

The Securities and Futures Commission of Hong Kong, Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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
匯賢房託管理有限公司

VOLUNTARY ANNOUNCEMENT

CHANGE IN IMPLEMENTATION OF REAL ESTATE TAX REGULATIONS IN BEIJING

The Manager wishes to provide information relating to a change in implementation of real estate tax regulations in Beijing. Following discussions with the relevant tax authorities, real estate tax relating to BJ Properties was paid by Hui Xian REIT on 24 October 2016 for the first time on the new basis after the change.

Prior to the change in implementation of real estate tax regulations in Beijing, the real estate tax paid by Hui Xian REIT on all BJ Properties under the BJ Implementation Rules was charged at the rate of 1.2% of the Residual Value of each BJ Property, whether or not the relevant property generated rental income. As the Manager understands after discussions with relevant tax authorities and as confirmed by the Manager's competent tax advisors, following the change, with effect from 1 July 2016, the real estate tax payable by Hui Xian REIT in respect of the BJ Properties is charged on the following basis: (a) for the area in BJ Properties that generate rental income, real estate tax is charged at the rate of 12% of the rental income; and (b) for the area in BJ Properties that do not generate rental income, real estate tax remains to be charged at the rate of 1.2% of the Residual Value of the relevant properties. The Manager currently does not expect the above change to have any material financial impact on Hui Xian REIT for the financial year 2016.

The Manager wishes to provide information relating to the change in implementation of real estate tax regulations in Beijing resulting from the abolition of the BJ Implementation Rules which in the past implemented the Provisional Real Estate Tax Regulations in Beijing. Following discussions with the relevant tax authorities, real estate tax relating to BJ Properties was paid by BOP on 24 October 2016 for the first time on the new basis after the change.

Prior to the change in implementation of real estate tax regulations in Beijing, the real estate tax paid by Hui Xian REIT on all BJ Properties under the BJ Implementation Rules was charged at the rate of 1.2% of the Residual Value of each BJ Property, whether or not the relevant property generated rental income. As the Manager understands after discussions with relevant tax authorities and as confirmed by the Manager's competent tax advisors, following the change, with effect from 1 July 2016, the real estate tax payable by Hui Xian REIT in respect of the BJ Properties is charged on the following basis: (a) for the area in BJ Properties that generate rental income, real estate tax is charged at the rate of 12% of the rental income instead of 1.2% of the Residual Value of the relevant property; and (b) for the area in BJ Properties that do not generate rental income, real estate tax remains to be charged at the rate of 1.2% of the Residual Value of the relevant properties.

As the above change in implementation of real estate tax regulations took effect from 1 July 2016, it affects only the second half of the year in the current financial year ending 31 December 2016. For the purposes of illustrating the effect in this financial year, if the estimated additional real estate tax in respect of the third quarter of 2016 as a result of such change (based on the rental income and the estimated Residual Value of the relevant BJ Properties), when semi-annualised and net of the resulting difference in PRC income tax, is compared with the distributions of Hui Xian REIT to Unitholders for the financial year ended 31 December 2015 (being the latest complete financial year with information available on distributions to Unitholders), such estimated additional real estate tax would represent not exceeding 5% of the distributions to Unitholders for that financial year (which amounted to approximately RMB1,449 million). Further, if the estimated additional real estate tax in respect of the third quarter of 2016 as a result of such change (based on the rental income and the estimated Residual Value of the relevant BJ Properties), when semi-annualised and net of the resulting difference in PRC income tax, is compared with the final distribution of Hui Xian REIT to Unitholders for the financial year ended 31 December 2015, such estimated additional real estate tax would represent not exceeding 10% of the final distribution to Unitholders for 2015 (which amounted to approximately RMB719 million). As for the financial year 2017, it is expected that the change in implementation of real estate tax regulations will affect the whole year, and not only the second half of the financial year like that in 2016. The Manager is currently not in a position to quantify the financial impact of such change on Hui Xian REIT for the financial year 2017.

Details of the financial impact of the above change in implementation of real estate tax regulations in Beijing on Hui Xian REIT will be disclosed in the annual report of Hui Xian REIT to be published for the financial year 2016. The Manager currently does not expect the above change to have any material financial impact on Hui Xian REIT for the financial year 2016. The Manager will keep Unitholders informed of any change to the tax rules and regulations which is material to Hui Xian REIT.

The Manager will continue to assess the potential impact of the change in implementation of real estate tax regulations in Beijing. Unitholders and potential investors of Hui Xian REIT are advised to exercise caution when dealing in the units of Hui Xian REIT, and are recommended to seek independent professional advice if they are in any doubt about their position or as to the actions that they should take.

DEFINITIONS

“BJ Implementation Rules”	北京市施行《中華人民共和國房產稅暫行條例》的細則 (Rules of Beijing Municipality for the Implementation of the Provisional Regulations of the People’s Republic of China on Real Estate Tax) promulgated on 27 December 1986
“BJ Properties”	properties of Hui Xian REIT which are located in Beijing, the PRC, which, as at the date of this announcement, include the composite development known as Oriental Plaza (東方廣場) situated at No. 1 East Chang An Ave., Dong Cheng District, Beijing, the PRC, and “BJ Property” shall mean any part or portion of the BJ Properties
“BOP”	北京東方廣場有限公司 (Beijing Oriental Plaza Company Limited), a special purpose vehicle of Hui Xian REIT which holds the land use rights and building ownership rights of Oriental Plaza (東方廣場) located in Beijing, the PRC
“Hui Xian REIT”	Hui Xian Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (Stock Code: 87001)
“Manager”	Hui Xian Asset Management Limited 滙賢房託管理有限公司, as manager of Hui Xian REIT
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“Provisional Real Estate Tax Regulations”	中華人民共和國房產稅暫行條例 (Provisional Regulations of the People’s Republic of China on Real Estate Tax) promulgated on 15 September 1986 and amended on 8 January 2011
“Residual Value”	in respect of any BJ Property, means 70% of the assessable original cost of such BJ Property
“Unitholders”	holders of units of Hui Xian REIT

By order of the board of
Hui Xian Asset Management Limited
滙賢房託管理有限公司
as Manager of Hui Xian Real Estate Investment Trust
KAM Hing Lam
Chairman of the Manager

Hong Kong, 9 November 2016

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 and Mr. LEE Chi Kin, Casey (executive directors); Mr. IP Tak Chuen, Edmond, Mr. LIM Hwee Chiang and Mr. YIN Ke (non-executive directors); and Mr. CHENG Hoi Chuen, Vincent, Professor LEE Chack Fan and Dr. CHOI Koon Shum, Jonathan (independent non-executive directors).