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HUI XIAN REIT
匯賢產業信託

Hui Xian Real Estate Investment Trust

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

(Stock Code: 87001)

Managed by Hui Xian Asset Management Limited

MODIFICATION OF THE MODIFIED 2014 EXTENDED CHEUNG KONG WAIVER AND THE MODIFIED 2014 EXTENDED MANAGER WAIVER

The Manager is aware that the CK Reorganisation was completed on 3 June 2015. According to the listing document of CK Property dated 8 May 2015, after completion of the CK Reorganisation, Hui Xian REIT will become an associate of CK Property.

In contemplation of the completion of the CK Reorganisation, the Manager has applied to the SFC, and the SFC has granted, the following modifications to the Modified 2014 Waivers, which have taken effect from the time of completion of the CK Reorganisation on 3 June 2015:

- (a) replacing the current references to “*Cheung Kong Connected Persons Group*” in the Modified 2014 Extended Cheung Kong Waiver with references to “*CK Connected Persons Group*”, with the term “*CK Connected Persons Group*” to mean “CK Property and entities and persons which are from time to time connected persons of Hui Xian REIT as a result of (i) their connection with CK Property, including certain members of the CK Property Group, or (ii) their being a member of the Cheung Kong Group or the HWL Group”; and
- (b) the connected persons covered under the Modified 2014 Extended Manager Waiver be modified to cover persons who are connected persons of Hui Xian REIT as a result of their connection with the Manager, but excluding the CK Connected Persons Group.

Notwithstanding the aforesaid modifications, to the best of the Manager's knowledge, information and belief after having made reasonable enquiries, immediately after the Waiver Modifications became effective, the entities which were relevant connected persons then covered under the scope of the 2015 Modified Waivers were the same as the entities which were relevant connected persons covered under the scope of the Modified 2014 Waivers immediately before the Waiver Modifications became effective. Accordingly, the Waiver Modifications were not made subject to Independent Unitholders' approval.

The Board (including all the independent non-executive Directors) considers that the Waiver Modifications are fair and reasonable and in the interests of Hui Xian REIT, the Independent Unitholders, and the Unitholders as a whole. The Manager had also consulted with the Trustee and the Trustee had confirmed that it had no objection to (1) the Waiver Modifications and (2) the Waiver Modifications not be made subject to the approval of the Independent Unitholders.

1. BACKGROUND

In May 2014, the SFC granted to Hui Xian REIT an extension of the waiver from strict compliance with the disclosure and independent unitholders' approval requirements under Chapter 8 of the REIT Code with respect to a number of connected party transactions, including:

- (a) transactions between the Hui Xian REIT Group on the one hand and the Cheung Kong Connected Persons Group on the other hand (the "**2014 Extended Cheung Kong Waiver**"); and
- (b) transactions between the Hui Xian REIT Group on the one hand and the Manager Connected Persons Group on the other hand (the "**2014 Extended Manager Waiver**").

In November 2014, each of the 2014 Extended Cheung Kong Waiver and the 2014 Extended Manager Waiver was further modified (respectively, the "**Modified 2014 Extended Cheung Kong Waiver**" and the "**Modified 2014 Extended Manager Waiver**", and together the "**Modified 2014 Waivers**") subsequent to approval being obtained from the Independent Unitholders to revise the annual cap amounts of certain transactions under such waivers. Details of the 2014 Extended Cheung Kong Waiver, the 2014 Extended Manager Waiver, the Modified 2014 Waivers, the relevant annual cap amounts and the relevant conditions to such waivers were disclosed in the announcements of Hui Xian REIT dated 5 May 2014 and 28 November 2014 respectively and the circulars of Hui Xian REIT dated 31 March 2014 and 10 November 2014 respectively.

2. MODIFICATIONS OF THE MODIFIED 2014 WAIVERS

The Manager is aware that the CK Reorganisation, which included, among other things, the reorganisation of the property and project management businesses of the Cheung Kong Group and the HWL Group as well as their unitholding interests in Hui Xian REIT to the CK Property Group, was completed on 3 June 2015. According to the listing document of CK Property dated 8 May 2015, after completion of the CK Reorganisation, Hui Xian REIT will become an associate of CK Property.

In contemplation of the completion of the CK Reorganisation, the Manager has applied to the SFC, and the SFC has granted, the following modifications (the “**Waiver Modifications**”) to the Modified 2014 Waivers, which have taken effect from the time of completion of the CK Reorganisation on 3 June 2015:

- (a) replacing the current references to “*Cheung Kong Connected Persons Group*” in the Modified 2014 Extended Cheung Kong Waiver with references to “*CK Connected Persons Group*”, with the term “*CK Connected Persons Group*” to mean “CK Property and entities and persons which are from time to time connected persons of Hui Xian REIT as a result of (i) their connection with CK Property, including certain members of the CK Property Group, or (ii) their being a member of the Cheung Kong Group or the HWL Group”; and
- (b) the connected persons covered under the Modified 2014 Extended Manager Waiver be modified to cover persons who are connected persons of Hui Xian REIT as a result of their connection with the Manager, but excluding the CK Connected Persons Group.

Notwithstanding the aforesaid modifications, to the best of the Manager’s knowledge, information and belief after having made reasonable enquiries, immediately after the Waiver Modifications became effective, the entities which were relevant connected persons then covered under the scope of the 2015 Modified Waivers were the same as the entities which were relevant connected persons covered under the scope of the Modified 2014 Waivers immediately before the Waiver Modifications became effective.

The Waiver Modifications are of technical nature and are necessary such that the existing continuing connected party transactions covered under the Modified 2014 Waivers (which had already been approved by the Independent Unitholders) can continue to be covered under Modified 2014 Extended Waivers as modified by the Waiver Modifications after the completion of the CK Reorganisation. The Waiver Modifications did not and will not change the nature of the transactions covered under the Modified 2014 Extended Waivers nor will they result in any change to the respective annual cap amounts or conditions of the Modified 2014 Extended Waivers. Accordingly, the Waiver Modifications were not made subject to Independent Unitholders’ approval.

The Board (including all the independent non-executive Directors) considers that the Waiver Modifications are fair and reasonable and in the interests of Hui Xian REIT, the Independent Unitholders, and the Unitholders as a whole. The Manager had also consulted with the Trustee and the Trustee had confirmed that it had no objection to (1) the Waiver Modifications and (2) the Waiver Modifications not be made subject to the approval of the Independent Unitholders.

If the Manager becomes aware of any connected person entity which would not be covered under the Modified 2014 Waivers but for the Waiver Modifications, and continuing connected party transactions are entered into by the Hui Xian REIT Group with such connected person entity, the Manager will make relevant disclosure of such transactions in accordance with the requirements of the REIT Code.

3. CONDITIONS OF THE 2015 MODIFIED WAIVERS

The conditions of the 2015 Modified CK Waiver and the 2015 Modified Manager Waiver are as follows:

(a) Conditions of the 2015 Modified CK Waiver in respect of certain continuing connected party transactions between Hui Xian REIT Group and CK Connected Persons Group

(i) Due approval by Unitholders

Due approval by the Independent Unitholders and adoption of the Ordinary Resolution to approve the Cheung Kong Annual Cap Revision as set out in the notice of EGM dated 10 November 2014, without any material amendment thereto.

(Note: Such approval was obtained on 28 November 2014.)

(ii) Extensions or modifications

The 2015 Modified CK Waiver has been granted for a period of three financial years ending 31 December 2017. The 2015 Modified CK Waiver may be extended beyond 31 December 2017, and/or the terms and conditions of the 2015 Modified CK Waiver may be modified from time to time, provided that:

- (a) the approval of the Independent Unitholders is obtained by way of an Ordinary Resolution passed in a general meeting of Unitholders;
- (b) disclosure of details of the proposed extension and/or modification (as the case may be) shall be made by way of an announcement by the Manager of such proposal, and a circular and notice shall be issued to Unitholders in accordance with Chapter 10 of the REIT Code; and
- (c) any extension of the period of the 2015 Modified CK Waiver shall, on each occasion of such extension, be for a period which shall expire not later than the third full financial year-end date of Hui Xian REIT after the date on which the approval referred to in (a) above is obtained.

For the avoidance of doubt, any material change to the transactions covered by the 2015 Modified CK Waiver (including without limitation the scope or nature of such transactions) as set out in the Circular and this announcement must be approved by Independent Unitholders pursuant to (a) above, and details of the proposed changes shall be disclosed in the manner as referred to in (b) above.

(iii) Annual caps

The annual value of the connected party transactions shall not exceed the respective annual cap amounts set out in the following table:

Categories of connected party transactions	For the year ending 31 December 2015 (RMB'000)	For the year ending 31 December 2016 (RMB'000)	For the year ending 31 December 2017 (RMB'000)
Leasing and licensing transactions	113,300	113,300	113,300
Property management and club facilities transactions	66,507	72,407	78,648
Usage of internet and telecommunication services	7,500	7,500	7,500

In respect of the above leasing and licensing transactions first entered into or renewed on or after the date that the 2015 Modified CK Waiver becomes effective, an independent valuation shall be conducted for each of such leasing and licensing transactions except where they are conducted on standard or published rates.

(iv) Disclosure in semi-annual and annual reports

Details of the connected party transactions shall be disclosed in the semi-annual and annual reports of Hui Xian REIT as required under 8.14 of the REIT Code.

(v) Auditors' review procedures

In respect of each relevant financial period, the Manager shall engage and agree with the auditors of Hui Xian REIT to perform certain review procedures on connected party transactions. The auditors shall then report to the Manager on the factual findings based on the work performed by them (and a copy of such report shall be provided to the SFC), confirming whether all such connected party transactions:

- (a) have received the approval of the Board (including the independent non-executive Directors);
- (b) have been entered into in accordance with the pricing policies of Hui Xian REIT;
- (c) have been entered into and carried out in accordance with the terms of the agreements (if any) governing the transactions; and
- (d) the total value in respect of which has not exceeded the respective annual limits (where applicable).

(vi) Review by the independent non-executive Directors

The independent non-executive Directors shall review the relevant connected party transactions annually and confirm in Hui Xian REIT's annual report for the relevant financial period that such transactions have been entered into:

- (a) in the ordinary and usual course of business of Hui Xian REIT;
- (b) on normal commercial terms (to the extent that there are sufficient comparable transactions) or, where there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to Hui Xian REIT than terms available to or from (as appropriate) independent third parties; and
- (c) in accordance with the relevant agreements and the Manager's internal procedures governing them, if any, on terms that are fair and reasonable and in the interests of the Unitholders as a whole.

(vii) Auditors' access to books and records

The Manager shall allow, and shall procure the counterparty to the relevant connected party transactions to allow, the auditors of Hui Xian REIT sufficient access to their records for the purpose of reporting on the transactions.

(viii) Notification to the SFC

The Manager shall promptly notify the SFC and publish an announcement if it knows or has reason to believe that the auditors and/or the independent non-executive Directors will not be able to confirm the matters set out in the above.

(ix) Subsequent increase in annual caps with Independent Unitholders' approval

If necessary, for example, where there are further asset acquisitions by Hui Xian REIT thereby increasing the scale of its operations generally, or where there are changes in market or operating conditions, the Manager may, from time to time in the future, seek to increase one or more of the annual limits set out in the above, provided that:

- (a) the approval of the Independent Unitholders is obtained by way of an Ordinary Resolution passed in a general meeting of Unitholders;
- (b) disclosure of details of the proposal to increase the cap amounts shall be made by way of an announcement by the Manager of such proposal, and a circular and notice are issued to Unitholders in accordance with Chapter 10 of the REIT Code; and
- (c) the requirements referred to in paragraphs (iii) to (viii) above shall continue to apply to the relevant transactions, save that the increased annual cap amounts shall apply.

(x) 8.14 of the REIT Code

The Manager shall comply with all requirements under 8.14 of the REIT Code where there is any material change to the terms of the relevant connected party transactions or where there is any subsequent change to the REIT Code which may impose stricter requirements in respect of disclosure and/or Unitholders' approval. Details of the relevant connected party transactions shall be disclosed in Hui Xian REIT's semi-annual and annual reports in the relevant financial year as required under 8.14 of the REIT Code.

(b) Conditions of the 2015 Modified Manager Waiver in respect of certain continuing connected party transactions between Hui Xian REIT Group and the REIT Manager Group

(i) Due approval by Unitholders

Due approval by the Independent Unitholders and adoption of the Ordinary Resolution to approve the Manager Annual Cap Revision and Manager Leasing Annual Cap Revision as set out in the notice of EGM dated 10 November 2014 without any material amendment thereto.

(Note: Such approval was obtained on 28 November 2014.)

(ii) Extensions or modifications

The 2015 Modified Manager Waiver has been granted for a period of three financial years ending 31 December 2017. The 2015 Modified Manager Waiver may be extended beyond 31 December 2017, and/or the terms and conditions of the 2015 Modified Manager Waiver may be modified from time to time, provided that:

- (a) the approval of the Independent Unitholders is obtained by way of an Ordinary Resolution passed in a general meeting of Unitholders;
- (b) disclosure of details of the proposed extension and/or modification (as the case may be) shall be made by way of an announcement by the Manager of such proposal, and a circular and notice shall be issued to Unitholders in accordance with Chapter 10 of the REIT Code; and
- (c) any extension of the period of the 2015 Modified Manager Waiver shall, on each occasion of such extension, be for a period which shall expire not later than the third full financial year-end date of Hui Xian REIT after the date on which the approval referred to in (a) above is obtained.

For the avoidance of doubt, any material change to the transactions covered by the 2015 Modified Manager Waiver (including without limitation the scope or nature of the transactions) as set out in the Circular and this announcement must be approved by Independent Unitholders pursuant to (a) above, and details of the proposed changes shall be disclosed in the manner as referred to in (b) above.

(iii) *Annual caps*

The annual value of the connected party transactions shall not exceed the respective annual cap amounts set out in the following table:

Categories of connected party transactions	For the year ending 31 December 2015 <i>(RMB'000)</i>	For the year ending 31 December 2016 <i>(RMB'000)</i>	For the year ending 31 December 2017 <i>(RMB'000)</i>
Leasing and licensing transactions	667	734	802
Property management and club facilities transactions	76,813 <i>(Note)</i>	84,394 <i>(Note)</i>	92,234 <i>(Note)</i>

Note: including 1% per annum of the net property income in respect of Beijing Oriental Plaza (before deduction therefrom of the Variable Fee (as defined in the Trust Deed) and the Property Manager's fee)

In respect of the above leasing and licensing transactions first entered into or renewed on or after the date that the 2015 Modified Manager Waiver becomes effective, an independent valuation shall be conducted for each of such leasing and licensing transactions except where they are conducted on standard or published rates.

(iv) *Disclosure in semi-annual and annual reports*

Details of the connected party transactions shall be disclosed in the semi-annual and annual reports of Hui Xian REIT as required under 8.14 of the REIT Code.

(v) *Auditors' review procedures*

In respect of each relevant financial period, the Manager shall engage and agree with the auditors of Hui Xian REIT to perform certain review procedures on connected party transactions. The auditors shall then report to the Manager on the factual findings based on the work performed by them (and a copy of such report shall be provided to the SFC), confirming whether all such connected party transactions:

- (a) have received the approval of the Board (including the independent non-executive Directors);
- (b) have been entered into in accordance with the pricing policies of Hui Xian REIT;
- (c) have been entered into and carried out in accordance with the terms of the agreements (if any) governing the transactions; and
- (d) the total value in respect of which has not exceeded the respective annual limits (where applicable).

(vi) Review by the independent non-executive Directors

The independent non-executive Directors shall review the relevant connected party transactions annually and confirm in Hui Xian REIT's annual report for the relevant financial period that such transactions have been entered into:

- (a) in the ordinary and usual course of business of Hui Xian REIT;
- (b) on normal commercial terms (to the extent that there are sufficient comparable transactions) or, where there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to Hui Xian REIT than terms available to or from (as appropriate) independent third parties; and
- (c) in accordance with the relevant agreements and the Manager's internal procedures governing them, if any, on terms that are fair and reasonable and in the interests of the Unitholders as a whole.

(vii) Auditors' access to books and records

The Manager shall allow, and shall procure the counterparty to the relevant connected party transactions to allow, the auditors of Hui Xian REIT sufficient access to their records for the purpose of reporting on the transactions.

(viii) Notification to the SFC

The Manager shall promptly notify the SFC and publish an announcement if it knows or has reason to believe that the auditors and/or the independent non-executive Directors will not be able to confirm the matters set out in the above.

(ix) Subsequent increase in annual caps with Independent Unitholders' approval

If necessary, for example, where there are further asset acquisitions by Hui Xian REIT thereby increasing the scale of its operations generally, or where there are changes in market or operating conditions, the Manager may, from time to time in the future, seek to increase one or more of the annual limits set out in the above, provided that:

- (a) the approval of the Independent Unitholders is obtained by way of an Ordinary Resolution passed in a general meeting of Unitholders;
- (b) disclosure of details of the proposal to increase the cap amounts shall be made by way of an announcement by the Manager of such proposal, and a circular and notice shall be issued to Unitholders in accordance with Chapter 10 of the REIT Code; and
- (c) the requirements referred to in paragraphs (iii) to (viii) above shall continue to apply to the relevant transactions, save that the increased annual cap amounts shall apply.

(x) 8.14 of the REIT Code

The Manager shall comply with all requirements under 8.14 of the REIT Code where there is any material change to the terms of the relevant connected party transactions or where there is any subsequent change to the REIT Code which may impose stricter requirements in respect of disclosure and/or Unitholders' approval. Details of the relevant connected party transactions shall be disclosed in Hui Xian REIT's semi-annual and annual reports in the relevant financial year as required under 8.14 of the REIT Code.

DEFINITIONS

“2015 Modified CK Waiver”	the Modified 2014 Extended Cheung Kong Waiver as modified by the applicable Waiver Modifications
“2015 Modified Manager Waiver”	the Modified 2014 Extended Manager Waiver as modified by the applicable Waiver Modifications
“2015 Modified Waivers”	the Modified 2014 Waivers as modified by the Waiver Modifications
“Beijing Oriental Plaza”	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
“Board”	the board of Directors
“Cheung Kong”	Cheung Kong (Holdings) Limited, a wholly-owned subsidiary of CKH Holdings
“Cheung Kong Annual Cap Revision”	has the meaning ascribed to it in the Circular
“Cheung Kong Connected Persons Group”	Cheung Kong and entities and persons which are from time to time connected persons of Hui Xian REIT as a result of their connection with Cheung Kong, including certain members of the Cheung Kong Group, HWL and certain subsidiaries of HWL
“Cheung Kong Group”	Cheung Kong and its subsidiaries
“Circular”	the circular of Hui Xian REIT dated 10 November 2014
“CK Connected Persons Group”	CK Property and entities and persons which are from time to time connected persons of Hui Xian REIT as a result of (i) their connection with CK Property, including certain members of the CK Property Group, or (ii) their being a member of the Cheung Kong Group or the HWL Group

“CK Property”	Cheung Kong Property Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 1113)
“CK Property Group”	CK Property and its subsidiaries
“CK Reorganisation”	the reorganisation of the Cheung Kong Group involving a reorganisation proposal, a merger proposal and a spin-off proposal
“CKH Holdings”	CK Hutchison Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 1)
“Director(s)”	the director(s) of the Manager
“EGM”	has the meaning ascribed to it in the Circular
“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 SFO (Stock Code: 87001)
“Hui Xian REIT Group”	Hui Xian REIT and other companies or entities held or controlled by Hui Xian REIT
“HWL”	Hutchison Whampoa Limited, a company incorporated in Hong Kong with limited liability, and a wholly-owned subsidiary of CKH Holdings
“HWL Group”	HWL and its subsidiaries
“Independent Unitholders”	Unitholders other than those who are required to abstain or prohibited from voting pursuant to 8.11 and 9.9(f) of the REIT Code
“Manager”	Hui Xian Asset Management Limited 滙賢房託管理有限公司, as manager of Hui Xian REIT
“Manager Annual Cap Revision”	has the meaning ascribed to it in the Circular
“Manager Connected Persons Group”	the Manager and persons which are connected persons of Hui Xian REIT as a result of their connection with the Manager, but excluding the Cheung Kong Connected Persons Group
“Manager Leasing Annual Cap Revision”	has the meaning ascribed to it in the Circular

“Modified 2014 Extended Cheung Kong Waiver”	has the meaning ascribed to it in the November Announcement
“Modified 2014 Extended Manager Waiver”	has the meaning ascribed to it in the November Announcement
“Modified 2014 Waivers”	the Modified 2014 Extended Cheung Kong Waiver and the Modified 2014 Extended Manager Waiver
“November Announcement”	the announcement of Hui Xian REIT dated 28 November 2014
“Ordinary Resolution”	a resolution proposed and passed at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed and carried by a simple majority of the votes of those Unitholders present and entitled to vote in person or by proxy
“REIT Code”	Code on Real Estate Investment Trusts issued by the SFC (as amended, supplemented and/or otherwise modified from time to time)
“REIT Manager Group”	persons who are connected persons of Hui Xian REIT as a result of their connection with the Manager, but excluding the CK Connected Persons Group
“SFC”	Securities and Futures Commission of Hong Kong
“Trust Deed”	the trust deed dated 1 April 2011 constituting Hui Xian REIT, as amended by supplemental trust deeds dated 24 May 2013, 16 May 2014 and 28 May 2015 respectively, and as may be modified or supplemented from time to time
“Trustee”	DB Trustees (Hong Kong) Limited 德意志信托（香港）有限公司，as trustee of Hui Xian REIT
“Unit(s)”	the unit(s) of Hui Xian REIT
“Unitholder”	any person registered as holding a Unit

“Waiver Modifications”

- (a) a modification of the Modified 2014 Extended Cheung Kong Waiver by replacing the references to “Cheung Kong Connected Persons Group” in the Modified 2014 Extended Cheung Kong Waiver with references to “CK Connected Persons Group”, with the term “CK Connected Persons Group” to mean “CK Property and entities and persons which are from time to time connected persons of Hui Xian REIT as a result of (i) their connection with CK Property, including certain members of the CK Property Group, or (ii) their being a member of the Cheung Kong Group or the HWL Group”; and
- (b) a modification of the Modified 2014 Extended Manager Waiver such that the connected persons covered under the Modified 2014 Extended Manager Waiver be modified to cover persons who are connected persons of Hui Xian REIT as a result of their connection with the Manager, but excluding the CK Connected Persons Group

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
KAM Hing Lam
Chairman of the Manager

Hong Kong, 3 June 2015

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 (with Mr. PANG Shuen Wai, Nichols being his alternate director) (non-executive Directors); and Mr. CHENG Hoi Chuen, Vincent, Professor LEE Chack Fan and Dr. CHOI Koon Shum, Jonathan (independent non-executive Directors).