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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**

### **CONNECTED PARTY TRANSACTION LEASING TRANSACTIONS**

BOP as landlord and Knight Frank Shanghai as tenant had on 26 October 2015 entered into the 2015 Lease Term Extension Agreement in respect of the Premises pursuant to which the Tenancy is extended for a further term of two years to 31 December 2017. Since Knight Frank Shanghai is a subsidiary of Knight Frank Petty Limited, the principal valuer of Hui Xian REIT appointed pursuant to Chapter 6 of the REIT Code, it is a connected person of Hui Xian REIT and the leasing transactions in respect of the Premises during the Existing Term and the Extended Term constitute connected party transactions of Hui Xian REIT.

Based on the monthly rental, the management fee and the estimated amount of other miscellaneous fees payable during the Existing Term and the Extended Term, it is expected that the aggregate maximum amount payable by Knight Frank Shanghai to BOP in respect of the Tenancy for each of the three years ending 31 December 2015, 2016 and 2017 should not exceed RMB2,150,000.

As the Maximum Transaction Amount payable by Knight Frank Shanghai to BOP in respect of the leasing of the Premises for each of the three years ending 31 December 2015, 2016 and 2017 is less than 5% of the net asset value of Hui Xian REIT as at 31 December 2014 adjusted to take into account the acquisition of the Metropolitan Oriental Plaza, pursuant to 8.9 of the REIT Code, independent unitholders' prior approval is not required for the leasing transactions in respect of the Premises during the Existing Term and the Extended Term.

## **THE 2015 LEASE TERM EXTENSION AGREEMENT**

BOP and Knight Frank Shanghai had on 19 September 2011 entered into a tenancy agreement in respect of the Premises pursuant to which BOP as landlord rented the Premises to Knight Frank Shanghai for a term of 2 years from 1 January 2012 to 31 December 2013. The term of the Tenancy was later extended for a term of 2 years from 1 January 2014 to 31 December 2015. The amounts paid or payable by Knight Frank Shanghai for the rental and management fee in respect of the Premises (excluding miscellaneous fees) for the year ended 31 December 2014 and for the year ending 31 December 2015 are approximately RMB1,614,000 and RMB1,664,000 respectively. As the term of the Tenancy is due to expire on 31 December 2015, BOP as landlord and Knight Frank Shanghai as tenant had on 26 October 2015 entered into the 2015 Lease Term Extension Agreement in respect of the Premises pursuant to which the Tenancy is extended for a further term of two years to 31 December 2017. The principal terms of the 2015 Lease Term Extension Agreement are set out below:

- Parties : BOP as landlord and Knight Frank Shanghai as tenant
- Premises being leased : Unit 302, 3rd Floor, Tower E1, Oriental Plaza
- Extended tenancy term : 1 January 2016 to 31 December 2017
- Rental : RMB129,880 per month (exclusive of value added taxes)
- Management fee : RMB16,426 per month (exclusive of value added taxes)
- Other miscellaneous fees : Knight Frank Shanghai is responsible to pay for the telecommunication service fee, utilities charges and other service fees in respect of the Premises.
- Deposit : RMB438,918, part of which will upon expiration of the Existing Term be transferred from the deposit under the Existing Term and the balance was paid by Knight Frank Shanghai to BOP upon the signing of the 2015 Lease Term Extension Agreement.
- Renewal arrangement : If Knight Frank Shanghai intends to renew the tenancy term, it is required to serve a written notice to BOP at least 6 months prior to the expiry of the term and thereafter, BOP and Knight Frank Shanghai shall negotiate the rental payable by Knight Frank Shanghai during the renewed term. If no lease term extension agreement is entered into between Knight Frank Shanghai and BOP for whatever reason within 60 days after the written notice has been served, Knight Frank Shanghai shall be deemed to have given up its right under the renewal arrangement clause.

Knight Frank Shanghai shall pay the monthly rental and management fee in advance on or before the first day of each calendar month. Upon signing of the 2015 Lease Term Extension Agreement, RMB146,306 was paid by Knight Frank Shanghai to BOP as prepayment of the rental and management fee for the month ending 31 January 2016.

Based on the monthly rental, the management fee and the estimated amount of other miscellaneous fees payable during the Existing Term and the Extended Term, it is expected that the aggregate maximum amount payable by Knight Frank Shanghai to BOP in respect of the Tenancy for each of the three years ending 31 December 2015, 2016 and 2017 should not exceed RMB2,150,000 (the “**Maximum Transaction Amount**”).

## **REASONS FOR ENTERING INTO THE 2015 LEASE TERM EXTENSION AGREEMENT**

As Knight Frank Shanghai is already an existing tenant of the Premises, BOP would prefer to rent the Premises to such tenant which it is familiar with. As the Existing Term shall expire on 31 December 2015 and due to the reason set out above, BOP has agreed to continue leasing the Premises to Knight Frank Shanghai and has accordingly entered into the 2015 Lease Term Extension Agreement with Knight Frank Shanghai to extend the term of the Tenancy.

The terms of the 2015 Lease Term Extension Agreement were negotiated on an arm’s length basis and the rental and the management fee chargeable in respect of the Extended Term was determined after taking into account the prevailing market rental per square meter chargeable in respect of premises similar to the Premises in terms of size, orientation and floor level as well as the monthly management fee which BOP currently charges other tenants of The Tower Offices of Oriental Plaza. The Directors (including the independent non-executive Directors) consider that the 2015 Lease Term Extension Agreement was entered into in the ordinary and usual course of business of Hui Xian REIT, and its terms were negotiated at arm’s length and are on normal commercial terms and are fair and reasonable, and are in the interests of Hui Xian REIT and the holders (including the independent holders) of units of Hui Xian REIT as a whole, and the leasing of the Premises to Knight Frank Shanghai pursuant to the 2015 Lease Term Extension Agreement is consistent with the Manager’s investment objective for Hui Xian REIT.

Based on the information and assurances provided by the Manager, the Trustee, having taken into account its duties set out in the Trust Deed and the REIT Code, (i) is of the view that (a) the terms of the 2015 Lease Term Extension Agreement are fair and reasonable and in the interests of Hui Xian REIT, the holders (including the independent holders) of units of Hui Xian REIT as a whole and (b) the leasing of the Premises to Knight Frank Shanghai pursuant to the 2015 Lease Term Extension Agreement is consistent with the Manager’s investment objective for Hui Xian REIT; and (ii) based on the foregoing matters, it has no objection to BOP entering into the 2015 Lease Term Extension Agreement.

## **CONNECTED PARTY TRANSACTIONS**

Since Knight Frank Shanghai is a subsidiary of Knight Frank Petty Limited, the principal valuer of Hui Xian REIT appointed pursuant to Chapter 6 of the REIT Code, it is a connected person of Hui Xian REIT and the leasing transactions in respect of the Premises during the Existing Term and the Extended Term constitute connected party transactions of Hui Xian REIT.

As the Maximum Transaction Amount payable by Knight Frank Shanghai to BOP in respect of the leasing of the Premises for each of the three years ending 31 December 2015, 2016 and 2017 is less than 5% of the net asset value of Hui Xian REIT as at 31 December 2014 adjusted to take into account the acquisition of the Metropolitan Oriental Plaza, pursuant to 8.9 of the REIT Code, independent unitholders' prior approval is not required for the leasing transactions in respect of the Premises during the Existing Term and the Extended Term.

A brief summary of the leasing transactions in respect of the Premises during the Existing Term and the Extended Term will be included in Hui Xian REIT's next published annual report in accordance with 8.14 of the REIT Code and also in subsequent annual reports of Hui Xian REIT in accordance with 8.15 of the REIT Code.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meaning:

“2015 Lease Term Extension Agreement”	the agreement dated 26 October 2015 entered into between BOP as landlord and Knight Frank Shanghai as tenant pursuant to which the term of the Tenancy is extended for two years to 31 December 2017
“Board”	the board of Directors
“BOP”	北京東方廣場有限公司 (Beijing Oriental Plaza Co., Ltd.), a Sino-foreign co-operative joint venture established in the PRC, which holds the land use rights and building ownership rights of Oriental Plaza
“connected person”	has the meaning ascribed to it under the REIT Code
“Directors”	the directors of the Manager
“Existing Term”	the current term of the Tenancy, being two years from 1 January 2014 to 31 December 2015
“Extended Term”	the term of the Tenancy extended pursuant to the 2015 Lease Term Extension Agreement, being two years from 1 January 2016 to 31 December 2017
“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)
“Knight Frank Shanghai”	萊坊房地產經紀（上海）有限公司北京分公司 (Knight Frank (Shanghai) Property Consultants Limited Beijing branch)

“Manager”	Hui Xian Asset Management Limited, as manager of Hui Xian REIT
“Oriental Plaza”	the composite development known as Oriental Plaza (東方廣場) situated at No. 1 East Chang An Avenue, Dong Cheng District, Beijing, the PRC
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“Premises”	Unit 302, 3 <sup>rd</sup> Floor, Tower E1, Oriental Plaza
“REIT Code”	Code on Real Estate Investment Trusts issued by the SFC, as amended, supplemented and/or otherwise modified from time to time
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Tenancy”	the leasing of the Premises by BOP to Knight Frank Shanghai
“Trust Deed”	the trust deed constituting Hui Xian REIT as amended
“%”	per cent.

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, 26 October 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).*

*English names of the PRC established companies/entities in this announcement are only translations of their official Chinese names. In case of inconsistency, the Chinese names prevail.*