023, the Group has net current liabilities of RMB1,038 million. The Manager is of the opinion that, taking into account the headroom of the fair value of investment properties for obtaining additional banking facilities and the assumption that the bank loans will be successfully renewed upon maturity, the Group has sufficient financial resources to meet in full its financial obligation when they fall due for the next twelve months from the date of the issuance of the consolidated financial statements. Hence, the consolidated financial statements have been prepared on a going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and methods of computation used in the consolidated financial statements for the year ended 31 December 2023 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2022.

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period on 1 January 2023 for the preparation of the 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
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

In addition, the Group applied the agenda decision of the Committee of the International Accounting Standards Board (the "Committee"), which is relevant to the Group.

The application of the Committee's agenda decision has had no material impact on the Group's consolidated financial statements.

Amendments to HKFRSs issued but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current And related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

[1] Effective for annual periods beginning on or after a date to be determined
[2] Effective for annual periods beginning on or 1 January 2024
[3] Effective for annual periods beginning on or 1 January 2025

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.

Identified operating and reportable segments are as follows:

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

(a) Segment revenue and results

For the year ended 31 December 2023

	Offices RMB million	Malls RMB million	Apartments RMB million	Hotels RMB million	Consolidated RMB million
Segment revenue	**1,066**	**720**	**169**	**390**	**2,345**
Segment profit	**779**	**473**	**82**	**34**	**1,368**
Decrease in fair value of investment properties					**(865)**
Finance costs, including exchange differences					**(537)**
Unallocated depreciation					**(292)**
Unallocated income					**102**
Unallocated expense					**(129)**
Loss before taxation and transactions with unitholders					**(353)**

For the year ended 31 December 2022

	Offices RMB million	Malls RMB million	Apartments RMB million	Hotels RMB million	Consolidated RMB million
Segment revenue	1,086	779	171	166	2,202
Segment profit (loss)	793	522	83	(98)	1,300
Decrease in fair value of investment properties					(1,404)
Finance costs, including exchange differences					(867)
Unallocated depreciation					(343)
Unallocated income					130
Unallocated expense					(135)
Loss before taxation and transactions with unitholders					(1,319)

4. SEGMENT REPORTING - continued

(a) Segment revenue and results – continued

The accounting policies of the operating segments are the same as the accounting policies described in Note 3. 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 resource allocation and performance assessment.

(b) Segment assets

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

	2023	2022
	RMB million	RMB million
Offices	**14,573**	14,423
Malls	**12,575**	13,475
Apartments	**1,915**	2,246
Hotels	**3,816**	3,504
Total segment assets	**32,879**	33,648
Unallocated bank balances and cash	**3,316**	4,682
Other assets	**65**	70
Consolidated total assets	**36,260**	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 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 consolidated financial statements as they are not regularly provided to the Manager for the purpose of resource 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 years.

4. SEGMENT REPORTING - continued

(d) Other segment information

For the year ended 31 December 2023

	Offices RMB million	Malls RMB million	Apartments RMB million	Hotels RMB million	Total reportable segments RMB million	Unallocated RMB million	Consolidated total RMB million
Depreciation	**1**	**1**	**1**	**18**	**21**	**292**	**313**
Additions to non-current assets	**14**	**85**	**2**	**221**	**322**	**1**	**323**

For the year ended 31 December 2022

	Offices RMB million	Malls RMB million	Apartments RMB million	Hotels RMB million	Total reportable segments RMB million	Unallocated RMB million	Consolidated total RMB million
Depreciation	1	1	2	23	27	343	370
Additions to non-current assets	5	6	1	217	229	1	230

5. REVENUE

For the year ended 31 December 2023

	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	**-**	**-**	**-**	**279**	**279**
Food and beverage	**-**	**-**	**-**	**98**	**98**
Carpark revenue	**-**	**23**	**-**	**-**	**23**
Ancillary services income	**189**	**126**	**53**	**13**	**381**
	189	**149**	**53**	**390**	**781**
Rental income	**877**	**571**	**116**	**-**	**1,564**
Total revenue	**1,066**	**720**	**169**	**390**	**2,345**
Timing of revenue recognition					
A point in time	**28**	**34**	**3**	**108**	**173**
Over time	**161**	**115**	**50**	**282**	**608**
Revenue from contracts with customers within the scope of HKFRS 15	**189**	**149**	**53**	**390**	**781**

5. REVENUE - continued

For the year ended 31 December 2022

	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	-	-	-	103	103
Food and beverage	-	-	-	54	54
Carpark revenue	-	22	-	-	22
Ancillary services income	191	122	61	9	383
	191	144	61	166	562
Rental income	895	635	110	-	1,640
Total revenue	1,086	779	171	166	2,202
Timing of revenue recognition					
A point in time	25	34	4	60	123
Over time	166	110	57	106	439
Revenue from contracts with customers within the scope of HKFRS 15	191	144	61	166	562

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

The gross rental from investment properties includes variable lease payments that do not depend on an index or a rate of RMB11 million (2022: RMB7 million).

The direct operating expenses from investment properties (includes mainly certain other operating expenses, certain Manager's fees and staff costs) amounting to RMB536 million (2022: RMB554 million).

6. OTHER INCOME

	2023 **RMB million**	2022 RMB million
Interest income from banks	**100**	128
Government subsidies	**-**	3
Others	**5**	5
Total	**105**	136

7. OTHER OPERATING EXPENSES

	2023 RMB million	2022 RMB million
Advertising and promotion	**29**	18
Audit fee	**2**	2
Insurance	**5**	5
Lease agency fee	**28**	15
Property manager's fee	**57**	60
Property management fees	**68**	64
Repairs and maintenance	**72**	78
Other miscellaneous expenses *(Note)*	**178**	156
Stamp duty	**2**	2
Urban land use tax	**3**	3
Urban real estate tax	**238**	242
Utilities	**90**	81
Value added tax surcharges	**10**	11
Loss on disposal of property, plant and equipment	**14**	17
	796	754

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

8. FINANCE COSTS, INCLUDING EXCHANGE DIFFERENCES

	2023 RMB million	2022 RMB million
Net unrealised exchange loss on bank loans and loan front-end fee	**94**	665
Net realised exchange loss (gain) on bank loans and loan front-end fee arising on settlement	**44**	(4)
Interest expenses on unsecured bank loans	**399**	206
	537	867

9. MANAGER'S FEES

	2023 RMB million	2022 RMB million
Base fee	**99**	103
Variable fee	**14**	14
	113	117

10. REAL ESTATE INVESTMENT TRUST EXPENSES

	2023 **RMB million**	2022 RMB million
Trustee's fee	**3**	4
Legal and professional fees	**4**	1
Trust administrative expenses and others	**6**	5
	13	10

11. INCOME TAX EXPENSE

	2023 **RMB million**	2022 RMB million
The income tax expense comprises:		
Current tax		
- PRC Enterprise Income Tax	**279**	282
- Withholding tax	**41**	46
Deferred taxation	**(86)**	(286)
	234	42

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

PRC Enterprise Income Tax was provided at the applicable enterprise income tax rate of 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% for the Group. 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 year ended 31 December 2023 is calculated by dividing the loss for the year attributable to unitholders before transactions with unitholders of RMB562 million (2022: RMB1,307 million) by the weighted average of 6,295,761,615 (2022: 6,184,883,619) units in issue during the year, taking into account the units issuable as Manager’s fee for its service for the year.

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

13. INVESTMENT PROPERTIES

	2023	2022
	RMB million	RMB million
FAIR VALUE		
At the beginning of the year	**27,739**	29,127
Additions	**99**	11
Transferred from property, plant and equipment	**10**	1
Transferred from right-of-use assets	**74**	4
Decrease in fair value recognised in profit or loss	**(865)**	(1,404)
At the end of the year	**27,057**	27,739

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

(b) Investment properties were revalued on 31 December 2023 and 2022 by Kroll (HK) Limited ("Kroll") and Knight Frank Petty Limited ("Knight Frank") respectively, qualified external valuers with appropriate professional qualifications and experiences in the valuation of similar properties in the relevant locations.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings						
	Hotels	Serviced apartments	Others	Plant and machinery	Construction in progress	Others	Total
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
COST							
At 1 January 2022	2,096	1,091	41	290	65	213	3,796
Additions for the year	2	1	-	3	209	4	219
Disposals for the year	(113)	(13)	-	(8)	-	(18)	(152)
Cost adjustments	(1)	(1)	-	-	-	-	(2)
Transfers	56	-	-	8	(95)	31	-
Transferred to investment properties	-	-	(1)	-	-	-	(1)
At 31 December 2022	2,040	1,078	40	293	179	230	3,860
Additions for the year	**37**	**2**	**-**	**7**	**169**	**9**	**224**
Disposals for the year	**(56)**	**-**	**(3)**	**(9)**	**-**	**(8)**	**(76)**
Transfers	**312**	**(134)**	**-**	**43**	**(262)**	**41**	**-**
Transferred to investment properties	**-**	**-**	**(16)**	**-**	**-**	**-**	**(16)**
At 31 December 2023	**2,333**	**946**	**21**	**334**	**86**	**272**	**3,992**
ACCUMULATED DEPRECIATION							
At 1 January 2022	1,038	495	14	140	-	113	1,800
Provided for the year	118	36	4	15	-	27	200
Eliminated on disposals	(106)	(9)	-	(3)	-	(16)	(134)
At 31 December 2022	1,050	522	18	152	-	124	1,866
Provided for the year	**89**	**26**	**3**	**5**	**-**	**21**	**144**
Eliminated on disposals	**(46)**	**-**	**(3)**	**(7)**	**-**	**(6)**	**(62)**
Transfers	**59**	**(59)**	**-**	**-**	**-**	**-**	**-**
Transferred to investment properties	**-**	**-**	**(6)**	**-**	**-**	**-**	**(6)**
At 31 December 2023	**1,152**	**489**	**12**	**150**	**-**	**139**	**1,942**
CARRYING AMOUNTS							
At 31 December 2023	**1,181**	**457**	**9**	**184**	**86**	**133**	**2,050**
At 31 December 2022	990	556	22	141	179	106	1,994

14. PROPERTY, PLANT AND EQUIPMENT - continued

Depreciation is provided to write off the cost of property, plant and equipment other than construction in progress over their estimated useful lives and after taking into account their estimated residual values, using the straight-line method.

The assessment of the recoverable amounts of the Buildings and Right-of-use assets were performed on 31 December 2023 and 2022 by the Manager with reference to the valuations carried out by Kroll and Knight Frank respectively, being qualified external valuers with appropriate professional qualifications and experiences in the valuation of similar properties in the relevant locations. The carrying amount of the relevant assets does not exceed the recoverable amount based on fair value less costs of disposal.

15. RIGHT-OF-USE ASSETS

	RMB million
As at 31 December 2023	
Carrying amount	**3,547**
As at 31 December 2022	
Carrying amount	3,759
For the year ended 31 December 2023	
Depreciation charge	**169**
For the year ended 31 December 2022	
Depreciation charge	170

16. TRADE AND OTHER RECEIVABLES

	2023 RMB million	2022 RMB million
Trade receivables	**25**	37
Deposits and prepayments	**16**	17
Advance to suppliers	**6**	8
Interest receivables	**29**	31
Other receivables	**40**	33
	116	126

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

	2023 RMB million	2022 RMB million
Less than or equal to 1 month	**16**	23
1 - 3 months	**5**	10
Over 3 months	**4**	4
	25	37

17. TRADE AND OTHER PAYABLES

	2023 **RMB million**	2022 RMB million
Trade payables	**223**	146
Receipts in advance *(Note (i))*	**182**	193
Others *(Note (ii))*	**141**	133
	546	472

Notes:

(i) Included in receipts in advance are contract liabilities amounting to RMB60 million (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:

	2023 **RMB million**	2022 RMB million
Less than or equal to 3 months	**153**	92
Over 3 months	**70**	54
	223	146

18. BANK LOANS

	2023 **RMB million**	2022 RMB million
Unsecured term loans	**6,616**	7,861
Loan front-end fee	**(15)**	(21)
	6,601	7,840

The maturities of the above bank loans are as follows:

Within one year	**3,801**	3,388
More than one year but not exceeding two years	**723**	3,740
More than two years but not exceeding five years	**2,077**	712
	6,601	7,840
Less: Amounts shown under current liabilities	**(3,801)**	(3,388)
Amounts due after one year	**2,800**	4,452

18. BANK LOANS - continued

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 31 December 2023 was HK$800 million (equivalent to RMB725 million). It bears interest at floating interest rate of Hong Kong Interbank Offered Rate ("HIBOR") plus 0.93% per annum and is repayable in full in April 2026.

The credit facility of HK$5,000 million granted to the Group in November 2020 was partially prepaid on 18 July 2023 by HK$1,500 million (equivalent to RMB1,385 million). The outstanding amount of the credit facility was renewed on 30 November 2023 upon its expiry. The total amount of such credit facility utilised by the Group as at 31 December 2023 was HK$1,500 million (equivalent to RMB1,359 million). It bears interest at floating interest rate of HIBOR plus 1.08% per annum less corresponding sustainability margin adjustments (if any).

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

19. NET ASSET VALUE PER UNIT ATTRIBUTABLE TO UNITHOLDERS

The net asset value per unit is calculated based on the net assets attributable to unitholders as at 31 December 2023 of RMB22,084 million (2022: RMB22,728 million) and the total number of 6,353,099,752 units in issue as at 31 December 2023 (2022: 6,230,359,272 units).