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 2019 TO 31 DECEMBER 2019

HUI XIAN REIT

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

REIT MANAGER

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

The Manager is pleased to announce the annual results of Hui Xian REIT and its special purpose vehicles for the period from 1 January 2019 to 31 December 2019 ("**Reporting Period**") as follows:

FINANCIAL HIGHLIGHTS

For the financial year from 1 January 2019 to 31 December 2019

	1 Jan – 31 Dec 2019	**1 Jan – 31 Dec 2018**	**Percentage Change**
Total Revenue *(RMB million)*	**3,169**	3,201	-1.0%
Net Property Income *(RMB million)*	**2,012**	2,060	-2.3%
Amount Available for Distribution *(RMB million)*	**1,334**	1,517	-12.1%
Distributions to Unitholders *(RMB million)*	**1,273**	1,517	-16.1%
Distribution per Unit *(RMB)*	**0.2177**	0.2653	-17.9%

CHAIRMAN'S STATEMENT

2019 has been an undeniably challenging year, marked by economic uncertainty and geopolitical concerns over trade tensions, Britain's exit from the European Union, national elections and widespread social unrest. The trade war between China and the United States weighed not just on the two respective countries, but also hampered the global economy.

According to the World Bank's latest Global Economic Prospects report issued in January 2020, global growth weakened to an estimated 2.4% in 2019, "the lowest rate of expansion since the global financial crisis".

In 2019, China's gross domestic product ("**GDP**") growth rate further slowed to 6.1% according to the National Bureau of Statistics of China. It is the lowest annual growth rate for almost three decades. The RMB exchange rate experienced volatility over the course of the year. Against the Hong Kong Dollar, the RMB exchange rate as at 31 December 2019 dropped by approximately 2.2%* compared to a year earlier.

The outbreak of **COVID-19** is posing new threats to the Chinese as well as global economy. Businesses of many domestic and multinational corporations across a broad range of sectors have been impacted.

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

Results and Distribution

Against a challenging background, Hui Xian REIT's total revenue was down by 1.0% year-on-year to RMB3,169 million and net property income ("**NPI**") decreased 2.3% year-on-year to RMB2,012 million during 2019.

Amount available for distribution for the Reporting Period amounted to RMB1,334 million (2018: RMB1,517 million). The decrease was mainly caused by several factors: (1) a drop in NPI, (2) a decline in interest income due to lower RMB deposit rates, (3) an increase in interest expenses based on the higher average Hong Kong Interbank Offered Rate ("**HIBOR**"), and (4) a one-off exchange gain realised from early repayment of bank loans in 2018.

Under the PRC foreign investment law which became effective on 1 January 2020, there is no provision for the repatriation of capital in the form of depreciation. Prior to the introduction of this new foreign investment law, the depreciation amount had been adjusted and distributed to Unitholders as part of the distribution amount. As a result, it is expected that the distribution amount for 2020 and beyond will be impacted.

The COVID-19 outbreak casts a shadow over the near-term outlook for China's economy. The business environment for Hui Xian REIT is expected to be difficult in 2020. The weakening of the RMB, the fluctuation in interest rate, and the revision of PRC law on depreciation will further complicate an already complex situation.

In anticipation of the challenges ahead in 2020, the Board has decided to increase cash reserves and change the payout ratio in the second half of 2019 from 100% to 90%. During the period July to December 2019, distributions to Unitholders amounted to RMB548 million and final distribution per unit ("**DPU**") was RMB0.0932.

Together with the interim DPU of RMB0.1245, Hui Xian REIT's total DPU for the financial year was RMB0.2177 (2018: RMB0.2653), and full year payout ratio was 95.5%. Based on the closing unit price of RMB3.28 on 31 December 2019, the distribution yield was 6.6%.

Business Review

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

Against a challenging backdrop, Hui Xian REIT's retail and serviced apartment sectors delivered stable results. The office sector's performance dropped slightly, and the hotel performance recorded a decline, primarily due to the challenging macro environment and the renovation of two of the hotels.

(1) Retail Portfolio

Amid slower economic growth and trade war pressures, performance across China's retail sector was mixed during 2019. According to official data, the country's retail sales growth slowed to 8.0%. Online shopping continued to pose a threat to traditional brick and mortar shops, though the growth rate has also slowed to 16.5% compared to 23.9% a year ago.

During 2019, the Chinese government rolled out a raft of measures to boost domestic consumption which included carrying out individual income tax reforms to unlock consumption potential, lowering import tariffs for a range of imported goods, improving pedestrian shopping streets, and promoting "night economy" with shops extending their operating hours.

Hui Xian REIT's retail portfolio consists of two shopping centres: one in Beijing Oriental Plaza and another in Chongqing Metropolitan Oriental Plaza. During the Reporting Period, NPI was RMB893 million (2018: RMB892 million).

Despite the uncertain macroeconomic environment, The Malls at Beijing Oriental Plaza continued to deliver stable performance during 2019. A high level of occupancy rate of 98.4% (2018: 97.6%) was maintained. Average monthly passing rent was RMB1,151 (2018: RMB1,126) per square metre. Leveraging on its excellent location in Wangfujing and high footfall, The Malls continued to be highly popular among retailers and shoppers, making it resilient during challenging times.

In terms of tenant mix, The Malls added a variety of sportswear and lifestyle stores, as well as food and beverage outlets to cater to evolving consumer tastes.

At the Chongqing Metropolitan Oriental Plaza mall, the comprehensive asset enhancement and tenant revamp programme continued throughout 2019. The majority of the renovation works have been completed. During the renovation period, average occupancy rate was 87.6% (2018: 84.4%) and average monthly passing rent was RMB155 (2018: RMB165) per square metre.

(2) Office Portfolio

For much of 2019, China's office market was buffeted by multiple challenges, particularly the ongoing China-US trade conflict and China's slower economic growth. Market sentiment has deteriorated sharply since mid-2019, and this has had a knock-on effect on the leasing demand for office space. Many multinational and domestic companies have become very cost-conscious and have held off their expansion plans. There were also many cases of office tenants scaling back or even reneging on leases. Together with the new supply, most Chinese cities saw rising vacancy rates in 2019 with the average vacancy rate of 16 key cities increasing to 24.5%[1].

Hui Xian REIT's office portfolio consists of two projects: The Tower Offices at Beijing Oriental Plaza, and The Tower at Chongqing Metropolitan Oriental Plaza. The office portfolio's NPI was RMB935 million (2018: RMB955 million).

Unfavourable economic conditions continued to dampen leasing demand for Beijing offices during 2019. The capital city's Grade A office vacancy rate was over 12%, its highest point in nearly a decade according to Savills research[2].

The performance of The Tower Offices at Beijing Oriental Plaza was also affected, resulting in lower occupancy and negative rental reversion. Occupancy rate was 90.5% (2018: 95.9%). Average monthly spot rent was RMB303 (2018: RMB334) per square metre, while average monthly passing rent was RMB298 (2018: RMB294) per square metre.

Chongqing's office market continued to be competitive due to escalating new supply as well as subdued leasing demand from tenants amid slower economic growth, pushing the city's overall vacancy rate to 31.1%[3]. Average monthly passing rent of The Tower at Chongqing Metropolitan Oriental Plaza was RMB113 (2018: RMB117) per square metre, while the occupancy rate was 89.7% (2018: 91.8%).

*Sources:
1) Savills, "Reimagining 2020 – Savills Publishes China Annual Real Estate Market Overview and Outlook", January 2020
2) Savills, "Market in Minutes", Office - Beijing, January 2020
3) Savills, "Market in Minutes", Office - Chongqing, February 2020

(3) Serviced Apartment Portfolio

Hui Xian REIT's serviced apartment portfolio comprises (i) The Tower Apartments at Beijing Oriental Plaza, one of Beijing's largest serviced apartment developments, and (ii) The Residences at Sofitel Shenyang Lido. NPI was RMB95 million (2018: RMB94 million) during the Reporting Period.

To capture the growing demand for serviced apartments, a number of Grand Hyatt Beijing hotel rooms have been converted into fully-furnished units for lease and they have been incorporated into The Towers Apartment at Beijing Oriental Plaza portfolio. Total inventory has increased to 809 units compared to 720 units a year ago. Occupancy rate was 87.0% based on the enlarged inventory base.

A number of hotel rooms at Sofitel Shenyang Lido have also been refurbished and converted into serviced apartments for lease during 2019. These 134 units have been launched under the brand of "The Residences at Sofitel Shenyang Lido" and they have been well received by the market.

(4) Hotel Portfolio

During 2019, China's hotel market continued to be challenging as many corporations have scaled down their spending on business travel and "MICE" (Meetings, Incentives, Conventions and Exhibitions) against an uncertain economic backdrop.

Domestic travel has become increasingly popular in China on the back of rising income and an improved transportation network. Domestic customers now account for an important share of occupancy and food and beverage spending in the hotels in China. The clientele mix of China's hotel industry is now geared more towards domestic customers than international travellers. Such change creates challenges as well as opportunities for the industry. Domestic customers have become an important revenue source to the hotels, but they are usually more price-sensitive than international travellers.

Hui Xian REIT's hotel portfolio comprises four international hotels in four cities in China: Grand Hyatt Beijing, Sheraton Chengdu Lido Hotel, Sofitel Shenyang Lido and Hyatt Regency Liberation Square Chongqing. The aggregate NPI was RMB89 million (2018: RMB119 million). The decline was mainly attributed to: (i) keen competition among hotels, exerting downward pressure on room rate, and (ii) ongoing asset enhancement programme at the two hotels in Shenyang and Chongqing respectively.

Amid a challenging operating environment, Grand Hyatt Beijing's average room rate was RMB1,271 (2018: RMB1,273) and occupancy rate was 80.8% (2018: 75.6%). Revenue per available room ("**RevPAR**") was RMB1,027 (2018: RMB962). At Sheraton Chengdu Lido Hotel, average room rate per night was RMB507 (2018: RMB544) and occupancy rate was 74.3% (2018: 71.6%). RevPAR was RMB377 (2018: RMB390).

Sofitel Shenyang Lido and Hyatt Regency Liberation Square Chongqing were under extensive asset enhancement programmes throughout the Reporting Period. Their businesses were affected as a portion of the room inventory was unavailable for sale.

Sofitel Shenyang Lido's renovation programme, including the upgrade of all guest rooms and ballroom facilities, is almost complete. At Chongqing, our hotel was operated as "Harbour Plaza Chongqing" from January to April 2019. It has been rebranded as "Hyatt Regency Liberation Square Chongqing" since May 2019. The asset enhancement initiatives will continue in 2020.

Financial Position

Hui Xian REIT continues to adopt a prudent financial strategy. As at 31 December 2019, bank balances and cash on hand amounted to RMB6,807 million and total debts amounted to RMB10,871 million. Debts to gross asset value ratio was 23.4%.

The average one-month HIBOR for 2019 was higher than that of 2018 by 55 basis points, leading to an increase in interest expenses. The average RMB deposit rate in Hong Kong has fallen compared to a year ago, causing a decline in interest income. The fluctuation in deposit and borrowing interest rate affected the distributions to Unitholders.

Outlook

The COVID-19 outbreak has created strong headwinds for China's economy. Economists and analysts have substantially downgraded its GDP growth forecast for the first quarter of 2020. A wide array of industries, particularly tourism, airline, retail, food and beverage and manufacturing sectors, has been negatively impacted by the COVID-19. Widespread travel restrictions and flight cancellations have led to a sharp decline in the number of foreign and domestic tourists and cancellation of large-scale events in China. Manufacturers reported reduced productivity due to the extended shutdown of factories. Major retailers, restaurants, cinemas and shopping centres were temporarily closed.

The COVID-19 outbreak's long-term effect on the Chinese economy remains to be seen. Hui Xian REIT's hotel and retail sectors, however, have felt the pain immediately. The significant drop in tourist arrivals coupled with the cancellation of corporate events has affected both accommodation and food and beverage business of our hotels. The outbreak has also dampened retail sentiment as consumers cut back on discretionary spending. As a result, foot traffic and retail sales of shopping centres have decreased substantially. Also, there will likely be repercussions on the leasing business of our office and serviced apartment sectors.

While the COVID-19 outbreak clouds the short-term economic outlook of China and affects substantially Hui Xian REIT's business, particularly in the first half of 2020, it is anticipated that a series of government measures would be introduced to mitigate the economic impact of the COVID-19 and support the gradual recovery of business and consumer activities in China.

As we navigate a challenging business environment, we will continue to focus on our assets' operational performance and treasury management. We remain confident in the fundamentals of China and our assets, and we look forward to the long-term development of Hui Xian REIT with cautious optimism.

On behalf of the Manager, I would like to thank all the Unitholders and the Trustee for their continued support of and commitment to Hui Xian REIT.

H L KAM
Chairman
Hui Xian Asset Management Limited
(as manager of Hui Xian Real Estate Investment Trust)
Hong Kong, 16 March 2020

MANAGEMENT DISCUSSION AND ANALYSIS

PORTFOLIO HIGHLIGHTS

As at 31 December 2019, Hui Xian REIT’s portfolio included:
(1) its 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) its 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) its investment in Shenyang Investment (BVI) Limited, which in turn holds Shenyang Investment (Hong Kong) Limited (“**Shenyang Investment HK**”), the foreign joint venture partner of 瀋陽麗都商務有限公司 (Shenyang Lido Business Co. Ltd#) (“**Shenyang Lido**”). Shenyang Investment HK is entitled to 70% of the distributions of Shenyang Lido, which is a Sino-foreign cooperative joint venture established in the PRC. Shenyang Lido holds the land use rights and building ownership rights of Sofitel Shenyang Lido;

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

(5) its 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) Retail Portfolio

Hui Xian REIT’s retail portfolio comprises two large-scale shopping centres: The Malls at Beijing Oriental Plaza and The Mall at Chongqing Metropolitan Oriental Plaza, providing about 222,000 square metres of retail space. Amid a challenging business environment, revenue was RMB1,223 million (2018: RMB1,212 million) and NPI was RMB893 million (2018: RMB892 million).

(i) The Malls at Beijing Oriental Plaza

According to the Beijing Municipal Bureau of Statistics, Beijing’s GDP during 2019 grew 6.1% year-on-year to RMB3.5 trillion. Retail sales of consumer goods increased 4.4% to RMB1.2 trillion. Disposable income per capita of Beijing’s residents was RMB67,756, up by 6.3% in real terms.

Despite the challenging retail environment, revenue of The Malls at Beijing Oriental Plaza increased to RMB1,127 million (2018: RMB1,119 million). NPI grew to RMB854 million (2018: RMB848 million). Average monthly passing rent rose to RMB1,151 (2018: RMB1,126) per square metre. Occupancy rate stood at 98.4% (2018: 97.6%).

During the Reporting Period, The Malls welcomed a number of new tenants, including Aquascutum, Zenith, Emphasis, Jordan, Honma, Lafuma, Spyder, Xiaomi, Li-Ning, Joy & Peace and Staccato.

(ii) The Mall at Chongqing Metropolitan Oriental Plaza

In 2019, Chongqing’s GDP grew 6.3% year-on-year to RMB2.36 trillion. Retail sales of consumer goods and disposable income per capita of its urban residents increased 8.7% and 8.7% year-on-year respectively.

The Mall at Chongqing Metropolitan Oriental Plaza has been undergoing an extensive asset enhancement and tenant mix refinement programme during 2019, and its revenue and rental rates were being affected as expected. Average monthly passing rent was RMB155 (2018: RMB165) per square metre and average occupancy rate was 87.6% (2018: 84.4%). Experiential retail has become increasingly popular and The Mall has introduced a range of experience-focused shops and food and beverage outlets.

(2) Office Portfolio

Amid sustained uncertainties surrounding the China-US trade conflict and a slowing Chinese economy, leasing demand for office in China was weak in 2019. Companies have become more cost-conscious and conservative in their expansion plans, and some have even scaled back or early surrendered their leases. Together with a high level of supply, vacancy rates in 16 key Chinese cities have risen to over 24.5%*.

Hui Xian REIT's office portfolio comprises The Tower Offices at Beijing Oriental Plaza and The Tower at Chongqing Metropolitan Oriental Plaza. Revenue was down by 1.6% year-on-year to RMB1,264 million. NPI decreased 2.0% year-on-year to RMB935 million.

(i) The Tower Offices at Beijing Oriental Plaza

The Tower Offices at Beijing Oriental Plaza consists of eight towers, offering over 300,000 square metres of Grade A office space. It generates a stable revenue stream from a diversified tenant base across different industries, ranging from finance and banking, accounting, technology, legal, pharmaceutical, media and advertising to consumer products; there are also education and professional institutions, and government-related organisations.

Revenue of The Tower Offices was RMB1,199 million, down by 1.5% year-on-year. NPI amounted to RMB895 million, a decrease of 2.0% year-on-year. Average monthly passing rent increased to RMB298 (2018: RMB294) per square metre. Average monthly spot rent was RMB303 (2018: RMB334) per square metre. Occupancy rate was 90.5% (2018: 95.9%).

(ii) The Tower at Chongqing Metropolitan Oriental Plaza

Located in the heart of Jiefangbei Central Business District, The Tower at Chongqing Metropolitan Oriental Plaza is home to a number of consulates and multinational corporations from a broad range of sectors, including insurance and financial services, electronics, logistics and healthcare. Revenue was RMB65 million (2018: RMB67 million) and NPI was RMB40 million (2018: RMB40 million). Average occupancy rate was 89.7% (2018: 91.8%). Average monthly passing rent was RMB113 (2018: RMB117) per square metre and average monthly spot rent was RMB107 (2018: RMB120) per square metre.

*Sources: Savills, "Reimagining 2020 – Savills Publishes China Annual Real Estate Market Overview and Outlook", January 2020

(3) Serviced Apartment Portfolio

Hui Xian REIT's serviced apartment portfolio encompasses The Tower Apartments at Beijing Oriental Plaza and The Residences at Sofitel Shenyang Lido. Revenue was up by 12.9% year-on-year to RMB192 million due to the expansion of the portfolio by converting some hotel rooms into apartment units. NPI increased 1.0% year-on-year to RMB95 million.

After converting a number of Grand Hyatt Beijing hotel rooms into serviced apartments, the total inventory of The Tower Apartments at Beijing Oriental Plaza was 809 as at 31 December 2019. Occupancy rate was 87.0% based on an enlarged inventory base.

The Residences at Sofitel Shenyang Lido was launched during the Reporting Period, offering 134 fully-furnished units. With a dedicated entrance, lobby and exclusive guest lifts, serviced apartment guests can enjoy a new level of privacy, comfort and convenience.

(4) Hotel Portfolio

Hui Xian REIT's hotel portfolio consists of four international hotels: Grand Hyatt Beijing at Beijing Oriental Plaza, Sheraton Chengdu Lido Hotel (69% interest), Sofitel Shenyang Lido (70% interest) and Hyatt Regency Liberation Square Chongqing. The aggregate revenue was RMB490 million (2018: RMB535 million). NPI was RMB89 million (2018: RMB119 million). The decline was primarily due to the asset enhancement programmes at two of the hotels and the challenging operating environment.

(i) Grand Hyatt Beijing, Beijing
Grand Hyatt Beijing's average occupancy was 80.8% (2018: 75.6%). Average room rate was RMB1,271 (2018: RMB1,273) and RevPAR was up by 6.7 % year-on-year to RMB1,027. Its signature restaurant "Made in China" was the only Mainland Chinese restaurant voted as one of the 2019 "Top 100 Restaurants in the World" by *Elite Traveler* readers.

(ii) Sheraton Chengdu Lido Hotel (69% interest)
Sheraton Chengdu Lido's average room rate per night was RMB507 (2018: RMB544) and occupancy rate was 74.3% (2018: 71.6%). RevPAR was RMB377 (2018: RMB390).

(iii) Sofitel Shenyang Lido, Shenyang (70% interest)
Sofitel Shenyang Lido's asset enhancement programme continued throughout the Reporting Period and is approaching its completion. Average occupancy rate and average room rate per night were 36.6% (2018: 28.7%) and RMB467 (2018: RMB455) respectively.

(iv) Harbour Plaza Chongqing/Hyatt Regency Liberation Square Chongqing
Hui Xian REIT's hotel in Chongqing had been undergoing renovation throughout the Reporting Period. It was operated as Harbour Plaza Chongqing from January to April 2019, and has been rebranded as Hyatt Regency Liberation Square Chongqing since May 2019. The renovation programme will continue in 2020.

FINANCIAL REVIEW

Net Property Income
The net property income was RMB2,012 million for the year ended 31 December 2019.

Distributions
Hui Xian REIT will distribute a total of RMB548 million ("**2019 Final Distribution**") to Unitholders for the period from 1 July 2019 to 31 December 2019. The 2019 Final Distribution represents 90% of Hui Xian REIT's total amount available for distribution during the period from 1 July 2019 to 31 December 2019 and will be paid in RMB. A total of RMB725 million has been distributed to Unitholders of Hui Xian REIT on 26 September 2019 for the period from 1 January 2019 to 30 June 2019. In total, Hui Xian REIT will distribute a total of RMB1,273 million to Unitholders for the year ended 31 December 2019. The distribution amount includes certain profit elements in the capital nature of Hui Xian REIT. The amount of capital nature items is RMB583 million (2018: RMB915 million).

The final DPU for the period from 1 July 2019 to 31 December 2019 is RMB0.0932 based on the number of outstanding Units on 31 December 2019. Together with the interim DPU of RMB0.1245, Hui Xian REIT provides a total DPU for the year ended 31 December 2019 of RMB0.2177. This represents a distribution yield of 6.6% based on the closing unit price of RMB3.28 on 31 December 2019.

The depreciation of hotels and serviced apartments has been adjusted in the Distribution Statement and distributed to Unitholders as part of the distribution amount. In 2019, this amount was approximately RMB264 million. As there is no provision for the repatriation of capital in the form of depreciation under PRC foreign investment law which became effective on 1 January 2020, the depreciation amount will not be repatriated to Hong Kong and distributed to Unitholders as part of the distribution amount commencing from the financial year ending 2020. Thus, it is expected that the distribution amount for 2020 and beyond will be impacted. The amount will be retained in the asset companies in the PRC.

Closure of Register of Unitholders
The record date for the 2019 Final Distribution will be 2 April 2020, Thursday ("**Record Date**"). The Register of Unitholders will be closed from 31 March 2020, Tuesday to 2 April 2020, Thursday, both days inclusive, during which period no transfer of Units will be registered. The final distribution is expected to be payable on 15 May 2020, Friday 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 2019 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 30 March 2020, Monday.

Debt Positions

In March 2019, Hui Xian Investment drew down an unsecured 3-year term loan of HK$800 million offered by DBS Bank Ltd, Hong Kong Branch. The purpose of the facility was to finance the general corporate funding needs of the Hui Xian REIT group.

In April 2019, Hui Xian Investment drew down an unsecured 3-year term loan of HK$1,200 million offered by Hang Seng Bank Limited, Bank of China (Hong Kong) Limited, DBS Bank Ltd. and The Hongkong and Shanghai Banking Corporation Limited. The purpose of the facility was to refinance the existing credit facility granted in April 2016.

In August 2019, Hui Xian Investment drew down an unsecured 3-year term loan of HK$525 million offered by Hang Seng Bank Limited. The purpose of the facility was to refinance the existing credit facility granted in August 2016.

In December 2019, Hui Xian Investment extended the maturity date of an unsecured term loan of HK$200 million offered by Bank of East Asia Limited for one year. The purpose of the facility was to finance the general working capital requirement of the Hui Xian REIT group.

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

As at 31 December 2019, Hui Xian REIT's total debts amounted to RMB10,871 million (31 December 2018: RMB9,921 million). Based on Hui Xian REIT's net assets attributable to Unitholders of RMB25,983 million as at 31 December 2019 (31 December 2018: RMB26,373 million), Hui Xian REIT's debts to net asset value ratio increased to 41.8% (31 December 2018: 37.6%). Meanwhile, the debts to gross asset value ratio was 23.4% as at 31 December 2019 (31 December 2018: 21.5%).

Bank Balances and Asset Positions

As at 31 December 2019, Hui Xian REIT's bank balances and cash amounted to RMB6,807 million (31 December 2018: RMB6,107 million). The bank balances and cash are mainly denominated in RMB. No currency hedge was employed.

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

D&P China (HK) Limited ("**D&P China**") valued the eight blocks of office towers, the shopping centre and car parking spaces at RMB29,442 million as at 31 December 2019 (31 December 2018: RMB29,618 million), translating into a decrease of 0.6% over the valuation as of 31 December 2018. The hotel and serviced apartment premises were valued at RMB5,610 million as at 31 December 2019 (31 December 2018: RMB5,730 million). The total valuation of Beijing Oriental Plaza was RMB35,052 million (31 December 2018: RMB35,348 million), while the total gross property value of the properties was RMB34,075 million as at 31 December 2019, as compared to RMB34,443 million as at 31 December 2018.

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

A number of hotel rooms at Sofitel Shenyang Lido have been converted into serviced apartments for lease during 2019. D&P China valued the hotel and serviced apartment premises of Shenyang Lido at RMB824 million as at 31 December 2019 (31 December 2018: RMB820 million). Gross property value of the hotel and serviced apartment premises as at 31 December 2019 was RMB662 million (31 December 2018: RMB702 million).

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 2019, the shopping centre, office building and car parking spaces were valued by D&P China at RMB3,675 million (31 December 2018: RMB3,678 million). Gross property value of the properties as at 31 December 2019 was RMB3,627 million (31 December 2018: RMB3,637 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 (formerly known as Harbour Plaza Chongqing), a 38-storey hotel tower of 52,238 square metre. It is adjacent to Chongqing Metropolitan Oriental Plaza.

D&P China valued the hotel premises of Hyatt Regency Liberation Square Chongqing at RMB427 million as at 31 December 2019 (31 December 2018: RMB406 million). Gross property value of hotel premises as at 31 December 2019 was RMB399 million (31 December 2018: RMB385 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.

D&P China valued the hotel premises of Sheraton Chengdu Lido Hotel at RMB713 million as at 31 December 2019 (31 December 2018: RMB727 million). Gross property value of hotel premises as at 31 December 2019 was RMB640 million (31 December 2018: RMB664 million).

Net Assets Attributable to Unitholders

As at 31 December 2019, net assets attributable to Unitholders amounted to RMB25,983 million (31 December 2018: RMB26,373 million) or RMB4.4187 per Unit, representing a 34.7% premium to the closing unit price of RMB3.28 on 31 December 2019 (31 December 2018: RMB4.5807 per Unit, representing a 43.6% premium to the closing unit price of RMB3.19 on 31 December 2018).

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 31 December 2019, except for capital commitment in respect of the asset enhancement programmes for Sofitel Shenyang Lido, 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 31 December 2019, Hui Xian REIT, by subsidiaries and through its branches, employed a total of 1,105 employees in Hong Kong and the PRC, of which 1,074 employees performed hotel operation functions and services, and 31 employees handled legal, regulatory and other administrative matters and carried out 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 2019.

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 Code on Real Estate Investment Trusts ("**REIT Code**") and other applicable legislation, rules and regulations. The compliance manual also contains a corporate governance policy which regulates, among others, the activities of the board of directors of the Manager.

Throughout the 12 months ended 31 December 2019, 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 investment officer of the Manager) and Ms. TANG Hiu Tung, Daisy (senior corporate finance and corporate development manager of the Manager) are the responsible officers of the Manager as required by section 125 of the SFO and 5.4 of the REIT Code.

The Trustee, DB Trustees (Hong Kong) Limited, is registered as a trust company under Section 77 of the Trustee Ordinance (Cap. 29 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 2019 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 2019, (i) an aggregate of 30,992,992 new Units were issued to the Manager as payment of part of the Manager's fees; and (ii) an aggregate of 91,932,395 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 2018 to 31 December 2018 and the interim distribution for the period from 1 January 2019 to 30 June 2019.

The total number of Units in issue as at 31 December 2019 was 5,880,262,459 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 2019.

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 2019.

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 2019.

Issuance of the Annual Report 2019

The annual report of Hui Xian REIT for the year ended 31 December 2019 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 April 2020.

Annual General Meeting of Unitholders

The 2020 annual general meeting of Hui Xian REIT will be held on or around 12 May 2020, Tuesday, 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)
H L KAM
Chairman of the Manager

Hong Kong, 16 March 2020

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

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	NOTES	**2019** **RMB million**	2018 RMB million
Revenue	5	**3,169**	3,201
Other income	6	**223**	280
(Decrease) increase in fair value of investment properties	13	**(214)**	25
Inventories consumed		**(44)**	(46)
Staff costs		**(165)**	(174)
Depreciation and amortisation		**(361)**	(358)
Other operating expenses	7	**(928)**	(896)
Finance costs	8	**(335)**	(297)
Exchange loss		**(255)**	(508)
Fair value gain on derivative financial instruments		-	23
Manager's fees	9	**(144)**	(145)
Real estate investment trust expenses	10	**(13)**	(11)
Profit before taxation and transactions with unitholders		**933**	1,094
Income tax expense	11	**(481)**	(551)
Profit for the year, before transactions with unitholders		**452**	543
Distributions to unitholders		**(1,273)**	(1,517)
Loss for the year, after transactions with unitholders		**(821)**	(974)
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		**3**	**-**
Gain on revaluation of land and related costs upon transfer to investment properties, net of tax		-	8
Total comprehensive expense for the year		**(818)**	(966)
Profit for the year, before transactions with unitholders attributable to:			
Non-controlling interests		**(32)**	(31)
Unitholders		**484**	574
		452	543
Basic earnings per unit (RMB)	12	**0.0831**	0.1012

FINANCIAL INFORMATION

DISTRIBUTION STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 **RMB million**	2018 RMB million
Profit for the year, before transactions with unitholders	**452**	543
Non-controlling interests	**32**	31
Profit for the year attributable to unitholders, before transactions with unitholders	**484**	574
Adjustments *(Note (i))*:		
Manager's fees	**101**	101
Deferred tax	**(29)**	31
Distributable depreciation and amortisation	**197**	203
Decrease (increase) in fair value of investment properties	**214**	(25)
	483	310
Distributable income	**967**	884
Additional items *(Note (ii))*:		
Depreciation and amortisation arising from fair value adjustments	**52**	52
Net unrealised exchange loss on bank loans and loan front-end fee	**255**	456
Net realised exchange gain on bank loan and loan front-end fee	**-**	75
Other cash distributions	**60**	50
	367	633
Amount available for distribution	**1,334**	1,517
Payout ratio *(Note (iii))*	**95.5%**	100.0%
Distributions to unitholders *(Note (iv))*		
- Interim distribution paid	**725**	804
- Final distribution payable	**548**	713
	1,273	1,517
Distribution per unit *(RMB) (Note (iv))*		
Interim distribution per unit	**0.1245**	0.1414
Final distribution per unit	**0.0932**	0.1239
	0.2177	0.2653

FINANCIAL INFORMATION

Notes:

(i) Adjustments for the year include:

(a) For the year ended 31 December 2019, Manager's fees paid and payable in units of RMB101 million (15,645,331 units issued and 15,504,070 units estimated to be issued) out of the total Manager's fees of RMB144 million. The difference of RMB43 million is paid or payable in cash.

For the year ended 31 December 2018, Manager's fees paid and payable in units of RMB101 million out of the total Manager's fees of RMB145 million. The difference of RMB44 million is paid or payable in cash.

(b) Deferred tax charge of RMB16 million (2018: RMB16 million) in relation to accelerated tax depreciation and deferred tax credit of RMB45 million (2018: deferred tax charge of RMB15 million) in relation to changes in fair value of investment properties.

(c) Distributable depreciation of Beijing Oriental Plaza attributable to unitholders of RMB197 million (2018: distributable depreciation and amortisation of RMB203 million) represented by depreciation of RMB202 million (2018: depreciation and amortisation of RMB210 million) less capital expenditure of RMB5 million (2018: RMB7 million).

(d) Decrease in fair value of investment properties of RMB214 million (2018: increase in fair value of RMB25 million).

Pursuant to the Trust Deed, interim/annual distributable income is defined as the amount calculated by the Manager 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.

(ii) Additional items refer to any additional amount (include capital) to be distributed as determined by the Manager pursuant to clause 11.4.2 of the Trust Deed. Additional items for the year include:

(1) Depreciation and amortisation attributable to unitholders arising from fair value adjustments upon acquisition of Shenyang Lido Business Co. Ltd, Chongqing Oriental Plaza Hotel Co, Ltd ("Chongqing Hotel Company") and Chengdu Changtian Co., Ltd. totalling RMB52 million (2018: RMB52 million).

(2) Net unrealised exchange loss on bank loans and loan front-end fee of RMB255 million (2018: RMB456 million).

(3) Net realised exchange gain on bank loan and loan front-end fee of RMB75 million for the year ended 31 December 2018.

(4) Other cash distributions of RMB60 million (2018: RMB50 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 year.

Distributions to unitholders for the year ended 31 December 2019 represent a payout ratio of 95.5% (2018:100.0%) of Hui Xian REIT's distributable income for the year.

Notes: - continued

(iv) The interim distribution per unit of RMB0.1245 for the six months ended 30 June 2019 is calculated based on 100% of Hui Xian REIT's amount available for distribution of RMB724,960,420 over 5,822,910,494 units, representing issued units as at 30 June 2019. The final distribution per unit of RMB0.0932 for the six months ended 31 December 2019 is calculated based on 95.46% of Hui Xian REIT's amount available for distribution for the year of RMB1,333,575,570, less distribution to unitholders for the six months ended 30 June 2019, over 5,880,262,459 units, representing issued units as at 31 December 2019.

The interim distribution per unit of RMB0.1414 for the six months ended 30 June 2018 is calculated based on 100% of Hui Xian REIT's amount available for distribution of RMB804,265,161 over 5,687,051,439 units, representing issued units as at 30 June 2018. The final distribution per unit of RMB0.1239 for the six months ended 31 December 2018 is calculated based on 100% of Hui Xian REIT's amount available for distribution for the year of RMB1,517,316,383, less distribution to unitholders for the six months ended 30 June 2018, over 5,757,337,072 units, representing issued units as at 31 December 2018.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	NOTES	2019 RMB million	2018 RMB million
Non-current assets			
Investment properties	13	**32,938**	33,086
Property, plant and equipment	14	**2,311**	2,356
Land and related costs	15	**-**	4,292
Right-of-use assets	16	**4,270**	-
Goodwill		**2**	2
Total non-current assets		**39,521**	39,736
Current assets			
Inventories		**27**	29
Land and related costs	15	**-**	173
Trade and other receivables	17	**120**	122
Bank balances and cash		**6,807**	6,107
Total current assets		**6,954**	6,431
Total assets		**46,475**	46,167
Current liabilities			
Trade and other payables	18	**515**	504
Tenants' deposits		**314**	335
Tax payable		**42**	45
Manager's fee payable		**72**	73
Distribution payable		**548**	713
Bank loans	19	**2,191**	1,685
Total current liabilities		**3,682**	3,355
Total assets less current liabilities	22	**42,793**	42,812
Non-current liabilities, excluding net assets attributable to unitholders			
Bank loans	19	**8,680**	8,236
Tenants' deposits		**457**	468
Deferred tax liabilities		**7,386**	7,416
Total non-current liabilities, excluding net assets attributable to unitholders		**16,523**	16,120
Total liabilities, excluding net assets attributable to unitholders		**20,205**	19,475
Non-controlling interests		**287**	319
Net assets attributable to unitholders		**25,983**	26,373
Units in issue ('000)		**5,880,262**	5,757,337
Net asset value per unit (RMB) attributable to unitholders	20	**4.4187**	4.5807

1. GENERAL

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

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

The 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 ("HKICPA"). In addition, the consolidated financial statements include the applicable disclosures requirements set out in Appendix C of the REIT Code issued by the SFC and the Rules Governing the Listing of Securities on the HKSE.

3. SIGNIFICANT ACCOUNTING POLICIES

The 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 fair value of the consideration given in exchange for goods and services.

The accounting policies and methods of computation used in the consolidated financial statements for the year ended 31 December 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018, except as described below.

In the current year, the Group has applied, for the first time, the following new and amendments to HKFRSs and an interpretation issued by the HKICPA.

HKFRS 16	Leases
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 - 2017 Cycle

3. SIGNIFICANT ACCOUNTING POLICIES - continued

At the date of authorisation of these consolidated financial statements, the Group has not early applied the following new and amendments to HKFRSs that have been issued but not yet effective:

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

[1] Effective for annual periods beginning on or after 1 January 2021
[2] Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
[3] Effective for annual periods beginning on or after a date to be determined
[4] Effective for annual periods beginning on or after 1 January 2020

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

4. SEGMENT REPORTING

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

The following are identified operating and reportable segments:

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

4. SEGMENT REPORTING - continued

(a) Segment revenue and results

For the year ended 31 December 2019

	Malls RMB million	Offices RMB million	Apartments RMB million	Hotels RMB million	Consolidated RMB million
Segment revenue	**1,223**	**1,264**	**192**	**490**	**3,169**
Segment profit	**893**	**935**	**95**	**89**	**2,012**
Decrease in fair value of investment properties					**(214)**
Finance costs					**(335)**
Depreciation					**(344)**
Unallocated income					**217**
Unallocated expense and loss					**(403)**
Profit before taxation and transactions with unitholders					**933**

For the year ended 31 December 2018

	Malls RMB million	Offices RMB million	Apartments RMB million	Hotels RMB million	Consolidated RMB million
Segment revenue	1,212	1,284	170	535	3,201
Segment profit	892	955	94	119	2,060
Increase in fair value of investment properties					25
Finance costs					(297)
Depreciation and amortisation					(346)
Unallocated income and gain					300
Unallocated expense and loss					(648)
Profit before taxation and transactions with unitholders					1,094

Segment profit represents the profit earned by each segment without allocation of the changes in fair value of investment properties, certain Manager's fees and real estate investment trust expenses, certain depreciation and amortisation expenses, certain other operating expenses, exchange loss and certain other income that are not directly related to each segmental activities, fair value change on derivative financial instruments and finance costs. This is the measure reported to the Manager for the purposes of resource allocation and performance assessment.

4. SEGMENT REPORTING - continued

(b) Segment assets

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

	2019 RMB million	2018 RMB million
Malls	**17,286**	17,382
Offices	**15,822**	15,906
Apartments	**2,521**	2,124
Hotels	**4,095**	4,748
Total segment assets	**39,724**	40,160
Bank balances and cash	**6,684**	5,928
Other assets	**67**	79
Consolidated total assets	**46,475**	46,167

For the purposes of monitoring segment performances and resources allocation, all investment properties, right-of-use assets (2018: land and related costs), inventories, certain bank balances and cash, certain property, plant and equipment (mainly buildings), trade and certain other receivables are allocated to operating segments. Other corporate assets (including remaining bank balances and cash, certain equipment and certain other receivables) are unallocated.

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 Beijing, Chongqing, Shenyang and Chengdu, 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.

(d) Other segment information

For the year ended 31 December 2019

	Malls RMB million	Offices RMB million	Apartments RMB million	Hotels RMB million	Total reportable segments RMB million	Others RMB million	Consolidated Total RMB million
Depreciation of property, plant and equipment	**2**	**1**	**2**	**12**	**17**	**-**	**17**
Additions to non-current assets	**27**	**7**	**6**	**152**	**192**	**2**	**194**

4. SEGMENT REPORTING - continued

(d) Other segment information - continued

For the year ended 31 December 2018

	Malls RMB million	Offices RMB million	Apartments RMB million	Hotels RMB million	Total reportable segments RMB million	Others RMB million	Consolidated Total RMB million
Depreciation of property, plant and equipment	2	1	1	8	12	-	12
Additions to non-current assets	42	6	9	134	191	1	192

5. REVENUE

For the year ended 31 December 2019

	Malls RMB million	Offices RMB million	Apartments RMB million	Hotels RMB million	Consolidated RMB million
Disaggregation of revenue					
Revenue from contracts with customers within the scope of HKFRS 15					
Room revenue	**-**	**-**	**133**	**332**	**465**
Food and beverage	**-**	**-**	**-**	**133**	**133**
Carpark revenue	**27**	**-**	**-**	**-**	**27**
Ancillary services income	**147**	**225**	**59**	**25**	**456**
	174	**225**	**192**	**490**	**1,081**
Rental income	**1,049**	**1,039**	**-**	**-**	**2,088**
Total revenue	**1,223**	**1,264**	**192**	**490**	**3,169**
Timing of revenue recognition					
A point in time	**56**	**59**	**6**	**145**	**266**
Over time	**118**	**166**	**186**	**345**	**815**
Total	**174**	**225**	**192**	**490**	**1,081**

For the year ended 31 December 2018

	Malls RMB million	Offices RMB million	Apartments RMB million	Hotels RMB million	Consolidated RMB million
Disaggregation of revenue					
Revenue from contracts with customers within the scope of HKFRS 15					
Room revenue	-	-	123	354	477
Food and beverage	-	-	-	155	155
Ancillary services income	150	210	47	26	433
	150	210	170	535	1,065
Rental income	1,062	1,074	-	-	2,136
Total revenue	1,212	1,284	170	535	3,201
Timing of revenue recognition					
A point in time	62	41	5	172	280
Over time	88	169	165	363	785
Total	150	210	170	535	1,065

5. REVENUE - continued

All services 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 RMB7 million (2018: RMB8 million).

The direct operating expenses from investment properties (includes mainly certain other operating expenses, certain Manager's fees and staff costs) amounting to RMB666 million (2018: RMB655 million).

6. OTHER INCOME

	2019	2018
	RMB million	RMB million
Interest income from banks	**213**	276
Government subsidies	**3**	3
Others	**7**	1
Total	**223**	280

7. OTHER OPERATING EXPENSES

	2019	2018
	RMB million	RMB million
Advertising and promotion	**29**	26
Audit fee	**2**	2
Insurance	**6**	6
Lease agency fee	**38**	35
Property manager's fee	**86**	78
Property management fees	**70**	76
Repairs and maintenance	**89**	86
Other miscellaneous expenses (Note)	**182**	160
Stamp duty	**3**	3
Urban land use tax	**3**	3
Urban real estate tax	**307**	301
Utilities	**98**	104
Value added tax surcharges	**15**	16
	928	896

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

8. FINANCE COSTS

	2019	2018
	RMB million	RMB million
Interest expense on unsecured bank loans wholly repayable within five years	**335**	297

9. MANAGER'S FEES

	2019	2018
	RMB million	RMB million
Base fee	**121**	122
Variable fee	**23**	23
	144	145

10. REAL ESTATE INVESTMENT TRUST EXPENSES

	2019	2018
	RMB million	RMB million
Trustee's fee	**4**	4
Legal and professional fees	**3**	2
Public relations - related expenses	**1**	1
Trust administrative expenses and others	**5**	4
	13	11

11. INCOME TAX EXPENSE

	2019	2018
	RMB million	RMB million
The income tax expense comprises:		
Current tax		
- PRC Enterprise Income Tax	**448**	457
- Withholding tax	**64**	65
Deferred taxation	**(31)**	29
	481	551

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

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

11. INCOME TAX EXPENSE - continued

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

12. EARNINGS PER UNIT

The earnings per unit for the year ended 31 December 2019 is calculated by dividing the profit for the year attributable to unitholders before transactions with unitholders of RMB484 million by 5,820,620,179 units, being the weighted average number of units in issue during the year of 5,816,691,066 units, plus the weighted average number of units issuable for settlement of Manager's fees for the period from 1 July 2019 to 31 December 2019 of 3,929,113 units.

The earnings per unit for the year ended 31 December 2018 is calculated by dividing the profit for the year attributable to unitholders before transactions with unitholders of RMB574 million by 5,674,310,742 units, being the weighted average number of units in issue during the year of 5,670,287,982 units, plus the weighted average number of units issuable for settlement of Manager's fees for the period from 1 July 2018 to 31 December 2018 of 4,022,760 units.

No diluted earnings per unit for both 2019 and 2018 were presented as there were no potential dilution of earnings per unit for both 2019 and 2018.

13. INVESTMENT PROPERTIES

	2019	2018
	RMB million	RMB million
FAIR VALUE		
At the beginning of the year	**33,086**	32,981
Additions	**34**	43
Transferred from property, plant and equipment	**8**	9
Transferred from land and related costs	-	51
Transferred from right-of-use assets	**36**	-
(Decrease) increase in fair value recognised in profit or loss	**(214)**	25
Transferred to property, plant and equipment	**(5)**	(3)
Transferred to land and related costs	-	(20)
Transferred to right-of-use assets	**(7)**	-
At the end of the year	**32,938**	33,086

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

(b) Investment properties were revalued on 31 December 2019 and 31 December 2018 by D&P China (HK) Limited, an independent professional valuer 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 2018	2,428	726	51	176	12	156	3,549
Additions for the year	2	8	4	1	128	6	149
Disposals for the year	(1)	-	(1)	(5)	-	(12)	(19)
Transfer	16	-	-	20	(53)	17	-
Transferred from investment properties	-	-	3	-	-	-	3
Transferred to investment properties	-	-	(10)	-	-	-	(10)
At 31 December 2018	2,445	734	47	192	87	167	3,672
Additions for the year	**6**	**5**	**1**	**14**	**117**	**17**	**160**
Disposals for the year	**(8)**	**-**	**(4)**	**(5)**	**-**	**(2)**	**(19)**
Transfers	**(229)**	**324**	**-**	**48**	**(185)**	**42**	**-**
Transferred from investment properties	**-**	**-**	**5**	**-**	**-**	**-**	**5**
Transferred to investment properties	**-**	**-**	**(9)**	**-**	**-**	**-**	**(9)**
At 31 December 2019	**2,214**	**1,063**	**40**	**249**	**19**	**224**	**3,809**
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 January 2018	801	162	3	87	-	88	1,141
Provided for the year	128	28	3	16	-	12	187
Eliminated on disposals	-	-	-	(2)	-	(9)	(11)
Transferred to investment properties	-	-	(1)	-	-	-	(1)
At 31 December 2018	929	190	5	101	-	91	1,316
Provided for the year	**104**	**48**	**4**	**18**	**-**	**17**	**191**
Eliminated on disposals	**(6)**	**-**	**-**	**(2)**	**-**	**-**	**(8)**
Transfers	**(150)**	**150**	**-**	**-**	**-**	**-**	**-**
Transferred to investment properties	**-**	**-**	**(1)**	**-**	**-**	**-**	**(1)**
At 31 December 2019	**877**	**388**	**8**	**117**	**-**	**108**	**1,498**
CARRYING AMOUNTS							
At 31 December 2019	**1,337**	**675**	**32**	**132**	**19**	**116**	**2,311**
At 31 December 2018	1,516	544	42	91	87	76	2,356

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

Buildings, which are situated in Beijing, Chongqing, Shenyang and Chengdu, the PRC are held under medium-term leases.

The valuation of Buildings and Land were performed on 31 December 2019 and 31 December 2018 by D&P China (HK) Limited, an independent valuer with appropriate professional qualifications and experiences in the valuation of similar properties in the relevant locations. The Manager determined that no impairment was made to Buildings and Right-of-use assets (2018: Land and related costs).

15. LAND AND RELATED COSTS

The carrying amount of prepaid lease payments and other related costs for land use rights held in the PRC under medium-term leases is analysed as follows:

	2018 RMB million
Non-current asset	4,292
Current asset	173
	4,465

16. RIGHT-OF-USE ASSETS

	Leasehold lands RMB million
As at 1 January 2019	
Carrying amount	**4,465**
As at 31 December 2019	
Carrying amount	**4,270**
For the year ended 31 December 2019	
Depreciation charge	**170**
Additions to right-of-use assets	-

17. TRADE AND OTHER RECEIVABLES

	2019 **RMB million**	2018 RMB million
Trade receivables	**29**	29
Deposits and prepayments	**15**	17
Advance to suppliers	**10**	16
Interest receivables	**30**	38
Other receivables	**36**	22
	120	122

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

	2019 **RMB million**	2018 RMB million
Less than or equal to 1 month	**16**	16
1 - 3 months	**7**	9
Over 3 months	**6**	4
	29	29

18. TRADE AND OTHER PAYABLES

	2019 RMB million	2018 RMB million
Trade payables	**136**	86
Receipts in advance	**223**	235
Others (Note)	**156**	183
	515	504

Note: 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:

	2019 RMB million	2018 RMB million
Less than or equal to 3 months	**92**	71
Over 3 months	**44**	15
	136	86

19. BANK LOANS

	2019 RMB million	2018 RMB million
Unsecured term loans	**10,906**	9,967
Loan front-end fee	**(35)**	(46)
	10,871	9,921
The maturities of the above bank loans are as follows:		
Within one year	**2,191**	1,685
More than one year but not exceeding two years	**4,469**	1,963
More than two years but not exceeding five years	**4,211**	6,273
	10,871	9,921
Less: Amounts shown under current liabilities	**(2,191)**	(1,685)
Amounts due after one year	**8,680**	8,236

In relation to the credit facility of HK$800 million granted to the Group on 18 March 2019 to finance the general corporate funding requirements of the Group, the total amount of the credit facility utilised by the Group as at 31 December 2019 was HK$800 million (equivalent to RMB717 million). It bears interest at floating interest rate of Hong Kong Interbank Offered Rate ("HIBOR") plus 0.85% per annum and is repayable in full in March 2022.

In relation to the credit facility of HK$1,200 million granted to the Group on 24 April 2019 to refinance the credit facility granted in April 2016, the total amount of the credit facility utilised by the Group as at 31 December 2019 was HK$1,200 million (equivalent to RMB1,075 million) (31 December 2018: HK$1,200 million (equivalent to RMB1,051 million)). It bears interest at floating interest rate of HIBOR plus 0.90% per annum and is repayable in full in April 2022.

19. BANK LOANS - continued

In relation to the credit facility of HK$525 million granted to the Group on 14 August 2019 to refinance the credit facility granted in August 2016, the total amount of the credit facility utilised by the Group as at 31 December 2019 was HK$525 million (equivalent to RMB470 million) (31 December 2018: HK$525 million (equivalent to RMB460 million)). It bears interest at floating interest rate of HIBOR plus 0.84% per annum and is repayable in full in August 2022.

In relation to the credit facility of HK$200 million granted to the Group on 17 December 2019 to refinance the credit facility granted in December 2017, the total amount of the credit facility utilised by the Group as at 31 December 2019 was HK$200 million (equivalent to RMB179 million) (31 December 2018: HK$200 million (equivalent to RMB175 million)). It bears interest at floating interest rate of HIBOR plus 1.00% per annum and is repayable in full in December 2020.

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

20. 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 2019 of RMB25,983 million (2018: RMB26,373 million) and the total number of 5,880,262,459 units in issue as at 31 December 2019 (2018: 5,757,337,072 units).

21. NET CURRENT ASSETS

At the end of the reporting period, the Group's net current assets, defined as total current assets less total current liabilities, amounted to RMB3,272 million (2018: RMB3,076 million).

22. TOTAL ASSETS LESS CURRENT LIABILITIES

At the end of the reporting period, the Group's total assets less current liabilities amounted to RMB42,793 million (2018: RMB42,812 million).

23. EVENTS AFTER REPORTING PERIOD

The COVID-19 outbreak has affected a wide array of industries, particularly tourism, airline, retail, food and beverage and manufacturing sectors. The COVID-19 outbreak’s long-term effect on the Chinese economy remains to be seen. Hui Xian REIT’s hotel and retail sectors, however, have felt the pain immediately. The significant drop in tourist arrivals coupled with the cancellation of corporate events has affected both accommodation and food and beverage business of our hotels. The outbreak has also dampened retail sentiment as consumers cut back on discretionary spending. As a result, foot traffic and retail sales of shopping centres have decreased substantially. Also, there will likely be repercussions on the leasing business of our office and serviced apartment sectors.

The COVID-19 outbreak clouds the short-term economic outlook of China and affects substantially Hui Xian REIT’s business, particularly in the first half of 2020. Due to the inherent unpredictable nature of the outbreak, the actual financial impacts could be different depending on future development of the outbreak, government policies and measures in response to the outbreak. The actual financial impact, if any, will be reflected in the Group’s 2020 financial statements.