HUI XIAN REIT
滙賢產業信託

Hui Xian Real Estate Investment Trust

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

(Stock Code: 87001)

Managed by Hui Xian Asset Management Limited

滙賢房託管理有限公司

ANNUAL RESULTS ANNOUNCEMENT FOR THE PERIOD FROM 1 JANUARY 2018 TO 31 DECEMBER 2018

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 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 2018 to 31 December 2018 ("**Reporting Period**") as follows:

FINANCIAL HIGHLIGHTS

For the financial year from 1 January 2018 to 31 December 2018

	1 Jan – 31 Dec 2018	**1 Jan – 31 Dec 2017**	**Percentage Change**
Total Revenue *(RMB million)*	**3,201**	**3,199**	+0.1%
Net Property Income *(RMB million)*	**2,060**	**2,074**	-0.7%
Amount Available for Distribution *(RMB million)*	**1,517**	**1,489**	+1.9%
Distributions to Unitholders *(RMB million)*	**1,517**	**1,489**	+1.9%
Distribution per Unit *(RMB)*	**0.2653**	**0.2681**	-1.0%
Payout Ratio	**100%**	**100%**	N/A
Distribution Yield	**8.3%** (1)	**8.5%** (2)	N/A

Notes:

(1) Based on the closing price of the units of Hui Xian REIT ("**Units**") on 31 December 2018 and the actual distribution amount for the period from 1 January 2018 to 31 December 2018.

(2) Based on the closing price of Units on 29 December 2017 and the actual distribution amount for the period from 1 January 2017 to 31 December 2017.

CHAIRMAN'S STATEMENT

In 2018, the global economy was characterised by ongoing volatility and uncertainty, fuelled by escalating trade protectionism and heightened geopolitical risks. China-US trade tensions, China's slower economic growth, and ongoing Brexit uncertainty have contributed to a gloomier outlook for the world economy as well as for many corporations across the globe. In January 2019, the International Monetary Fund warned that the economic expansion seen in recent years was losing momentum.

According to the National Bureau of Statistics of China, the country's gross domestic product during 2018 increased 6.6% year-on-year, the slowest annual growth recorded since 1990.

China's retail sales rose 9.0% year-on-year in 2018, down from an increase of 10.2% in 2017. Several top international brands, products of which range from smartphone, automobile, luxury fashion and jewellery, to coffee shops chains, are facing softer consumer demand in China. Other major economic indicators of China, including fixed asset investment and industrial production, also showed slower growth in 2018.

RMB experienced fluctuation during 2018. The RMB exchange rate against Hong Kong Dollars as at 31 December 2018 had dropped by approximately 4.6%* compared to that as at 31 December 2017.

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

Results and Distribution

Amidst a challenging business environment, Hui Xian REIT delivered steady performance and continued to generate a stable income for its Unitholders during the Reporting Period. Total revenue was RMB3,201 million (2017: RMB3,199 million). Net property income ("**NPI**") amounted to RMB2,060 million (2017: RMB2,074 million). Office and serviced apartment portfolios performed well while the retail and hotel sectors recorded negative growth.

The Distributions to Unitholders for the Reporting Period was RMB1,517 million, up by 1.9% year-on-year. The payout ratio maintained at 100%. The distribution per unit ("**DPU**") for the second half of the year was RMB0.1239. Together with the interim DPU, the total DPU for the Reporting Period was RMB0.2653 (2017: RMB0.2681). This represented a distribution yield of 8.3% based on the closing unit price of RMB3.19 on 31 December 2018.

Business Review

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

(1) Office Portfolio

Hui Xian REIT's office portfolio comprises The Tower Offices at Beijing Oriental Plaza and The Tower at Chongqing Metropolitan Oriental Plaza. The office portfolio's NPI was RMB955 million, a year-on-year increase of 5.4%.

Beijing's office market remained stable in 2018. Leasing demand continued to be driven by domestic corporations, particularly those from technology and finance sectors. Multinational corporations remained cost-conscious and conservative on office expansion. Beijing will see an increase in office supply over the next few years and it is likely that there will be pressure on both rental and occupancy levels.

The Tower Offices at Beijing Oriental Plaza performed well in 2018 and sustained a high level of occupancy at 95.9% (2017: 95.5%). Average monthly passing rent was RMB294 per square metre, up by 2.8% year-on-year. Average monthly spot rent was RMB334 (2017: RMB335) per square metre.

Chongqing's office market continued to be competitive due to escalating new supply. Located at Jiefangbei Central Business District, The Tower at Chongqing Metropolitan Oriental Plaza continues to be the popular address among multinational corporations and consulates. Average occupancy rate improved to 91.8% (2017: 88.1%) while the average monthly passing rent was RMB117 (2017: RMB121) per square metre.

(2) Retail Portfolio

Hui Xian REIT's retail portfolio consists of two shopping centres at Beijing Oriental Plaza and Chongqing Metropolitan Oriental Plaza. NPI was RMB892 million (2017: RMB947 million).

China's retail sector is undergoing a major transformation as a result of fast-changing consumer behavior, oversupply of retail space and the surge of e-commerce, posing serious challenges to the retail leasing market. Over the past few years, social media, smartphones and mobile payment have quickly become ubiquitous in China. In 2018, online retail sales increased 23.9% year-on-year to RMB9,007 billion.

Despite the challenging operating conditions, The Malls at Beijing Oriental Plaza continues to be a sought-after destination for both retailers and shoppers due to the excellent accessibility and high footfall of its unrivalled location in Wangfujing.

Facing a competitive business environment, The Malls proactively and continuously seeks freshness and diversity in its tenant mix to maintain its appeal to the expanding young, affluent and e-savvy consumer groups. Two electric vehicle flagship centres, a high-end supermarket, a variety of sportswear and lifestyle stores, as well as food and beverage outlets have been successfully recruited. Occupancy rate stood at 97.6% (2017: 97.4%). Average monthly passing rent was RMB1,126 (2017: RMB1,163) per square metre.

At Chongqing Metropolitan Oriental Plaza, the mall continued the comprehensive asset enhancement and tenant revamp programme throughout 2018. During the renovation period, average occupancy rate was 84.4% (2017: 75.8%) and average monthly passing rent was RMB165 (2017: RMB196) per square metre.

(3) Serviced Apartment Portfolio

There is a rising demand for high quality serviced apartments in downtown Beijing. To capture this business opportunity, Hui Xian REIT has been converting hotel rooms into serviced apartment units for leasing, increasing the total inventory from 613 units as at 31 December 2016 to 720 units as at 31 December 2018. Its serviced apartment portfolio, comprising The Tower Apartments at Beijing Oriental Plaza, has recorded healthy growth in both revenue and occupancy in 2018.

During the Reporting Period, the portfolio's NPI increased 18.3% year-on-year to RMB94.0 million. Average occupancy rate of The Tower Apartments rose to 93.3% from 86.7% a year ago.

(4) Hotel Portfolio

Hui Xian REIT's hotel portfolio comprises four five-star hotels across four cities in China: Grand Hyatt Beijing, Sheraton Chengdu Lido Hotel, Sofitel Shenyang Lido and Harbour Plaza Chongqing. The aggregate NPI was down by 16.1% year-on-year to RMB119 million, primarily impacted by the asset enhancement programmes at two of the hotels in Shenyang and Chongqing.

Revenue and NPI of both Grand Hyatt Beijing and Sheraton Chengdu Lido Hotel were higher than that of the previous year. Grand Hyatt Beijing's average room rate per night was RMB1,273 (2017: RMB1,258) and occupancy rate was 75.6% (2017: 73.4%). Revenue per available room ("**RevPAR**") increased 4.2% year-on-year to RMB962. Sheraton Chengdu Lido Hotel made its first full-year contribution in 2018. Average room rate per night was RMB544 and occupancy rate was 71.6%. RevPAR was RMB390.

The business performance of Sofitel Shenyang Lido and Harbour Plaza Chongqing was adversely affected due to their ongoing renovation programmes in which a portion of room inventory was unavailable for sale. Sofitel Shenyang Lido's occupancy rate and average room rate per night were down to 28.7% and RMB455 respectively. Its renovation programme made good progress during the year, and is expected to be completed within 2019.

Harbour Plaza Chongqing was under renovation throughout 2018. Average occupancy rate and average room rate per night dropped to 38.2% and RMB363 respectively during this renovation period. In March 2018, Hui Xian REIT announced that it has engaged Hyatt to manage the hotel and it will be rebranded as "Hyatt Regency Liberation Square Chongqing" in the second quarter of 2019.

Strong Financial Position

Hui Xian REIT has continued to adhere to its prudent financial management strategy. As at 31 December 2018, bank balances and cash on hand amounted to RMB6,107 million and total debts amounted to RMB9,921 million. Debts to gross asset value ratio was 21.5%. Hui Xian REIT has sufficient financial capacity to capitalise on new investment opportunities as they arise.

Outlook

The uncertainties faced in 2018 will likely continue to affect the global economy in 2019. In January 2019, the World Bank lowered its 2019 global growth forecast to 2.9% from 3% in 2018 due to a series of downside risks.

China's GDP grew 6.6% in 2018, its slowest pace in nearly three decades and the country will continue to face strong challenges in 2019. The Chinese government set its GDP growth target at 6-6.5% for 2019. To spur economic growth, the Chinese government has been rolling out a series of stimulus measures and incentives, including large-scale tax cuts, reduction in reserve requirements for banks and increased infrastructure spending.

The rapidly-changing business environment brings both opportunities and risks to Hui Xian REIT and we are prepared to address both.

In the retail sector, we will continue to optimize the tenant mix in our shopping centre at Beijing Oriental Plaza and Chongqing Metropolitan Oriental Plaza to boost rental income and drive traffic. New functions will be added to the social media-based loyalty programmes to further enhance customer loyalty as well as spending. We also strive to capitalise on the Chinese government's latest plans to upgrade Wangfujing Pedestrian Street in Beijing and Jiefangbei Pedestrian Street in Chongqing, where our two shopping centres are respectively located.

A slew of measures recently unveiled by the Chinese government to boost economic activities and investments will likely drive demand for office space, benefiting Hui Xian REIT's office portfolio.

We will continue to capitalise on the market opportunities of serviced apartments in Beijing and Shenyang and expand Hui Xian REIT's serviced apartment portfolio to a new level.

The Tower Apartments at Beijing Oriental Plaza delivered encouraging results in 2018. To further increase its market share, we are converting more hotel rooms into fully-furnished serviced apartments. When the renovation is completed, the total inventory will increase from 720 in 2018 to 809 units in 2019, making The Tower Apartments one of the largest serviced apartment projects in the heart of Beijing.

Sofitel Shenyang Lido's asset enhancement programme is progressing well and will be completed within 2019. Within the building, we have curated a new portfolio of serviced apartments consisting of 134 units under the brand "The Residences at Sofitel Shenyang Lido". We have created dedicated entrance, lobby and exclusive lifts especially for the apartment guests, so that they can enjoy a new level of privacy, comfort and convenience.

Building on the successful track record of Beijing Oriental Plaza, Hui Xian REIT aims to create the second "Oriental Plaza" in Chongqing by integrating its current retail, office and hotel businesses into a comprehensive mixed-use complex. The renovation and tenant revamp programme at the mall is progressing well. The hotel will be rebranded as "Hyatt Regency Liberation Square Chongqing", offering brand new guest rooms and upgraded facilities and it is set to soft open in the second quarter of 2019.

As the world economy continues to be uncertain in 2019, we remain cautiously optimistic about the outlook for Hui Xian REIT. The majority of the asset enhancement works at our Chongqing and Shenyang assets will be completed by 2019, laying a good foundation for long-term sustainable growth.

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, 15 March 2019

MANAGEMENT DISCUSSION AND ANALYSIS

PORTFOLIO HIGHLIGHTS

As at 31 December 2018, 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 Company Limited#) ("**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 turns 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 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
^ Previously translated as Chongqing Dongguang Hotel Co., Ltd.

OPERATIONS REVIEW

(1) Office Portfolio

Hui Xian REIT's office portfolio comprises two Grade A office developments: The Tower Offices at Beijing Oriental Plaza and The Tower at Chongqing Metropolitan Oriental Plaza. Revenue increased 4.5% year-on-year to RMB1,284 million. NPI increased 5.4% year-on-year to RMB955 million.

(i) The Tower Offices at Beijing Oriental Plaza

Beijing's office market remained stable during 2018. Leasing demand was mainly driven by domestic corporations, especially those from technology and financial industries while multinational corporations have become conservative in regards to office expansion plans. Beijing is set to see more new office supply come on stream in the coming few years. This influx of new supply will likely soften the rental market.

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, high 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 RMB1,217 million, up by 4.6% year-on-year. NPI amounted to RMB915 million, an increase of 5.5% year-on-year. Average monthly passing rent was RMB294 per square metre, an increase of 2.8% year-on-year. Average monthly spot rent was RMB334 (2017: RMB335) per square metre). Rental reversion was 4.8%, and average occupancy rate was increased to 95.9% (2017: 95.5%).

(ii) The Tower at Chongqing Metropolitan Oriental Plaza

Chongqing's office market remained competitive in 2018 due to the continual influx of new supply. Rental and occupancy rates are expected to remain under pressure.

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 wide range of sectors, including insurance and financial services, electronics, logistics and healthcare. Among new tenants are ZWILLING, Bosch Appliances, Nutricia and British Chamber of Commerce. Meanwhile, existing tenants, such as Mitsubishi and Kuehne + Nagel expanded their offices.

The Tower's revenue was up by 2.7% year-on-year to RMB67 million; NPI rose by 2.1% year-on-year to RMB40 million. Average occupancy rate was 91.8%, up from 88.1% a year ago. Average monthly passing rent was RMB117 (2017: RMB121) per square metre; average monthly spot rent was RMB120 (2017: RMB116) per square metre.

(2) Retail Portfolio

Hui Xian REIT's retail portfolio consists of two large-scale shopping centres: The Malls at Beijing Oriental Plaza and The Mall at Chongqing Metropolitan Oriental Plaza, collectively offering about 219,000 square metres of retail space. Against a challenging retail backdrop, revenue was RMB1,212 million (2017: RMB1,279 million) and NPI was RMB892 million (2017: RMB947 million).

Beijing Oriental Plaza and Chongqing Metropolitan Oriental Plaza are located on the Wangfujing Pedestrian Street in Beijing and Jiefangbei Pedestrian Street in Chongqing respectively. These two well-known pedestrian streets are among the 11 selected by the Chinese government to reform and upgrade to further drive domestic consumption.

(i) The Malls at Beijing Oriental Plaza

According to the Beijing Municipal Bureau of Statistics, Beijing's GDP grew 6.6% year-on-year to RMB3,032 billion. Retail sales of consumer goods increased 2.7% to RMB1,175 billion. Disposable income per capita of Beijing's residents was RMB62,361, up by 6.3% in real terms.

Revenue of The Malls at Beijing Oriental Plaza was down by 5.2% year-on-year to RMB1,119 million. NPI decreased 6.6% year-on-year to RMB848 million. Average monthly passing rent was RMB1,126 (2017: RMB1,163) per square metre. Average occupancy rate was maintained at a high level of 97.6% (2017: 97.4%).

During 2018, The Malls welcomed a number of new retailers, including Emporio Armani, Jaeger-LeCoultre, Kate Spade New York, C. P. Company, Baldinini, Steiff, ICICLE, GIADA and OSIM. colorlab by Watsons, a new concept makeup store, and electric car Weltmeister, have also opened retail outlets at The Malls.

(ii) The Mall at Chongqing Metropolitan Oriental Plaza

Chongqing's GDP grew 6.0% year-on-year to RMB2,036 billion in 2018. Retail sales of consumer goods and disposable income per capita of its urban residents increased 8.7% and 8.4% year-on-year respectively.

The Mall at Chongqing Metropolitan Oriental Plaza is currently undergoing an extensive asset enhancement and tenant mix refinement programme, which has impacted its revenue and rental level. Average monthly passing rent was RMB165 (2017: RMB196) per square metre and average occupancy rate was 84.4% (2017: 75.8%).

An array of "retailtainment" elements have been introduced to The Mall, including Van Gogh Star Art Museum, Coca Cola Theme Park and an e-sports arena (which was previously an ice-skating rink). A 700-square metre fitness centre, a family photoshooting studio and a number of new food and beverage outlets were opened in The Mall.

(3) Serviced Apartment Portfolio

Leasing demand for high quality serviced apartments in downtown Beijing was on the rise in 2018. Hui Xian REIT's serviced apartment portfolio, comprising The Tower Apartments at Beijing Oriental Plaza, has registered healthy growth in both revenue and occupancy.

During the Reporting Period, the portfolio's revenue was up by 12.5% year-on-year to RMB170 million and NPI increased 18.3% year-on-year to RMB94 million.

Offering 720 fully-furnished units, average occupancy rate of The Tower Apartments rose to 93.3% from 86.7% a year ago. To seize this business opportunity and further increase the market share, we are in the process of converting more hotel rooms into serviced apartments for leasing.

(4) Hotel Portfolio

Hui Xian REIT's hotel portfolio consists of four five-star hotels: Grand Hyatt Beijing at Beijing Oriental Plaza, Sheraton Chengdu Lido Hotel (69% interest), Sofitel Shenyang Lido (70% interest) and Harbour Plaza Chongqing. The aggregate revenue was RMB535 million, a decline of 1.1% year-on-year. NPI was down by 16.1% year-on-year to RMB119 million, mainly due to the renovation works at Sofitel Shenyang Lido and Harbour Plaza Chongqing.

(i) Grand Hyatt Beijing, Beijing

According to the Beijing Municipal Bureau of Statistics, the capital city's 2018 tourist arrivals increased 2% year-on-year to 4.0 million. Grand Hyatt Beijing's average occupancy rate rose to 75.6% (2017: 73.4%). Average room rate per night increased 1.2% year-on-year to RMB1,273. RevPAR was up by 4.2% year-on-year to RMB962.

(ii) Sheraton Chengdu Lido Hotel (69% interest)

Official data showed that the total visitor arrivals to Chengdu increased 15.8% year-on-year in 2018. Sheraton Chengdu Lido Hotel made its first full year contribution. Average occupancy rate was 71.6% and average room rate was RMB544.

(iii) Sofitel Shenyang Lido, Shenyang (70% interest)

During the renovation period, Sofitel Shenyang Lido's average occupancy rate and average room rate per night were 28.7% and RMB455 respectively. Some of the hotel rooms were being converted as fully furnished serviced apartments during the Reporting Period.

(iv) Harbour Plaza Chongqing

Currently undergoing major renovations, Harbour Plaza Chongqing's average occupancy rate was 38.2% and average room rate per night was RMB363. In March 2018, Hyatt has been appointed as the new management company. The hotel will be rebranded as "Hyatt Regency Liberation Square Chongqing" and is expected to launch in the second quarter of 2019 with a fresh new look and upgraded facilities.

FINANCIAL REVIEW

Net Property Income

The net property income was RMB2,060 million for the year ended 31 December 2018.

Distributions

Distribution Amount

Hui Xian REIT will distribute a total of RMB713 million ("**2018 Final Distributio**n") to Unitholders for the period from 1 July 2018 to 31 December 2018. The 2018 Final Distribution represents 100% of Hui Xian REIT's total amount available for distribution during the period from 1 July 2018 to 31 December 2018 and will be paid in RMB. A total of RMB804 million has been distributed to Unitholders of Hui Xian REIT on 27 September 2018 for the period from 1 January 2018 to 30 June 2018. In total, Hui Xian REIT will distribute a total of RMB1,517 million to Unitholders for the year ended 31 December 2018. The distribution amount includes certain profit elements in the capital nature of Hui Xian REIT. The amount of capital nature items is RMB915 million (2017: RMB334 million).

Distribution per Unit

The final DPU for the period from 1 July 2018 to 31 December 2018 is RMB0.1239 based on the number of outstanding Units on 31 December 2018. Together with the interim DPU of RMB0.1414, Hui Xian REIT provides a total DPU for the year ended 31 December 2018 of RMB0.2653. This represents a distribution yield of 8.3% based on the closing unit price of RMB3.19 on 31 December 2018.

Closure of Register of Unitholders

The record date for the 2018 Final Distribution will be 3 April 2019, Wednesday ("**Record Date**"). The Register of Unitholders will be closed from 1 April 2019, Monday to 3 April 2019, Wednesday, both days inclusive, during which period no transfer of Units will be registered. The final distribution is expected to be payable on 17 May 2019, 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 2018 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 29 March 2019, Friday.

Debt Positions

In March 2018, Hui Xian Investment drew down an unsecured 3-year term loan of HK$5,000 million offered by Bank of China (Hong Kong) Limited, China Construction Bank (Asia) Corporation Limited, Hang Seng Bank Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, DBS Bank Ltd. and The Hongkong and Shanghai Banking Corporation Limited. The purpose of the facility was to refinance the credit facility granted by the same lenders in December 2014.

In June 2018, Hui Xian Investment fully prepaid an unsecured 5-year term loan of HK$800 million which was drawn down in July 2016. The participating banks involved Sumitomo Mitsui Banking Corporation, Bank of China Limited Macau Branch and Mega International Commercial Bank Co., Ltd. Together with the fair value gain on relevant derivative financial instrument, the net exchange gain realised from the bank loan and loan front-end fee was approximately RMB39 million.

In August 2018, Hui Xian Investment drew down an unsecured 4-year term loan of HK$1,000 million offered by Bank of China (Hong Kong) Limited. The purpose of the facility was to refinance the credit facility granted by the same lender in August 2015.

In December 2018, Hui Xian Investment fully prepaid an unsecured 3-year term loan of HK$1,000 million which was drawn down in February and March 2017. The participating banks involved Hang Seng Bank Limited and United Overseas Bank Limited. Together with the fair value gain on relevant derivative financial instrument, the net exchange gain realised from the bank loan and loan front-end fee was approximately RMB7 million.

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

As at 31 December 2018, Hui Xian REIT's total debts amounted to RMB9,921 million (31 December 2017: RMB10,969 million). Based on Hui Xian REIT's net assets attributable to Unitholders of RMB26,373 million as at 31 December 2018 (31 December 2017: RMB26,783 million), Hui Xian REIT's debts to net asset value ratio improved to 37.6% (31 December 2017: 41.0%). Meanwhile, the debts to gross asset value ratio was 21.5% as at 31 December 2018 (31 December 2017: 23.0%).

Bank Balances and Asset Positions

As at 31 December 2018, Hui Xian REIT's bank balances and cash amounted to RMB6,107 million (31 December 2017: RMB7,401 million). The bank balances and cash are mainly denominated in RMB. No currency hedge was employed.

Hui Xian REIT is indirectly interested in a 129,775 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.

D&P China (HK) Limited ("**D&P China**") valued the eight blocks of office towers, the shopping centre and car parking spaces at RMB29,618 million as at 31 December 2018 (31 December 2017: RMB29,551 million), translating into an increase of 0.2% over the valuation as of 31 December 2017. The hotel and serviced apartment premises were valued at RMB5,730 million as at 31 December 2018 (31 December 2017: RMB5,690 million). The total valuation of Beijing Oriental Plaza was RMB35,348 million (31 December 2017: RMB35,241 million), while the total gross property value of the properties was RMB34,443 million as at 31 December 2018, as compared to RMB34,574 million as at 31 December 2017.

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.

D&P China valued the hotel premises of Shenyang Lido at RMB820 million as at 31 December 2018 (31 December 2017: RMB850 million). Gross property value of hotel premises as at 31 December 2018 was RMB702 million (31 December 2017: RMB700 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 2018, the shopping centre, office building and car parking spaces were valued by D&P China at RMB3,678 million (31 December 2017: RMB3,692 million). Gross property value of the properties as at 31 December 2018 was RMB3,637 million (31 December 2017: RMB3,630 million).

Hui Xian REIT indirectly owns the entire interest of Highsmith (HK) Limited, which in turn indirectly owns the entire interest of 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 Harbour Plaza Chongqing at RMB406 million as at 31 December 2018 (31 December 2017: RMB421 million). Gross property value of hotel premises as at 31 December 2018 was RMB385 million (31 December 2017: RMB382 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 RMB727 million as at 31 December 2018 (31 December 2017: RMB722 million). Gross property value of hotel premises as at 31 December 2018 was RMB664 million (31 December 2017: RMB691 million).

Net Assets Attributable to Unitholders

As at 31 December 2018, net assets attributable to Unitholders amounted to RMB26,373 million (31 December 2017: RMB26,783 million) or RMB4.5807 per Unit, representing a 43.6% premium to the closing unit price of RMB3.19 on 31 December 2018 (31 December 2017: RMB4.7943 per Unit, representing a 52.2% premium to the closing unit price of RMB3.15 on 29 December 2017).

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 2018, except for capital commitment in respect of the asset enhancement programmes for Sofitel Shenyang Lido, Sheraton Chengdu Lido Hotel, Chongqing Metropolitan Oriental Plaza and Harbour Plaza Chongqing, Hui Xian REIT did not have any significant commitments.

Employees
As at 31 December 2018, Hui Xian REIT, by subsidiaries and through its branches, employed a total of 1,306 employees in Hong Kong and the PRC, of which 1,279 employees performed hotel operation functions and services, and 27 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 2018.

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 2018, both the Manager and Hui Xian REIT have in material terms complied with the provisions of the compliance manual, the corporate governance policy, the Trust Deed, the REIT Code and applicable provisions of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("**SFO**") and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

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

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

Review of the Annual Results
The annual results of Hui Xian REIT for the year ended 31 December 2018 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 2018, (i) an aggregate of 32,580,837 new Units were issued to the Manager as payment of part of the Manager's fees; and (ii) an aggregate of 138,343,746 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 2017 to 31 December 2017 and the interim distribution for the period from 1 January 2018 to 30 June 2018.

The total number of Units in issue as at 31 December 2018 was 5,757,337,072 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 2018.

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 2018.

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 2018.

Issuance of the Annual Report 2018
The annual report of Hui Xian REIT for the year ended 31 December 2018 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 2019.

Annual General Meeting of Unitholders
The 2019 annual general meeting of Hui Xian REIT will be held on or around 14 May 2019, 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, 15 March 2019

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 2018

	NOTES	**2018** **RMB million**	2017 RMB million
Revenue	5	**3,201**	3,199
Other income	6	**280**	273
Increase (decrease) in fair value of investment properties	13	**25**	(497)
Inventories consumed		**(46)**	(47)
Staff costs		**(174)**	(155)
Depreciation and amortisation		**(358)**	(343)
Other operating expenses	7	**(896)**	(888)
Finance costs	8	**(297)**	(262)
Exchange (loss) gain		**(508)**	758
Fair value gain on derivative financial instruments		**23**	-
Manager's fees	9	**(145)**	(160)
Real estate investment trust expenses	10	**(11)**	(21)
Gain on bargain purchase on acquisition of subsidiaries		**-**	85
Profit before taxation and transactions with unitholders		**1,094**	1,942
Income tax expense	11	**(551)**	(502)
Profit for the year, before transactions with unitholders		**543**	1,440
Distributions to unitholders		**(1,516)**	(1,489)
Loss for the year, after transactions with unitholders		**(973)**	(49)
Other comprehensive income:			
Item that will not be reclassified to profit or loss			
Gain on revaluation of land and related costs upon transfer to investment properties, net of tax		**8**	-
Total comprehensive expense for the year		**(965)**	(49)
Profit for the year, before transactions with unitholders attributable to:			
Non-controlling interests		**(31)**	(16)
Unitholders		**574**	1,456
		543	1,440
Basic earnings per unit (RMB)	12	**0.1012**	0.2635

FINANCIAL INFORMATION

DISTRIBUTION STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 **RMB million**	2017 RMB million
Profit for the year, before transactions with unitholders	**543**	1,440
Non-controlling interests	**31**	16
Profit for the year attributable to unitholders, before transactions with unitholders	**574**	1,456
Adjustments *(Note (i))*:		
Manager's fees	**101**	109
Deferred tax	**31**	(23)
Distributable depreciation and amortisation	**203**	201
(Increase) decrease in fair value of investment properties	**(25)**	497
Net unrealised exchange gain on bank loans and loan front-end fee	**-**	(763)
Gain on bargain purchase on acquisition of subsidiaries	**-**	(85)
	310	(64)
Distributable income	**884**	1,392
Additional items *(Note (ii))*:		
Depreciation and amortisation arising from fair value adjustments	**52**	47
Net unrealised exchange loss on bank loans and loan front-end fee	**456**	-
Net realised exchange gain on bank loan and loan front-end fee	**75**	-
Other cash distributions	**50**	50
	633	97
Amount available for distribution	**1,517**	1,489
Payout ratio *(Note (iii))*	**100%**	100%
Distributions to unitholders *(Note (iv))*		
- Interim distribution paid	**804**	761
- Final distribution payable	**713**	728
	1,517	1,489
Distribution per unit *(RMB) (Note (iv))*		
Interim distribution per unit	**0.1414**	0.1377
Final distribution per unit	**0.1239**	0.1304
	0.2653	0.2681

Notes:

(i) Adjustments for the year include:

(a) For the year ended 31 December 2018, Manager's fees paid and payable in units of RMB101 million (15,972,413 units issued and 15,873,595 units estimated to be issued) out of the total Manager's fees of RMB145 million. The difference of RMB44 million is paid or payable in cash.

For the year ended 31 December 2017, Manager's fees paid and payable in units of RMB109 million out of the total Manager's fees of RMB160 million. The difference of RMB51 million is paid or payable in cash.

(b) Deferred tax charge of RMB16 million (2017: RMB20 million) in relation to accelerated tax depreciation and deferred tax charge of RMB15 million (2017: deferred tax credit of RMB43 million) in relation to changes in fair value of investment properties.

(c) Distributable depreciation and amortisation of Beijing Oriental Plaza attributable to unitholders of RMB203 million (2017: RMB201 million) represented by depreciation and amortisation of RMB210 million (2017: RMB211 million) less capital expenditure of RMB7 million (2017: RMB10 million).

(d) Increase in fair value of investment properties of RMB25 million (2017: decrease in fair value of RMB497 million).

(e) Net unrealised exchange gain on bank loans and loan front-end fee of RMB763 million for the year ended 31 December 2017.

(f) Gain on bargain purchase on acquisition of subsidiaries of RMB85 million for the year ended 31 December 2017.

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.

Notes: - continued

(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 (2017: RMB47 million).

(2) Net unrealised exchange loss on bank loans and loan front-end fee of RMB456 million for the year ended 31 December 2018.

(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 RMB50 million (2017: 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 2018 represent a payout ratio of 100% (2017:100%) of Hui Xian REIT's distributable income for the year.

(iv) 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.

The interim distribution per unit of RMB0.1377 for the six months ended 30 June 2017 is calculated based on 100% of Hui Xian REIT's amount available for distribution of RMB760,535,258 over 5,523,493,330 units, representing issued units as at 30 June 2017. The final distribution per unit of RMB0.1304 for the six months ended 31 December 2017 is calculated based on 100% of Hui Xian REIT's amount available for distribution for the year of RMB1,489,267,002, less distribution to unitholders for the six months ended 30 June 2017, over 5,586,412,489 units, representing issued units as at 31 December 2017.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	NOTES	2018 RMB million	2017 RMB million
Non-current assets			
Investment properties	13	**33,086**	32,981
Property, plant and equipment	14	**2,356**	2,408
Land and related costs	15	**4,292**	4,484
Goodwill		**2**	2
Total non-current assets		**39,736**	39,875
Current assets			
Inventories		**29**	28
Land and related costs	15	**173**	172
Trade and other receivables	16	**122**	133
Bank balances and cash		**6,107**	7,401
Total current assets		**6,431**	7,734
Total assets		**46,167**	47,609
Current liabilities			
Trade and other payables	17	**504**	495
Tenants' deposits		**335**	292
Tax payable		**45**	46
Manager's fee payable		**73**	72
Distribution payable		**713**	728
Bank loans	18	**1,685**	5,009
Total current liabilities		**3,355**	6,642
Total assets less current liabilities	21	**42,812**	40,967
Non-current liabilities, excluding net assets attributable to unitholders			
Bank loans	18	**8,236**	5,960
Tenants' deposits		**468**	490
Deferred tax liabilities		**7,416**	7,384
Total non-current liabilities, excluding net assets attributable to unitholders		**16,120**	13,834
Total liabilities, excluding net assets attributable to unitholders		**19,475**	20,476
Non-controlling interests		**319**	350
Net assets attributable to unitholders		**26,373**	26,783
Units in issue ('000)		**5,757,337**	5,586,412
Net asset value per unit (RMB) attributable to unitholders	19	**4.5807**	4.7943

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 ("HKFRS(s)") 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 and derivative financial instruments 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 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017, 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 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

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

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[1]

[1] Effective for annual periods beginning on or after 1 January 2019
[2] Effective for annual periods beginning on or after a date to be determined
[3] Effective for annual periods beginning on or after 1 January 2021
[4] 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
[5] Effective for annual periods beginning 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.
Hotels:	Operation of Grand Hyatt Beijing in Oriental Plaza, Beijing, the PRC, Sofitel Shenyang Lido, Shenyang, the PRC, Harbour Plaza Chongqing, Chongqing, the PRC and Sheraton Chengdu Lido Hotel, Chengdu, the PRC.

(a) Segment revenue and results

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**

For the year ended 31 December 2017

	Malls RMB million	Offices RMB million	Apartments RMB million	Hotels RMB million	Consolidated RMB million
Segment revenue	1,279	1,228	151	541	3,199
Segment profit	947	906	79	142	2,074
Decrease in fair value of investment properties					(497)
Finance costs					(262)
Depreciation and amortisation					(332)
Gain on bargain purchase on acquisition of subsidiaries					85
Unallocated income and gain					1,027
Unallocated expense					(153)
Profit before taxation and transactions with unitholders					1,942

4. SEGMENT REPORTING - continued

(a) Segment revenue and results - continued

Segment profit represents the profit earned by each segment without allocation of the changes in fair value of investment properties, gain on bargain purchase on acquisition of subsidiaries, certain Manager's fees and real estate investment trust expenses, certain depreciation and amortisation expenses, certain other operating expenses, exchange (loss) gain 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.

(b) Segment assets

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

	2018 **RMB million**	2017 RMB million
Malls	**17,382**	17,378
Offices	**15,906**	15,826
Apartments	**2,124**	2,199
Hotels	**4,748**	4,947
Total segment assets	**40,160**	40,350
Bank balances and cash	**5,928**	7,151
Other assets	**79**	108
Consolidated total assets	**46,167**	47,609

For the purposes of monitoring segment performances and resources allocation, all investment properties, 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.

4. SEGMENT REPORTING - continued

(d) Other segment information

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**

For the year ended 31 December 2017

	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	7	11	-	11
Additions to non-current assets	33	11	12	24	80	1	81
Additions to non-current assets arising from business combinations	-	-	-	1,131	1,131	-	1,131

5. REVENUE

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**

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 as at 31 December 2018 is not disclosed.

5. REVENUE - continued

For the year ended 31 December 2017

	2017 RMB million
Gross rental from investment properties	2,407
Income from hotel operation	541
Income from serviced apartments operation	151
Rental related income	100
Total	3,199

The gross rental from investment properties includes contingent rents of RMB8 million (2017: RMB10 million).

The direct operating expenses from investment properties (includes mainly certain other operating expenses, certain Manager's fees and staff costs) amounting to RMB655 million (2017: RMB659 million).

6. OTHER INCOME

	2018 **RMB million**	2017 RMB million
Interest income from banks	**276**	269
Government subsidies	**3**	3
Others	**1**	1
Total	**280**	273

7. OTHER OPERATING EXPENSES

	2018 **RMB million**	2017 RMB million
Advertising and promotion	**26**	25
Audit fee	**2**	2
Insurance	**6**	6
Lease agency fee	**35**	31
Property manager's fee	**78**	55
Property management fees	**76**	81
Repairs and maintenance	**86**	95
Other miscellaneous expenses (Note)	**160**	165
Stamp duty	**3**	3
Urban land use tax	**3**	3
Urban real estate tax	**301**	302
Utilities	**104**	103
Value added tax surcharges	**16**	17
	896	888

7. OTHER OPERATING EXPENSES - continued

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

8. FINANCE COSTS

	2018	2017
	RMB million	RMB million
Interest expense on unsecured bank loans wholly repayable within five years	**297**	262

9. MANAGER'S FEES

	2018	2017
	RMB million	RMB million
Base fee	**122**	121
Variable fee	**23**	34
Acquisition fee	-	5
	145	160

10. REAL ESTATE INVESTMENT TRUST EXPENSES

	2018	2017
	RMB million	RMB million
Trustee's fee	**4**	4
Legal and professional fees	**2**	12
Public relations - related expenses	**1**	1
Trust administrative expenses and others	**4**	4
	11	21

11. INCOME TAX EXPENSE

	2018	2017
	RMB million	RMB million
The income tax expense comprises:		
Current tax		
- PRC Enterprise Income Tax	**457**	460
- Withholding tax	**65**	63
Deferred taxation	**29**	(21)
	551	502

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

11. INCOME TAX EXPENSE - continued

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

The Law of the 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 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.

The earnings per unit for the year ended 31 December 2017 is calculated by dividing the profit for the year attributable to unitholders before transactions with unitholders of RMB1,456 million by 5,524,131,744 units, being the weighted average number of units in issue during the year of 5,520,028,647 units, plus the weighted average number of units issuable for settlement of Manager's fees for the period from 1 July 2017 to 31 December 2017 of 4,103,097 units.

No diluted earnings per unit for both 2018 and 2017 were presented as there were no potential dilution of earnings per unit for both 2018 and 2017.

13. INVESTMENT PROPERTIES

	2018 **RMB million**	2017 RMB million
FAIR VALUE		
At the beginning of the year	**32,981**	33,534
Additions	**43**	44
Transferred from property, plant and equipment	**9**	2
Transferred from land and related costs	**51**	17
Increase (decrease) in fair value recognised in profit or loss	**25**	(497)
Transferred to property, plant and equipment	**(3)**	(26)
Transferred to land and related costs	**(20)**	(93)
At the end of the year	**33,086**	32,981

(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.

13. INVESTMENT PROPERTIES - continued

(b) Investment properties were revalued on 31 December 2018 and 31 December 2017 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 2017	2,112	579	27	150	3	73	2,944
Additions for the year	-	10	-	4	9	14	37
Disposals for the year	(2)	-	-	(1)	-	(13)	(16)
Acquired on acquisition of subsidiaries	455	-	-	22	-	15	492
Adjustments	-	-	-	1	-	67	68
Transferred from hotels to serviced apartments	(137)	137	-	-	-	-	-
Transferred from investment properties	-	-	26	-	-	-	26
Transferred to investment properties	-	-	(2)	-	-	-	(2)
At 31 December 2017	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)**
Transfers	**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**
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 January 2017	706	105	1	72	-	19	903
Provided for the year	128	25	2	14	-	11	180
Adjustments	-	-	-	1	-	67	68
Eliminated on disposals	(1)	-	-	-	-	(9)	(10)
Transferred from hotels to serviced apartments	(32)	32	-	-	-	-	-
At 31 December 2017	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**
CARRYING AMOUNTS							
At 31 December 2018	**1,516**	**544**	**42**	**91**	**87**	**76**	**2,356**
At 31 December 2017	1,627	564	48	89	12	68	2,408

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.

14. PROPERTY, PLANT AND EQUIPMENT - continued

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 2018 and 31 December 2017 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 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**	2018 RMB million
Non-current asset	**4,292**	4,484
Current asset	**173**	172
	4,465	4,656

16. TRADE AND OTHER RECEIVABLES

	2018 **RMB million**	2017 RMB million
Trade receivables	**29**	33
Deposits and prepayments	**17**	18
Advance to suppliers	**16**	7
Interest receivables	**38**	56
Other receivables	**22**	19
	122	133

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

	2018 **RMB million**	2017 RMB million
Less than or equal to 1 month	**16**	29
1 - 3 months	**9**	3
Over 3 months	**4**	1
	29	33

17. TRADE AND OTHER PAYABLES

	2018	2017
	RMB million	RMB million
Trade payables	**86**	73
Rental received in advance	**235**	218
Others (Note)	**183**	204
	504	495

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:

	2018	2017
	RMB million	RMB million
Less than or equal to 3 months	**71**	59
Over 3 months	**15**	14
	86	73

18. BANK LOANS

	2018	2017
	RMB million	RMB million
Unsecured term loans	**9,967**	11,013
Loan front-end fee	**(46)**	(44)
	9,921	10,969

The maturities of the above bank loans are as follows:

Within one year	**1,685**	5,009
More than one year but not exceeding two years	**1,963**	1,603
More than two years but not exceeding five years	**6,273**	4,357
	9,921	10,969
Less: Amounts shown under current liabilities	**(1,685)**	(5,009)
Amounts due after one year	**8,236**	5,960

In relation to the credit facility of HK$5,000 million (equivalent to RMB4,381 million) granted to the Group on 23 February 2018 to refinance the credit facility granted by the same lenders in December 2014, the total amount of the credit facility utilised by the Group as at 31 December 2018 was HK$5,000 million (equivalent to RMB4,381 million) (31 December 2017: HK$5,000 million (equivalent to RMB4,180 million)). It bears interest at floating interest rate of Hong Kong Interbank Offered Rate ("HIBOR") plus 1.05% per annum and is repayable in full in March 2021.

18. BANK LOANS - continued

In relation to the credit facility of HK$800 million (equivalent to RMB701 million) drew down by the Group on 19 July 2016, the Group fully prepaid HK$800 million (equivalent to RMB675 million) of the credit facility in June 2018.

In relation to the credit facility of HK$1,000 million (equivalent to RMB876 million) granted to the Group on 28 August 2018 to refinance the credit facility granted by the same lender in August 2015, the total amount of the credit facility utilised by the Group as at 31 December 2018 was HK$1,000 million (equivalent to RMB876 million) (31 December 2017: HK$1,000 million (equivalent to RMB836 million)). It bears interest at floating interest rate of HIBOR plus 1.05% per annum and is repayable in full in August 2022.

In relation to the credit facility of HK$1,000 million (equivalent to RMB876 million) drew down by the Group on 28 February 2017 and 8 March 2017, the Group fully prepaid HK$1,000 million (equivalent to RMB881 million) of the credit facility in December 2018.

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 2018 of RMB26,373 million (2017: RMB26,783 million) and the total number of 5,757,337,072 units in issue as at 31 December 2018 (2017: 5,586,412,489 units).

20. 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 RMB3,076 million (2017: RMB1,092 million).

21. TOTAL ASSETS LESS CURRENT LIABILITIES

At the end of the reporting period, the Group's total assets less current liabilities amounted to RMB42,812 million (2017: RMB40,967 million).