HUI XIAN REIT
匯賢產業信託

Hui Xian Real Estate Investment Trust

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

(Stock Code: 87001)

Managed by:
Hui Xian Asset Management Limited
滙賢房託管理有限公司

CONNECTED PARTY TRANSACTIONS RELATING TO THE PROPOSED ACQUISITIONS OF THE CHONGQING HOTEL AND THE CHENGDU HOTEL

Financial Adviser to the Manager

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Citigroup Global Markets Asia Limited

THE CHONGQING ACQUISITION

Hui Xian REIT has conditionally agreed to acquire the entire interest in the Chongqing Hotel through the acquisition of the Chongqing Target Company. The Chongqing Hotel is a hotel currently known as "Harbour Plaza Chongqing 重慶海逸酒店", located at No. 68 Zourong Road, Yuzhong District, Chongqing, the PRC.

Chongqing SPA

On 9 January 2017, the Chongqing Purchaser, a special purpose vehicle wholly-owned by Hui Xian REIT, entered into the Chongqing SPA with the Chongqing Vendor, a subsidiary of CKP and therefore a connected person of Hui Xian REIT by virtue of it being an associate of Hui Xian Cayman which is a significant holder of Hui Xian REIT, pursuant to which the Chongqing Vendor has conditionally agreed to sell and the Chongqing Purchaser has conditionally agreed to acquire the Chongqing Sale Shares and the Chongqing Sale Loan.

The Chongqing Consideration (being the aggregate of (i) the Chongqing Share Consideration and (ii) the Chongqing Loan Consideration) is equal to the Chongqing Attributable Value of RMB250 million, as adjusted by: adding (i) the current assets of the Chongqing Target Group as at Chongqing Completion, and minus (ii) the current and non-current liabilities of the Chongqing Target Group as at Chongqing Completion. The consideration for Chongqing Acquisition is subject to an overall cap of RMB300 million. Further details relating to Chongqing Consideration are set out in the section headed "*1.1.4 Chongqing Consideration*" of this announcement.

The Chongqing Attributable Value of RMB250 million, which is the value attributable to the Chongqing Hotel as agreed between the Chongqing Vendor and the Chongqing Purchaser for the purpose of the Chongqing SPA, represents a discount of approximately 43% to the Chongqing Appraised Value of RMB442 million as appraised by the Independent Property Valuer, Knight Frank Petty Limited, as at 31 October 2016.

The consideration for the Chongqing Sale Shares will be payable by the Chongqing Purchaser to the Chongqing Vendor in cash in HK$ at Chongqing Completion. The Chongqing Loan Consideration will be an amount equal to the HK$ Equivalent of the Chongqing Adjusted Asset Value as at Chongqing Completion less the Chongqing Share Consideration.

The Chongqing Target Company is a Hong Kong incorporated company which owns the entire interest in Chongqing HP, a PRC-incorporated company which in turn is the registered legal owner of the land use rights and building ownership rights underlying the Chongqing Hotel.

Subject to the fulfilment (or, where applicable, waiver) of all the Chongqing Conditions Precedent, the Manager currently expects Chongqing Completion to take place in or around the first quarter of 2017.

Land use rights relating to the Chongqing Hotel

Chongqing HP is the registered legal owner of the land use rights (which term will expire on 30 August 2044) underlying the Chongqing Hotel. If those rights are not extended beyond 30 August 2044, Chongqing HP will have no further land use rights upon the expiration of the existing term. It is expected that the value of the investments of the Chongqing Target Company in Chongqing HP will diminish overtime and will ultimately become zero at the time of expiration of the term of the land use rights. On the other hand, if the term of land use rights in the Chongqing Hotel may be extended (whether such term may be extended is subject to the final decision of the relevant PRC government authority), it is expected that land premium or other consideration will be payable by Chongqing HP for such extension, the amount of which cannot be ascertained at this stage. Upon expiration of the term of the land use rights in the Chongqing Hotel, Chongqing HP may or may not apply for an extension of the term. In assessing the Chongqing Appraised Value at RMB442 million, the Independent Property Valuer has not assigned any value to any extension (if any) of the term of the land use rights.

Opinion of the Board, the Audit Committee and the Trustee

Having regard to the reasons for, the terms of, and factors and other information in relation to the Chongqing Acquisition, the Board (including the independent non-executive Directors) and the Audit Committee consider that the Chongqing Acquisition and the terms of the Chongqing Transaction Documents (including the Chongqing Consideration) are consistent with the investment objectives and strategy of Hui Xian REIT and are being entered into in the ordinary and usual course of business and are at arm's length basis and on normal commercial terms, which are fair and reasonable and in the interests of the Unitholders, the independent Unitholders and Hui Xian REIT as a whole. The Board is also satisfied that the arrangements under the Chongqing Acquisition comply with the relevant requirements of the REIT Code and the Trust Deed, and no Unitholders' approval is required to approve such acquisition.

Based solely on the opinion of the Board and the information, confirmations and reports given by the Manager and other advisors to the Trustee having regard to its duties under the REIT Code and the Trust Deed, the Trustee is of the view that the Chongqing Acquisition is consistent with Hui Xian REIT's investment policy and is in compliance with the relevant requirements of the REIT Code and the Trust Deed, and no Unitholders' approval is required to approve such acquisition. The Trustee has no objection for the Manager to proceed with the Chongqing Acquisition.

THE CHENGDU ACQUISITION

Hui Xian REIT has conditionally agreed to acquire 69% interest in the Chengdu Hotel through the acquisition of the Chengdu Target Company and the Huge Grace Loans. The Chengdu Hotel is a hotel currently known as "Sheraton Chengdu Lido Hotel 成都天府麗都喜來登飯店", located at No. 15, Section 1, Renmin Zhong Road, Chengdu, Sichuan Province, the PRC. The total consideration in respect of the Chengdu Acquisition is the aggregate of (i) the Chengdu Consideration under the Chengdu SPA, being RMB276 million, and (ii) the aggregate principal amount of the two Huge Grace Loans together with after tax accrued interests as at Chengdu Completion, subject to the Huge Grace Cap of (a) HK$207 million (approximately RMB183 million) for the loan under Huge Grace Loan Agreement A if such cap amount is lower than the principal amount and after tax accrued interest at Chengdu Completion of such loan and (b) HK$93 million (approximately RMB81 million) for the loan under Huge Grace Loan Agreement B if such cap amount is lower than the principal amount and after tax accrued interest at Chengdu Completion of such loan.

Chengdu SPA

On 9 January 2017, the Chengdu Purchaser, a special purpose vehicle wholly-owned by Hui Xian REIT, entered into the Chengdu SPA with the Chengdu Vendor, a subsidiary of CKP and therefore a connected person of Hui Xian REIT by virtue of it being an associate of Hui Xian Cayman which is a significant holder of Hui Xian REIT, pursuant to which the Chengdu Vendor has conditionally agreed to sell and the Chengdu Purchaser has conditionally agreed to acquire the Chengdu Sale Share and the Chengdu Sale Loan at Chengdu Consideration, being RMB276 million. Further details relating to Chengdu Consideration are set out in the section headed "*2.1.4 Chengdu Consideration*" of this announcement.

The Chengdu Attributable Value of RMB642 million, which is the value attributable to 100% of the Chengdu Hotel as agreed between the Chengdu Vendor and the Chengdu Purchaser and one of the bases considered by the parties in determining the total consideration in respect of the Chengdu Acquisition, represents a discount of approximately 11% to the Chengdu Appraised Value of RMB720 million as appraised by the Independent Property Valuer, Knight Frank Petty Limited, as at 31 October 2016.

The consideration for the Chengdu Sale Loan is an amount equal to the principal amount of such loan as at Chengdu Completion, which will be payable by the Chengdu Purchaser to the Chengdu Vendor in cash in HK$ at Chengdu Completion. The consideration for the Chengdu Sale Share is an amount equal to the HK$ Equivalent of RMB276 million less the Chengdu Loan Consideration, which will also be payable by the Chengdu Purchaser to the Chengdu Vendor in cash at Chengdu Completion.

Chengdu Changtian, a sino-foreign co-operative joint venture enterprise established in the PRC, is the registered legal owner of the land use rights and building ownership rights underlying the Chengdu Hotel. Currently, the Chengdu Vendor, Chengdu Gongtou and Beijing Wondergrow are interested in 69%, 30% and 1% respectively of the registered capital and distributions of Chengdu Changtian.

The Chengdu Target Company, wholly-owned by the Chengdu Vendor, is recently incorporated, and was organized to facilitate the transactions relating to the Chengdu Acquisition. Currently, the Chengdu Target Company has not carried out any business. Pursuant to the Chengdu SPA, the Chengdu Acquisition is subject to conditions precedent including, among other things, the Chengdu Transfer Agreement having been entered into between the Chengdu Vendor, the Chengdu Target Company and the Chengdu Domestic Parties. It is expected that, immediately after completion of the Chengdu Transfer Agreement, the Chengdu Target Company will be a new foreign joint venture party of Chengdu Changtian and will be interested in 69% of the registered capital and distributions of Chengdu Changtian.

Subject to all of the Chengdu Conditions Precedent having been fulfilled or (where permitted as provided in the Chengdu SPA) waived on or before the Chengdu Long Stop Date, and subject to the fulfilment of the Chengdu Completion Conditions simultaneously with Chengdu Completion, the Manager currently expects Chengdu Completion to take place in or around the first quarter of 2017.

Proposed transfer of the Huge Grace Loans

Huge Grace had pursuant to the Huge Grace Loan Agreements advanced to Chengdu Changtian the Huge Grace Loans. As at the date of the Chengdu SPA, the Huge Grace Loans in the aggregate principal amount together with after tax accrued interests of HK$288,653,864 (approximately RMB254,015,400) remain outstanding.

The Chengdu Purchaser and Huge Grace had on 9 January 2017 entered into the Huge Grace Loans Initial Agreement pursuant to which Huge Grace and the Chengdu Purchaser had agreed and undertaken that subject to and simultaneous with completion of the Chengdu SPA, the Chengdu Vendor shall transfer and the Chengdu Purchaser shall purchase each of the Huge Grace Loans together with all accrued interests (the aggregate principal amount together with after tax accrued interests of the Huge Grace Loans as at the date of the Chengdu SPA was HK$288,653,864 (approximately RMB254,015,400)) as well as all rights and obligations of Huge Grace under each of the Huge Grace Loan Agreements as at the date of completion of the Chengdu SPA on a dollar-to-dollar basis or (i) HK$207 million (approximately RMB183 million) for the loan under Huge Grace Loan Agreement A if such cap amount is lower than the principal amount and after tax accrued interest at Chengdu Completion of such loan and (ii) HK$93 million (approximately RMB81 million) for the loan under Huge Grace Loan Agreement B if such cap amount is lower than the principal amount and after tax accrued interest at Chengdu Completion of such loan, and each party shall, and Chengdu Vendor shall procure Chengdu Changtian to, enter into the relevant loan transfer agreements with Huge Grace upon Chengdu Completion in respect of such transfers. Transfer of the Huge Grace Loans shall take place simultaneously with the completion of the Chengdu SPA.

The Chengdu Changtian joint venture and Chengdu JV Documents

Under the Chengdu JV Documents, the joint venture period of Chengdu Changtian was 50 years, expiring in 2048 (with a remaining term of about 31 years). The land use rights in the Chengdu Hotel are held by Chengdu Changtian and will expire on 17 January 2049. The building ownership rights in the Chengdu Hotel are also held by Chengdu Changtian. If those rights are not extended beyond 17 January 2049, Chengdu Changtian will have no further land use rights upon the expiration of the existing term. It is expected that the value of the investments of the Chengdu Target Company in Chengdu Changtian will diminish overtime and will ultimately become zero at the time of expiration of the term of the land use rights. On the other hand, if the term of land use rights in the Chengdu Hotel may be extended (whether such term may be extended is subject to the final decision of the relevant PRC government authority), it is expected that land premium or other consideration will be payable by Chengdu Changtian for such extension, the amount of which cannot be ascertained at this stage. Upon expiration of the term of the land use rights in the Chengdu Hotel, Chengdu Changtian may or may not apply for an extension of the term. In assessing the Chengdu Appraised Value at RMB720 million, the Independent Property Valuer has not assigned any value to any extension (if any) of the term of the land use rights.

Under the Chengdu JV Documents, after the expiration of the joint venture term (if such term is not further extended) in 2048, Chengdu Changtian will be dissolved and the remaining assets are to be distributed to the joint venture parties of Chengdu Changtian in proportion to their respective percentage interests in the registered capital of Chengdu Changtian (being 69% to the Chengdu Target Company, 30% to Chengdu Gongtou and 1% to Beijing Wondergrow, after completion of the Chengdu Transfer Agreement).

Opinion of the Board, the Audit Committee and the Trustee

Having regard to the reasons for, the terms of, and factors and other information in relation to the Chengdu Acquisition, the Board (including the independent non-executive Directors) and the Audit Committee consider that the Chengdu Acquisition and the terms of the Chengdu Transaction Documents (including the Chengdu Acquisition Consideration) are consistent with the investment objectives and strategy of Hui Xian REIT and are being entered into in the ordinary and usual course of business and are at arm's length basis and on normal commercial terms, which are fair and reasonable and in the interests of the Unitholders, the independent Unitholders and Hui Xian REIT as a whole. The Board is also satisfied that the arrangements of the Chengdu Acquisition comply with the relevant requirements of the REIT Code and the Trust Deed, and no Unitholders' approval is required to approve such acquisition.

Based solely on the opinion of the Board and the information, confirmations and reports given by the Manager and other advisors to the Trustee having regard to its duties under the REIT Code and the Trust Deed, the Trustee is of the view that the Chengdu Acquisition is consistent with Hui Xian REIT's investment policy and is in compliance with the relevant requirements of the REIT Code and the Trust Deed, and no Unitholders' approval is required to approve such acquisition. The Trustee has no objection for the Manager to proceed with the Chengdu Acquisition.

MANAGER'S ACQUISITION FEE

Pursuant to the Trust Deed, the Manager will be entitled to receive the Manager's Chongqing Acquisition Fee of RMB2.5 million for the Chongqing Acquisition, as well as the Manager's Chengdu Acquisition Fee in the aggregate amount of: (i) approximately RMB2.76 million (relating to the Chengdu Target Company) and (ii) an amount of no more than HK$3.0 million (approximately RMB2.6 million) (relating to the Huge Grace Loans) for the Chengdu Acquisition. The Manager has elected that the Manager's Chongqing Acquisition Fee and the Manager's Chengdu Acquisition Fee be paid entirely in the form of cash.

FINANCING AND EXPECTED DEBTS TO GROSS ASSETS VALUE RATIO

The Manager currently expects that the Chongqing Consideration payable by Hui Xian REIT will be financed as to approximately 80% by new bank borrowings expected to be obtained prior to Chongqing Completion and as to approximately 20% by existing cash.

The Manager currently expects that the Chengdu Acquisition Consideration payable by Hui Xian REIT will be financed as to approximately 80% by new bank borrowings expected to be obtained prior to Chengdu Completion and as to approximately 20%, by existing cash.

Details of the estimated debts to gross asset value ratios of Hui Xian REIT with respect to the Acquisitions are set out in the section headed "*6.3 Expected debts to gross assets value ratio*" of this announcement.

IMPLICATIONS UNDER THE REIT CODE AND THE TRUST DEED

The Acquisitions

The Chongqing Vendor, the Chengdu Vendor and Huge Grace are all subsidiaries of CKP and therefore connected persons of Hui Xian REIT under the REIT Code by virtue of their being associates of Hui Xian Cayman, which is a significant holder of Hui Xian REIT. The Chongqing SPA and the transactions contemplated thereunder (including the entering into of the deed of assignment of the Chongqing Sale Loan and the Chongqing Deed of Tax Covenant) therefore constitute connected party transactions of Hui Xian REIT under the REIT Code.

The Chongqing Vendor, the Chengdu Vendor and Huge Grace are all subsidiaries of CKP and therefore connected persons of Hui Xian REIT under the REIT Code by virtue of their being associates of Hui Xian Cayman, which is a significant holder of Hui Xian REIT. The Chongqing SPA, Chengdu SPA and the transactions contemplated thereunder and the Huge Grace Loans Initial Agreement therefore constitute connected party transactions of Hui Xian REIT under the REIT Code.

Since (i) the maximum amount payable by the Chongqing Purchaser to the Chongqing Vendor under the Chongqing SPA, (ii) the Chengdu Consideration and (iii) the maximum amount payable by the Chengdu Purchaser to Huge Grace as referred to in the Huge Grace Loans Initial Agreement, are in aggregate less than 5% of the latest audited NAV of Hui Xian REIT as disclosed in the annual report of Hui Xian REIT for the financial year ended 31 December 2015, in accordance with 8.9 of the REIT Code, no Unitholders' approval is required for the Acquisitions.

The Transitional Chongqing Hotel Management Agreement

As Harbour Plaza Management, being a subsidiary of CKP and therefore a connected person of Hui Xian REIT under the REIT Code by virtue of it being an associate of Hui Xian Cayman, which is a significant holder of Hui Xian REIT, the Transitional Chongqing Hotel Management Agreement (when entered into) and the transaction contemplated thereunder will be a connected party transaction of Hui Xian REIT after Chongqing Completion. Hui Xian REIT will comply with the relevant disclosure requirements under the REIT Code as and when the Transitional Chongqing Hotel Management Agreement is entered into.

Waivers from strict compliance with certain provisions of the REIT Code

The Manager had in connection with the Acquisitions applied to the SFC for waivers from compliance with certain provisions of the REIT Code. Details of such waiver applications are set out in the section headed "*7. Implications under the REIT Code and the Trust Deed*" of this Announcement.

Completion of each of the Acquisitions are subject to and conditional upon satisfaction of certain conditions (as set out in sections headed "*1.1.6 Chongqing Conditions Precedent*", "*2.1.6 Chengdu Conditions Precedent*" and "*2.1.7 Chengdu Completion Conditions*" respectively), and accordingly, may or may not complete. Unitholders and potential investors are reminded to exercise caution when dealing in the Units.

1. THE CHONGQING ACQUISITION

Hui Xian REIT has conditionally agreed to acquire the entire interest in the Chongqing Hotel through the acquisition of the Chongqing Target Company and the Chongqing Purchaser entered into the Chongqing SPA with the Chongqing Vendor on 9 January 2017. The Chongqing Hotel is a hotel currently known as "Harbour Plaza Chongqing 重慶海逸酒店", which is located at No. 68 Zourong Road, Yuzhong District, Chongqing, the PRC. More information of the terms and conditions of the Chongqing Acquisition and information on the Chongqing Hotel and the Chongqing Target Group are set out in the sections headed "*1.1. Key terms of the Chongqing SPA*" and "*1.2 Information relating to the Chongqing Hotel and the Chongqing Target Group*" below.

1.1 Key terms of the Chongqing SPA

1.1.1 Date

9 January 2017

1.1.2 Parties

(i) the Chongqing Purchaser, a special purpose vehicle wholly-owned by Hui Xian REIT (as purchaser); and

(ii) the Chongqing Vendor (as vendor).

The Chongqing Vendor is a subsidiary of CKP and therefore a connected person of Hui Xian REIT under the REIT Code by virtue of it being an associate of Hui Xian Cayman, a significant holder of Hui Xian REIT.

Given that the Chongqing Vendor is a wholly-owned subsidiary of CKP, which is a substantial listed company, the Manager believes that the Chongqing Vendor will have sufficient resources to indemnify the Chongqing Purchaser in respect of claims made against the Chongqing Vendor under the Chongqing Transaction Documents. The Manager is therefore of the view that although there is no guarantor to guarantee Chongqing Vendor's obligations and liabilities under the Chongqing SPA, the Chongqing Purchaser's rights under the Chongqing SPA are still sufficiently protected.

1.1.3 Subject matter of the Chongqing Acquisition

Pursuant to the Chongqing SPA, the Chongqing Purchaser conditionally agreed to acquire from the Chongqing Vendor:

(a) the Chongqing Sale Shares, representing all the issued shares of the Chongqing Target Company; and

(b) the benefit of and interest in the Chongqing Sale Loan.

The Chongqing Target Company owns the entire interest in Chongqing HP, which in turn owns the Chongqing Hotel. Please refer to the section titled "*1.2 Information relating to the Chongqing Hotel and the Chongqing Target Group*" below for further information of Chongqing Target Company, Chongqing HP, and the Chongqing Hotel. The Chongqing Sale Loan is the aggregate amount outstanding and owing by the Chongqing Target Company to the Chongqing Vendor as at the date of the Chongqing SPA and as at Chongqing Completion.

1.1.4 Chongqing Consideration

The total consideration in respect of the Chongqing Acquisition (the "**Chongqing Consideration**") is the aggregate of:

(i) the consideration for the sale and purchase of the Chongqing Sale Shares (the "**Chongqing Share Consideration**"), being HK$5,000,000 (approximately RMB4,400,000), which will be payable by the Chongqing Purchaser to the Chongqing Vendor in cash in HK$ in full at Chongqing Completion; and

(ii) the consideration for the assignment of the benefit of and interest in the Chongqing Sale Loan (the "**Chongqing Loan Consideration**"), which will be an amount equal to the HK$ Equivalent of the Chongqing Adjusted Asset Value as at Chongqing Completion less the Chongqing Share Consideration;

and is subject to the Chongqing Overall RMB Cap of RMB300 million (as defined below).

The amount of the Chongqing Consideration (being the aggregate of the Chongqing Share Consideration and the Chongqing Loan Consideration) is equal to the Chongqing Adjusted Asset Value and will be determined by the following formula, subject to the Chongqing Overall RMB Cap:

$$\text{Chongqing Adjusted Asset Value} = \text{CAV} + \text{CA} - \text{L}$$

where:

"CAV" refers to the Chongqing Attributable Value of RMB250 million;

"CA" refers to the current assets of the Chongqing Target Group as at Chongqing Completion (such as all receivables (but excluding receivables of the Chongqing Target Group as at Chongqing Completion which are in the nature of amortisation for rent free periods under tenancies and licences) from the operation of the Chongqing Target Group Companies, all refundable utility and other deposits placed with relevant authorities or suppliers in connection with the operation of the Chongqing Target Group Companies, all cash and deposits at bank, all prepaid operating expenses and all inventories and, for the avoidance of doubt, excluding the carrying value of the Chongqing Hotel); and

"L" refers to the current and non-current liabilities of the Chongqing Target Group as at Chongqing Completion (such as all security deposits in relation to the Chongqing Hotel (excluding such deposits already forfeited as other income), all rental/licence fees received in advance in relation to the Chongqing Hotel, all payment due to creditors and accruals of property and other relevant expenses in relation to the operation of the Chongqing Target Group Companies, all deferred tax liabilities (other than those in relation to the revaluation of the Chongqing Hotel and the depreciation allowance of the Chongqing Hotel), all provision for taxation (including provision for withholding tax on dividend distributions, if any) and the Chongqing Employment Provision, but excluding the Chongqing Sale Loan).

The Manager expects that other than the Chongqing Hotel, the assets and liabilities of the Chongqing Target Group at Chongqing Completion would mainly consist of cash, advanced rental payments and tenants' deposits, which are the usual assets and liabilities of a property holding and leasing company, which the Manager considers not material for disclosure.

The Chongqing Attributable Value of RMB250 million, which is a value attributable to the Chongqing Hotel as agreed between the Chongqing Vendor and the Chongqing Purchaser for the purpose of the Chongqing SPA, represents a discount of approximately 43% to the Chongqing Appraised Value of RMB442 million as at 31 October 2016 as appraised by the Independent Property Valuer. The Chongqing Consideration and the Chongqing Attributable Value have been determined on the basis of commercial and arm's length negotiations between the parties, taking into account the information and particulars relating to the Chongqing Hotel, the Chongqing Appraised Value and the terms of the Chongqing SPA.

Payment of Chongqing Consideration

As mentioned above, the Chongqing Consideration (being the aggregate of (1) the Chongqing Share Consideration, which is fixed at HK$5,000,000, and (2) the Chongqing Loan Consideration) is equal to the Chongqing Adjusted Asset Value, subject to the Chongqing Overall RMB Cap. At Chongqing Completion, the Chongqing Purchaser shall pay the Chongqing Vendor (i) the "Initial Chongqing Loan Consideration" (as defined below)(being the initial amount of the Chongqing Loan Consideration, which will be subject to adjustment as set out in (II) below) and (ii) the Chongqing Share Consideration of HK$5,000,000 (approximately RMB4,400,000). After Chongqing Completion, based on the "Chongqing Certified Sum" (as defined below) to be provided by the Chongqing Certifying Accountants, either the Chongqing Vendor or the Chongqing Purchaser (as the case may be) will be required to pay the other party the difference between the amount of Initial Chongqing Loan Consideration and the Chongqing Certified Sum (details of which please refer to (II) below).

(I) Prior to Chongqing Completion and at Chongqing Completion

The Chongqing Vendor will arrange for the Chongqing Target Company to provide to the Chongqing Purchaser prior to Chongqing Completion a pro forma consolidated balance sheet of the Chongqing Target Group as at the date of Chongqing Completion (the "**Pro Forma Chongqing Completion Balance Sheet**") based on:

(a) the management accounts of each of the Chongqing Target Group Companies as at, and the income statement of Chongqing HP (the "**Pro Forma Chongqing HP Completion Income Statement**") for the period from 1 January 2016 to the last date of, the latest month end preceding the due date for such delivery (the "**Original Chongqing Pro Forma Date**"); or

(b) if the due date for such delivery falls on or before the 20th day of a month, then the management accounts of each of the Chongqing Target Group Companies as at, and the income statement of Chongqing HP for the period from 1 January 2016 to, the month end day preceding the Original Chongqing Pro Forma Date.

The Pro Forma Chongqing Completion Balance Sheet will state the Chongqing Adjusted Asset Value as at the date of Chongqing Completion (the "**Pro Forma Chongqing Adjusted Asset Value**"), after taking into account a number of agreed adjustments (being items agreed to be included or excluded as assets and liabilities as set out in the formula for calculating the Chongqing Adjusted Asset Value above). The items in the Pro Forma Chongqing HP Completion Income Statement shall be extracted from the corresponding items in the management accounts of the Chongqing Target Group Companies and the income statement Chongqing HP as mentioned above.

Pursuant to the Chongqing SPA, the Pro Forma Chongqing Completion Balance Sheet and the audited Chongqing Completion Balance Sheet (collectively, the "**Chongqing Completion Accounts**"), based on which the Pro Forma Chongqing Adjusted Asset Value and the Chongqing Adjusted Asset Value will be derived from, will follow the accounting policies of the Chongqing Target Company for the year ended 31 December 2015.

At Chongqing Completion, the Chongqing Purchaser shall pay the Chongqing Vendor an amount equal to the HK$ Equivalent (calculated as at the 5th Business Day before the date of Chongqing Completion) of (i) the Pro Forma Chongqing Adjusted Asset Value less the Chongqing Share Consideration as an initial amount of the Chongqing Loan Consideration (such amount referred to as the "**Initial Chongqing Loan Consideration**") and (ii) the Chongqing Share Consideration of HK$5,000,000 (approximately RMB4,400,000).

(II) After Chongqing Completion

Within 150 days after Chongqing Completion, the Chongqing Vendor will prepare the Chongqing Completion Balance Sheet, which will be audited by the Chongqing Certifying Accountants.

The Chongqing Certifying Accountants will provide a certified statement (the "**Chongqing Certified Statement**") of the amount equal to the HK$ Equivalent on the date of Chongqing Completion of the Chongqing Adjusted Asset Value as at the date of Chongqing Completion less the Chongqing Share Consideration (the "**Chongqing Certified Sum**"), on the basis of which:

(a) if the Chongqing Certified Sum is higher than the Initial Chongqing Loan Consideration, the Chongqing Purchaser will pay to the Chongqing Vendor an amount equal to the excess amount; and

(b) if the Chongqing Certified Sum is lower than the Initial Chongqing Loan Consideration, the Chongqing Vendor will refund to the Chongqing Purchaser an amount equal to the shortfall amount.

In addition to the above,

(1) if the RMB Equivalent as at the date of Chongqing Completion of the Chongqing Certified Sum and the Chongqing Share Consideration in aggregate exceeds or equals to RMB300 million (the "**Chongqing Overall RMB Cap**"), then the Chongqing Purchaser will only be required to pay to the Chongqing Vendor an amount in HK$ equal to the excess of the HK$ Equivalent as at the date of Chongqing Completion of the Chongqing Overall RMB Cap over the aggregate of the Initial Chongqing Loan Consideration and the Chongqing Share Consideration, and the amount of the Chongqing Consideration shall be limited accordingly; and

(2) if the RMB Equivalent as at the date of Chongqing Completion of the Chongqing Certified Sum and the Chongqing Share Consideration in aggregate is less than the Chongqing Overall RMB Cap, then the maximum amount payable by the Chongqing Purchaser to the Chongqing Vendor as mentioned in paragraph (a) above will be limited to an amount in HK$ equal to the excess of the HK$ Equivalent as at the date of Chongqing Completion of the Chongqing Overall RMB Cap over the aggregate of the Initial Chongqing Loan Consideration and the Chongqing Share Consideration, and the amount of the Chongqing Consideration shall be limited accordingly.

The Manager will announce the respective amounts of the Initial Chongqing Loan Consideration and the Chongqing Certified Sum after the relevant amount has been finalised.

1.1.5 Chongqing Completion

The Chongqing Acquisition is to be completed on 28 February 2017 or such other date as may be agreed between the Chongqing Vendor and the Manager pursuant to the Chongqing SPA.

The Manager currently expects that Chongqing Completion will take place in or around the first quarter of 2017, of which Unitholders will be informed by way of an announcement as soon as practicable after Chongqing Completion.

1.1.6 Chongqing Conditions Precedent

Chongqing Completion is conditional upon the fulfilment (or waiver) of a number of Chongqing Conditions Precedent, which are summarised below:

(a) obtaining the relevant confirmation or waivers from the SFC in respect of the numbers of layers of special purpose vehicles of Hui Xian REIT for the purpose of holding the Chongqing Hotel and the direct employment of employees by Chongqing HP after completion of the Chongqing Acquisition, as described in the sections headed "*7.2 Waiver in respect of direct employment arrangements of Chongqing HP and the Chongqing Target Company after Chongqing Completion*" and "*7.4 Submission in relation to the number of layers of Special Purpose Vehicles*" of this announcement; and

(b) the licences, authorisations, orders, grants, confirmations, consents, permissions, registrations and other approvals necessary (if any) for or in respect of the Chongqing Acquisition and the Chongqing Transaction Documents (and the transactions thereunder) having been obtained from third parties (including governmental or official authorities, courts or other regulatory bodies) on terms reasonably satisfactory to the Manager, and such licences, authorisations, orders, grants, confirmations, consents, permissions, registrations and other approvals remaining in full force and effect.

Under the Chongqing SPA, the Chongqing Conditions Precedent in item (a) above cannot be waived. The Chongqing Purchaser may (to the extent permitted by the REIT Code, the Listing Rules and other applicable laws, rules and regulations) in its absolute discretion at any time before Chongqing Completion waive in whole or in part the Chongqing Conditions Precedent described in (b) above by notice in writing to the Chongqing Vendor.

If any of the Chongqing Conditions Precedent is not fulfilled or waived by the Chongqing Purchaser on or before the Chongqing Long Stop Date, the Chongqing SPA will lapse and be of no further effect.

1.1.7 Termination rights

If, at any time on or before Chongqing Completion, certain specified government acquisition or resumption event occurs in respect of the whole or any material part of the land use rights or building ownership rights of or relating to the Chongqing Hotel, the Chongqing Purchaser may in its absolute discretion (i) terminate the Chongqing SPA or (ii) elect to effect Chongqing Completion (such Chongqing Completion will be subject to compliance with the REIT Code and obtaining the SFC's approval and/or waiver (if required)) subject to an adjustment to the Chongqing Adjusted Asset

Value payable which shall take into account the diminution in value of the Chongqing Hotel caused by the aforementioned acquisition or resumption event concerned, and all the compensation, allowance or other fees recovered or recoverable from the relevant government authority in respect of the aforementioned acquisition or resumption event concerned.

If prior to Chongqing Completion any of the warranties was, when given, or will be or would be, at Chongqing Completion, not complied with or otherwise untrue or misleading in any material respect, and which will have a material adverse effect on the financial condition, earnings, business, undertaking or assets of the Chongqing Target Group and/or on the Chongqing Hotel (in each case, taken as whole), the Chongqing Purchaser may terminate the Chongqing SPA. Accordingly, in the event that Chongqing HP does not have good title to the Chongqing Hotel, the Chongqing Purchaser will be able to terminate the Chongqing SPA notwithstanding that good title to the Chongqing Hotel is not a condition precedent to the Chongqing Acquisition.

1.1.8 Representations, warranties and indemnities

The Chongqing SPA contains certain customary representations and warranties given by the Chongqing Vendor in respect of the Chongqing Sale Shares and the Chongqing Sale Loan and in respect of the Chongqing Target Group and the Chongqing Hotel. Such representations and warranties include, among others, that: (i) the Chongqing Sale Shares and the Chongqing Sale Loan are, and will at Chongqing Completion be, legally and beneficially owned by the Chongqing Vendor free from all encumbrances; (ii) Chongqing HP is at the date of the Chongqing SPA, and will at Chongqing Completion be the sole registered legal owner of the land use rights and building ownership rights underlying the Chongqing Hotel free from all encumbrances save for the tenancies; (iii) Chongqing HP has a good title to the whole of the Chongqing Hotel; and (iv) the Chongqing Hotel is in good and substantial repair and condition in all material respects and is fit for purpose for which it is presently used. The Manager is satisfied that the warranties and indemnities contained in the Chongqing SPA sufficiently protect the interests of Hui Xian REIT and the Unitholders as a whole in respect of potential claims.

1.1.8.1 Limitation period for claims

No claim ("**Chongqing Relevant Claim**") involving or relating to a breach of any of the representations and warranties given by the Chongqing Vendor ("**Chongqing Warranties**") shall be brought by the Chongqing Purchaser against the Chongqing Vendor under or in respect of any of the Chongqing Warranties unless written notice of the Chongqing Relevant Claim has been given to the Chongqing Vendor on or before the end of the Chongqing Limitation Period after the date of Chongqing Completion, with "**Chongqing Limitation Period**" being two years, save and except that:

(a) if the Chongqing Relevant Claim is made in connection with the Chongqing Warranties relating to tax or any of them, the Chongqing Limitation Period shall be seven years; and

(b) no claim shall be brought by the Chongqing Purchaser against the Chongqing Vendor under or in respect of the Circular 698 and Bulletin 7 Obligations relating to Chongqing Acquisition unless written notice of the claim has been given to the Chongqing Vendor on or before the expiry of ten years after the date of Chongqing Completion.

1.1.8.2 *Limitation of amounts*

The aggregate liability of the Chongqing Vendor in respect of all claims under or in connection with the Chongqing Transaction Documents is subject to a maximum amount equal to the Chongqing Consideration or the Chongqing Overall RMB Cap, whichever is lower (being the actual total consideration to be paid by the Chongqing Vendor under Chongqing SPA).

The above limitation period and limits of claims are considered by the Manager as acceptable, on normal commercial terms following arm's length negotiations between the relevant parties, fair and reasonable, and are in the interests of Hui Xian REIT and the Unitholders as a whole.

Under the Chongqing SPA, no claim shall be brought by any party against any other party to the Chongqing SPA relating to any breach of the Chongqing Warranties unless (a) each single intended Chongqing Relevant Claim exceeds RMB100,000 or its equivalent in other currency or currencies and (b) the Chongqing Relevant Claims in aggregate exceeds RMB500,000 or its equivalent in other currency or currencies, in which case that party shall be liable for the whole amount of the claim or claims and not only for the excess over RMB100,000, however such limitation will not apply to any claim in respect of or otherwise relating to the Chongqing Employment Liabilities, the warranties given by the Chongqing Vendor under the Chongqing SPA in relation to employment matters or the Circular 698 and Bulletin 7 Obligations relating to Chongqing Acquisition.

1.1.9 ***Chongqing Deed of Tax Covenant***

Under the Chongqing SPA, the Chongqing Vendor is required to deliver to the Chongqing Purchaser the Chongqing Deed of Tax Covenant at Chongqing Completion, under which the Chongqing Vendor covenants to indemnify the Chongqing Purchaser of (among others):

(a) any liability to taxation (including but not limited to profits tax, enterprise income tax, stamp duty, rates, penalties and others) falling on any Chongqing Target Group Companies or in respect of the Chongqing Hotel resulting from or by reference to any transactions, events, matters or things that occurred or effected on or before the date of the Chongqing Deed of Tax Covenant or in respect of any gross receipts, income, profits or gains earned, accrued, received by any Chongqing Target Group Company on or before the date of the Chongqing Deed of Tax Covenant;

(b) any and all liability of any Chongqing Target Group Companies for or in respect of taxation resulting from or in connection with the transfer of any Chongqing Sale Shares or assignment of any benefit of and interest in the Chongqing Sale Loan or any part thereof (including but not limited to any tax liabilities and any amounts which may be charged or imposed by any PRC tax authorities on any Chongqing Target Group Companies pursuant to or in connection with Circular 698 and Bulletin 7 (AA) as they were in force at the date of Chongqing Completion or (BB) as they are deemed to have been in force at the date of Chongqing Completion by virtue of an amendment to or re-enactment of Circular 698 and/or Bulletin 7 issued after the date of Chongqing Completion); and

(c) any losses and any reasonable costs (including all legal and professional costs) and expenses properly incurred and payable by the Chongqing Target Group Companies or the Chongqing Purchaser in connection with any tax liability giving rise to a claim under the Chongqing Deed of Tax Covenant.

The Manager envisages that there will not be any liability for stamp duty on any Chongqing Target Group Companies for or in respect of taxation resulting from or in connection with the transfer of any Chongqing Sale Shares or assignment of any benefit of and interest in the Chongqing Sale Loan.

No claim shall be brought by the Chongqing Purchaser under the Chongqing Deed of Tax Covenant after the expiry of 7 years after the date of the Chongqing Deed of Tax Covenant except for claims in connection with Circular 698 and Bulletin 7 Obligations relating to Chongqing Acquisition of which no claim shall be brought after the expiry of 10 years after the date of the Chongqing Deed of Tax Covenant, and the Chongqing Vendor shall not be liable in respect of a claim unless written notice of the claim has been given to the Chongqing Vendor prior to the expiry of 7 years or 10 years, as the case may be, from the date of the Chongqing Deed of Tax Covenant (i.e. the date of Chongqing Completion).

The aggregate maximum liability of the Chongqing Vendor in respect of all claims under or in connection with the Chongqing Transaction Documents shall not exceed the amount equal to the Chongqing Consideration or the Chongqing Overall RMB Cap, whichever is lower (being the actual total consideration to be paid by the Chongqing Vendor under Chongqing SPA).

No claim under the Chongqing Deed of Tax Covenant shall be brought by the Chongqing Purchaser unless (a) each of such claim exceeds RMB100,000 or its equivalent in other currency or currencies; and (b) the claims in aggregate exceed RMB500,000 or its equivalent in other currency or currencies, in which case, the Chongqing Vendor shall be liable for the whole amount of claim and not only for the excess over RMB100,000. Such limitation in claim will not apply to a claim relating to the Circular 698 and Bulletin 7 Obligations relating to Chongqing Acquisition.

1.1.10 *Termination of existing Chongqing hotel management agreement and proposed entering into of the Transitional Chongqing Hotel Management Agreement*

Under the Chongqing SPA, the Chongqing Vendor shall procure Chongqing HP to terminate, with effect from the date of Chongqing Completion, the existing hotel management agreement between Chongqing HP and Harbour Plaza Management. It is intended that Chongqing HP will identify and engage a new hotel management company of an international brand to manage the Chongqing Hotel and will enter into a new Chongqing hotel management agreement with the new hotel management company after Chongqing Completion. Subject to discussions with the new hotel management company, it is intended that renovations be carried out on the Chongqing Hotel in the future after Chongqing Completion. The Manager does not expect the costs of renovation to be material to Hui Xian REIT. However, as time is required for Chongqing HP to engage the new hotel management company and to negotiate the terms of the hotel management agreement with such company, it is intended that on or before Chongqing Completion, the Transitional Chongqing Hotel Management Agreement will be entered into between Chongqing HP and Harbour Plaza Management, pursuant to which Harbour Plaza Management will continue to provide hotel management services for a short period of time after Chongqing Completion. It is expected that the hotel management fee to be paid by Hui Xian REIT Group under the Transitional Chongqing Hotel Management Agreement, when aggregated with the maximum amount to be paid by the Hui Xian REIT Group with respect to the Acquisitions as set out in this announcement, will be less than 5% of the latest audited NAV of Hui Xian REIT as disclosed in the annual report of Hui Xian REIT for the financial year ended 31 December 2015. Hui Xian REIT will comply with the relevant disclosure requirements under the REIT Code as and when the Transitional Chongqing Hotel Management Agreement is entered into and further announcement will be made pursuant to the REIT Code where required.

The Manager expects that the transitional arrangement under the Transitional Chongqing Hotel Management Agreement will be not more than one year.

1.2 Information relating to the Chongqing Hotel and the Chongqing Target Group

1.2.1 *Information on the Chongqing Hotel*

1.2.1.1 *Description of the Chongqing Hotel*

The Chongqing Target Company is a Hong Kong incorporated company which owns the entire interest in Chongqing HP, a wholly foreign-owned limited liability company (有限責任公司(台港澳法人獨資)) established in the PRC, which in turn is the registered legal owner of the land use rights and building ownership rights underlying the Chongqing Hotel. The Chongqing Hotel is a 38-storey five-star hotel (inclusive of 20 car park spaces) currently called "Harbour Plaza Chongqing 重慶海逸酒店". The Chongqing Hotel has a total gross floor area of approximately 52,238 sq. m.

A simplified holding structure of the Chongqing Hotel as at the date of this announcement and a simplified expected holding structure of the Chongqing Hotel and the Chengdu Hotel immediately after Chongqing Completion and Chengdu Completion are represented in the section headed "*3. Current and Expected Holding Structures of the Chongqing Hotel and the Chengdu Hotel*" of this announcement.

Knight Frank Petty Limited (which was the principal valuer of Hui Xian REIT on the date when the valuation report in respect of Chongqing Hotel was issued, which issue date was not more than three months before the date of this announcement) has been appointed as an independent property valuer to appraise the value of the Chongqing Hotel for the purpose of the Chongqing Acquisition. The value of the Chongqing Hotel as appraised by the Independent Property Valuer as at 31 October 2016 was RMB442 million.

1.2.1.2 Environment surrounding the Chongqing Hotel

Chongqing is one of the four direct controlled municipalities that reports directly to the Central Government of the PRC, and a critical transportation and industrial hub within interior China.

The Chongqing Hotel is located at the Jiefangbei, Yuzhong District, Chongqing, which is a well-established central business district ("**CBD**"). Jiefangbei CBD features a pedestrian street around the Jiefangbei Monument, known as Jiefangbei Pedestrian Street. It is a popular shopping and tourist destination, and boasts robust foot traffic with 300,000 visitations per day during weekdays and over one million visitations per day during holidays.

The Jiefangbei CBD is also considered to be the most important business centre in Chongqing. Wuyi Road, where the Chongqing Hotel is located, has been designated by the Chongqing Government as the future "Wall Street" of Western China to boost development of commercial activities. With the enhancement of the area's infrastructure and overall environment, the Jiefangbei CBD's premier status will be further strengthened.

The Chongqing Hotel is located within close proximity to three Chongqing Rail Transit ("**CRT**") stations — the Linjiangmen Station (臨江門站), the Jiaochangkou Station (較場口站), and the Xiaoshizi Station (小什字站) connecting to Line 1, Line 2, and Line 6 of CRT. In addition, the upcoming Line 10 of CRT will have stations near to the Jiefangbei CBD. Phase 1 of Line 10 is expected to be in operation by 2017.

1.2.1.3 Key information about the Chongqing Hotel

The Chongqing Hotel has a total of 389 guest rooms. The average room rate of the Chongqing Hotel (taking into account the tax and service charge) for each of the three years ended 31 December 2013, 2014 and 2015 and for the eight months ended 31 August 2016 were approximately RMB517, RMB512, RMB420 and RMB403 respectively. The average occupancy rates for each of the three years ended 31 December 2013, 2014 and 2015 and for the eight months ended 31

August 2016 were approximately 41.0%, 48.7%, 50.1% and 54.5% respectively. Currently, the Chongqing Hotel has several retail shops. The Chongqing Hotel also has two restaurants and one bar, and the aggregate revenue attributable to the restaurants and the bar for the year ended 31 December 2015 was approximately 12.9% of the total revenue of the Chongqing Hotel for such period. For the year ended 31 December 2015, the aggregate revenue and profit attributable to the food and beverage business of Chongqing Hotel and the food and beverage business of existing properties of Hui Xian REIT represented about 3.1% and 0.6% of the aggregate revenue and profit of Chongqing Hotel and Hui Xian REIT.

For the years ended 31 December 2013, 2014 and 2015, and for the eight-month period ended 31 August 2016, total revenues of the Chongqing Hotel were RMB62 million, RMB67 million, RMB56 million and RMB34 million respectively.

1.2.2 *Information on the Chongqing Target Group*

1.2.2.1 *Chongqing Target Group Companies*

The Chongqing Hotel is currently held by Chongqing HP, a wholly foreign-owned limited liability company (有限責任公司(台港澳法人獨資)) established in the PRC. The entire equity interest of Chongqing HP is held by the Chongqing Target Company, a company incorporated in Hong Kong, which is in turn wholly-owned by the Chongqing Vendor. The Chongqing Vendor is indirectly wholly-owned by CKP, which is a listed holding company of a number of significant holders of Hui Xian REIT. To the best knowledge of the Manager and as informed by the Chongqing Vendor, the Chongqing Target Group is not engaged in business other than operation of the Chongqing Hotel.

Chongqing HP is the registered legal owner of the land use rights (which term will expire on 30 August 2044) underlying the Chongqing Hotel. If those rights are not extended beyond 30 August 2044, Chongqing HP will have no further land use rights upon the expiration of the existing term. It is expected that the value of the investments of the Chongqing Target Company in Chongqing HP will diminish overtime and will ultimately become zero at the time of expiration of the term of the land use rights. On the other hand, if the term of land use rights in the Chongqing Hotel may be extended (whether such term may be extended is subject to the final decision of the relevant PRC government authority), it is expected that land premium or other consideration will be payable by Chongqing HP for such extension, the amount of which cannot be ascertained at this stage. Upon expiration of the term of the land use rights in the Chongqing Hotel, Chongqing HP may or may not apply for an extension of the term. In assessing the Chongqing Appraised Value at RMB442 million, the Independent Property Valuer has not assigned any value to any extension (if any) of the term of the land use rights.

Under the business licence (營業執照) currently in force, the term of operation of Chongqing HP is from 10 March 1999 to 10 March 2029. The PRC legal adviser of the Manager, Guantao Law Firm, has advised that there is no legal impediment for the renewal of the term of operation of Chongqing HP as such renewal will primarily involve formality procedures. Guantao Law Firm has further advised that, there is no legal impediment on the remittance of dividends on retained earnings of Chongqing HP out of the PRC to the Chongqing Target Company, provided that such remittance is made in accordance with the procedures set out under the relevant PRC foreign investment and foreign exchange laws and regulations.

1.2.2.2 *Employees of the Chongqing Target Group Companies*

To the best of the knowledge, information and belief of the Manager after having made reasonable enquiries with the Chongqing Vendor and based on the Chongqing Vendor's representations, the Chongqing Target Company currently has no employees, Chongqing HP has 320 employees as at 30 September 2016 performing hotel operation functions and services in respect of the Chongqing Hotel and handling administrative and property management functions and services in connection with Chongqing HP and the Chongqing Hotel.

Under the Chongqing SPA, the Chongqing Vendor shall procure that (i) all labour contracts and employment relationship between Chongqing HP and all Chongqing Pre-Completion Employees shall have been properly and effectively terminated on or before the date of Chongqing Completion in accordance with PRC laws and regulations, and (ii) all amounts payable by Chongqing HP to Chongqing Pre-Completion Employees shall have been fully paid on or before the date of Chongqing Completion in accordance with applicable PRC law. It is recognised that the implementation of such employment termination arrangement may take time and may not be fully in place on the date of Chongqing Completion, and Chongqing HP may continue to directly employ certain Chongqing Pre-Completion Employees whose labour contracts or employment relationship with Chongqing HP have not been properly and effectively on or before the date of Chongqing Completion ("**Chongqing Remaining Employees**") and who may remain for a period after Chongqing Completion until their employment with Chongqing HP has been effectively terminated (the "**Remaining Period**").

Under the Chongqing SPA, if at Chongqing Completion, there shall remain any labour contracts or employment relationship between Chongqing HP and any Chongqing Pre-Completion Employees which the Chongqing Vendor failed to procure their proper and effective termination, or that any amounts payable by Chongqing HP to any Chongqing Pre-Completion Employees shall not have been fully paid in accordance with applicable PRC laws and regulations, the Chongqing Vendor will procure that at Chongqing Completion, Chongqing HP will, for the purpose of termination of the labour contracts or employment relationship with the Chongqing Remaining Employees, make a provision in its accounts in an amount calculated based on the average monthly salary and the years of service of the Chongqing Remaining Employees (the "**Chongqing Employment Provision**", such Chongqing Employment Provision shall also be included in the Pro Forma Chongqing Completion Balance Sheet and in Chongqing Completion Balance Sheet), for settlement of:

(i) all amounts which Chongqing HP pays after Chongqing Completion under or in connection with the labour contracts or the employer-employee relationship between the Chongqing Remaining Employees and Chongqing HP and the termination thereof, including but not limited to those with respect to their wages, entitlements, benefits, insurance, compensations, pensions, long service, severance, redundancy and annual leave payments; and

(ii) all amounts which Chongqing HP pays to the Chongqing Remaining Employees after Chongqing Completion for the purpose of securing the termination of their labour contracts or employer-employee relationships,

in each case, whether under law, contract or otherwise (the "**Chongqing Employment Liabilities**").

The HK$ Equivalent as at the date of Chongqing Completion of an amount equivalent to the difference between the actual Chongqing Employment Liabilities and the Chongqing Employment Provision, in respect of those Chongqing Remaining Employees whose employment agreements or labour contracts are effectively terminated after Chongqing Completion but before the date of delivery of the Chongqing Certified Statement (as defined in the section headed "*1.1.4 Chongqing Consideration*" of this announcement), will be paid as an adjustment in the following manner:

(i) if the amount of the Chongqing Employment Provision in respect of such Chongqing Remaining Employees exceeds the amount of the actual Chongqing Employment Liabilities in respect of such Chongqing Remaining Employees, the HK$ Equivalent as at the date of Chongqing Completion of such excess shall be paid by the Chongqing Purchaser to the Chongqing Vendor; and

(ii) if the actual Chongqing Employment Liabilities in respect of such Chongqing Remaining Employees exceed the amount of Chongqing Employment Provision in respect of such Chongqing Remaining Employees, the HK$ Equivalent as at the date of Chongqing Completion of such shortfall shall be paid by the Chongqing Vendor to the Chongqing Purchaser.

Any Chongqing Employment Liabilities in respect of the Chongqing Remaining Employees whose employment agreements or labour contracts are effectively terminated after the date of delivery of the Chongqing Certified Statement exceeding the Chongqing Employment Provision in respect of that relevant Chongqing Remaining Employee will be paid by the Chongqing Vendor to the Chongqing Purchaser within 10 Business Days after receipt of the Chongqing Purchaser's written notification.

The Manager has applied to the SFC for a waiver from strict compliance with 7.5(c) of the REIT Code in respect of the direct employment arrangements of Chongqing HP after Chongqing Completion. Please refer to the section headed "*7.2 Waiver in respect of direct employment arrangements of Chongqing HP* *and the Chongqing Target Company after Chongqing Completion*" for more information of the waiver. The Manager will, after Chongqing Completion, procure that Chongqing HP uses its best efforts to terminate the labour contracts or the employer-employee relationship with the Chongqing Remaining Employees.

1.2.2.3 *Financial information relating to the Chongqing Target Group Companies*

Based on the audited accounts of the Chongqing Target Company for the years ended 31 December 2013, 2014 and 2015, and the unaudited management accounts of the Chongqing Target Company for the eight months ended 31 August 2016 provided by the Chongqing Vendor, (a) the net asset value of the Chongqing Target Company as at 31 December 2013, 31 December 2014, 31 December 2015 and 31 August 2016 was HK$104,719,129, HK$104,621,215, HK$104,554,667 and HK$104,492,181 respectively (approximately RMB92,152,834, RMB92,066,669, RMB92,008,107 and RMB91,953,119 respectively); and (b) the net loss before, and after, taxation of the Chongqing Target Company for the years ended 31 December 2013, 2014 and 2015 and for the eight months ended 31 August 2016 was HK$36,186, HK$97,914, HK$66,548 and HK$62,486 respectively (approximately RMB31,844, RMB86,164, RMB58,562 and RMB54,988 respectively).

Based on the audited accounts of Chongqing HP for the years ended 31 December 2013, 2014 and 2015, and the unaudited management accounts of Chongqing HP for the eight months ended 31 August 2016 provided by the Chongqing Vendor, (a) the net asset value of Chongqing HP as at 31 December 2013, 31 December 2014, 31 December 2015 and 31 August 2016 was RMB47,841,351.20, RMB50,367,079.06, RMB35,315,843.63 and RMB27,224,825.00 respectively; (b) the net profit/(loss) before taxation of Chongqing HP for the years ended 31 December 2013, 2014 and 2015 and for the eight months ended 31 August 2016 was RMB1,306,825.29, RMB3,389,999.97, RMB(15,175,769.71) and RMB(8,079,624.00) respectively; (c) the net profit/(loss) after taxation of Chongqing HP for the year ended 31 December 2013, 2014 and 2015 and for the eight months ended 31 August 2016 was RMB973,945.93, RMB2,525,727.86, RMB(15,051,235.43) and RMB(8,079,624.00) respectively; and (d) the earnings before interest, taxes, depreciation, and amortization of Chongqing HP for the year ended 31 December 2013, 2014 and 2015 and for the eight months ended 31 August 2016 was RMB6,558,687.94, RMB12,139,862.39, RMB2,850,086.15 and RMB1,418,660.60 respectively.

1.3 Arm's length terms and due diligence review

The Manager considers that the Chongqing SPA was entered into by the parties thereto on normal commercial terms following arm's length negotiations.

The Manager has conducted, and is satisfied with the results of, due diligence in respect of the Chongqing Hotel and the Chongqing Target Group in accordance with the REIT Code and the Manager's compliance manual.

The PRC legal adviser of the Manager, Guantao Law Firm, has advised that Chongqing HP has legally obtained the State-owned land use rights in respect of the Chongqing Hotel, it is the registered legal owner of the land use rights and building ownership rights underlying the Chongqing Hotel, and it has legal ownership of the Chongqing Hotel and can legally own, use and deal with such properties in accordance with the relevant PRC laws. The PRC legal adviser of the Manager had also advised that Chongqing HP is the sole owner of the land use rights and building ownership rights underlying the Chongqing Hotel and that such rights are free from encumbrances other than the existing tenancies. Based on the above advice of its PRC legal adviser, the Manager is of the view that Chongqing HP has good, marketable, legal and beneficial title to the Chongqing Hotel.

1.4 PRC taxation relating to Chongqing Acquisition

Circular 698 stipulates the PRC tax treatment and reporting obligations on "indirect" equity transfers undertaken by non-resident enterprises ("**offshore investors**"). Circular 698 also introduces anti-abuse and anti-avoidance rules where the dominant purpose of using the offshore entities is to avoid PRC tax obligations. In such a case, the PRC tax authorities can apply a 10% withholding tax (or any lower tax rates applicable pursuant to tax treaty entered into between the PRC and other countries) on capital gains derived by the offshore investor on the indirect transfer. However, Circular 698 does not provide for clear guidance on how such capital gains withholding tax is to be applied in practice. Bulletin 7 replaced the relevant provisions in Circular 698 relating to indirect transfer of equity interests of a PRC resident enterprise by disposing of interests in a non-PRC holding company and set a wider scope of such indirect transfer of PRC assets that might be subject to PRC enterprise income tax.

Pursuant to Bulletin 7, reporting obligations, if any, with respect to the transfer effected as a result of the Chongqing SPA will fall on the Chongqing Vendor. Although it is not aware of any express requirement for Chongqing HP to report to any PRC tax authority under Circular 698 for the transfer in the context of the Chongqing SPA or generally, transfer of similar nature, there is still a degree of uncertainty with respect to the application and interpretation of Circular 698 and Bulletin 7. In any event, the Chongqing Vendor has agreed to indemnify the Chongqing Purchaser in relation to, among other things, tax liabilities of the Chongqing Target Group Companies resulting from the transfer of any shares in the issued share capital of the Chongqing Target Company including any liabilities arising out of Circular 698 and/or Bulletin 7. Please see the section headed "*1.1.9 Chongqing Deed of Tax Covenant*" of this announcement.

The Chongqing Vendor has undertaken in the Chongqing SPA to attend to all filing, notification and other obligations of the Chongqing Vendor and the Chongqing Target Group pursuant to or in connection with Circular 698 and Bulletin 7 (a) as they are in force at the date of Chongqing Completion or (b) as they are deemed to have been in force at the date of Chongqing Completion by virtue of an amendment to or re-enactment of Circular 698 and/or Bulletin 7 issued within 10 years of the date of Chongqing Completion (the "**Circular 698 and Bulletin 7 Obligations relating to Chongqing Acquisition**") in respect of the Chongqing Acquisition.

Taking into account the present intention of the Manager for the Hui Xian REIT Group to hold the Chongqing Hotel for long-term investment purpose, the Manager expects that neither potential LAT nor EIT relating to revaluation of the Chongqing Hotel and the depreciation allowance of the Chongqing Hotel will arise in connection with the Chongqing Acquisition. In the event that the Hui Xian REIT Group does dispose of the Chongqing Hotel through a direct onshore transfer of the property interests in the future, it is expected that LAT and EIT would be levied on the Hui Xian REIT Group based on the sales proceeds less deductible costs which are calculated by reference to the original land acquisition and development costs incurred by Chongqing HP, not Hui Xian REIT's cost of acquiring the Chongqing Target Company. No account has been taken of such potential deferred taxation in agreeing the consideration for the Chongqing Acquisition because the Manager considers it very unlikely that any such liabilities will crystallise.

1.5 Opinion of the Board, the Audit Committee and the Trustee

Having regard to the reasons for, the terms of, and factors and other information in relation to the Chongqing Acquisition, the Board (including the independent non-executive Directors) and the Audit Committee consider that the Chongqing Acquisition and the terms of the Chongqing Transaction Documents (including the Chongqing Consideration) are consistent with the investment objectives and strategy of Hui Xian REIT and are being entered into in the ordinary and usual course of business and are at arm's length basis and on normal commercial terms, which are fair and reasonable and in the interests of the Unitholders, the independent Unitholders and Hui Xian REIT as a whole. The Board is also satisfied that the arrangements under the Chongqing Acquisition comply with the relevant requirements of the REIT Code and the Trust Deed, and no Unitholders' approval is required to approve such acquisition.

Based solely on the opinion of the Board and the information, confirmations and reports given by the Manager and other advisors to the Trustee having regard to its duties under the REIT Code and the Trust Deed, the Trustee is of the view that the Chongqing Acquisition is consistent with Hui Xian REIT's investment policy and is in compliance with the relevant requirements of the REIT Code and the Trust Deed, and no Unitholders' approval is required to approve such acquisition. The Trustee has no objection for the Manager to proceed with the Chongqing Acquisition.

2. THE CHENGDU ACQUISITION

Hui Xian REIT has conditionally agreed to acquire 69% interest in the Chengdu Hotel through the acquisition of the Chengdu Target Company and the Huge Grace Loans. The total consideration in respect of the Chengdu Acquisition is the aggregate of (i) the Chengdu Consideration under the Chengdu SPA, being RMB276 million, and (ii) aggregate principal amount of the two Huge Grace Loans together with after tax accrued interests as at Chengdu Completion, subject to the Huge Grace Cap of (i) HK$207 million (approximately RMB183 million) for the loan under Huge Grace Loan Agreement A if such cap amount is lower than the principal amount and after tax accrued interest at Chengdu Completion of such loan and (ii) HK$93 million (approximately RMB81 million) for the loan under Huge Grace Loan Agreement B if such cap amount is lower than the principal amount and after tax accrued interest at Chengdu Completion of such loan.

On 9 January 2017, the Chengdu SPA was entered into between the Chengdu Purchaser and the Chengdu Vendor. The Chengdu Hotel is a hotel currently known as "Sheraton Chengdu Lido Hotel 成都天府麗都喜來登飯店", which is located at No. 15, Section 1, Renmin Zhong Road, Chengdu, Sichuan Province, the PRC. More information of the terms and conditions of the Chengdu Acquisition and information on the Chengdu Hotel and the Chengdu Target Group are set out in the sections headed "*2.1. Key terms of the Chengdu SPA*" and "*2.2 Information relating to the Chengdu Hotel and the Chengdu Target Group*" respectively below.

2.1 Key terms of the Chengdu SPA

2.1.1 Date

9 January 2017

2.1.2 Parties

(i) the Chengdu Vendor (as vendor); and

(ii) the Chengdu Purchaser (as purchaser).

The Chengdu Vendor is a subsidiary of CKP and therefore a connected person of Hui Xian REIT under the REIT Code by virtue of it being an associate of Hui Xian Cayman, which is a significant holder of Hui Xian REIT.

Given that the Chengdu Vendor is a wholly-owned subsidiary of CKP, which is a substantial listed company, the Manager believes that the Chengdu Vendor will have sufficient resources to indemnify the Chengdu Purchaser in respect of claims made against the Chengdu Vendor under the Chengdu Transaction Documents. The Manager is therefore of the view that although there is no guarantor to guarantee Chengdu Vendor's obligations and liabilities under the Chengdu SPA, the Chengdu Purchaser's rights under the Chengdu SPA are still sufficiently protected.

2.1.3 Subject matter of the Chengdu Acquisition

Pursuant to the Chengdu SPA, the Chengdu Purchaser conditionally agreed to acquire from the Chengdu Vendor:

(a) the Chengdu Sale Share, representing all the issued shares of the Chengdu Target Company; and

(b) the benefit of and interest in the Chengdu Sale Loan, being the shareholder's loan owing by the Chengdu Target Company to the Chengdu Vendor.

The Chengdu Target Company is interested in 69% of the registered capital and distributions of Chengdu Changtian, which in turn owns the Chengdu Hotel. The Chengdu Sale Loan is the aggregate amount then outstanding and owing as at Chengdu Completion by the Chengdu Target Company to the Chengdu Vendor.

2.1.4 *Chengdu Consideration*

Pursuant to the Chengdu SPA, the Chengdu Consideration is RMB276 million, details of which are set out in the formula below:

Chengdu Consideration = Chengdu Loan Consideration + Chengdu Share Consideration

where:

(a) the Chengdu Loan Consideration, being the consideration for the assignment of benefit of and interest in the Chengdu Sale Loan, is an amount equal to the principal amount of such loan as at Chengdu Completion; and

(b) the Chengdu Share Consideration, being the consideration for the sale and purchase of the Chengdu Sale Share, is an amount equal to RMB276 million less the Chengdu Loan Consideration.

The Chengdu Consideration will be payable by the Chengdu Purchaser to the Chengdu Vendor its HK$ Equivalent in cash at Chengdu Completion. The Chengdu Vendor has agreed that Chengdu Target Company shall have no asset or liabilities other than the investment in Chengdu Changtian and Chengdu Sale Loan at Chengdu Completion. The Chengdu SPA further provides that:

(a) if the net asset value of Chengdu Changtian as at Chengdu Completion Date (the "**Chengdu Completion NAV**") is negative, the Chengdu Vendor will make a cash payment equal to the HK$ Equivalent of 69% of the shortfall; and

(b) if the Chengdu Completion NAV is positive (the "**Chengdu Unadjusted Positive NAV**"), the Chengdu Purchaser will not be required to pay the Chengdu Vendor any sum in addition to the Chengdu Consideration.

The Chengdu Vendor and the Chengdu Purchaser will jointly procure a Chengdu Completion Balance Sheet together with a computation of the Chengdu Completion NAV on the basis of the Chengdu Completion Balance Sheet (excluding the carrying value of the Chengdu Hotel and deferred tax asset or liability in respect of capital allowance/depreciation, tax loss and change in valuation of the Chengdu Hotel (if any), and without taking into account the borrowing and outstanding interest thereon of Chengdu Changtian).

The Manager will further announce the amount of Chengdu Completion NAV and (if applicable) information on any negative value thereof which has been made good by the Chengdu Vendor, after the amount of the Chengdu Completion NAV has been determined.

The Chengdu Attributable Value of RMB642 million, which is the value attributable to 100% of the Chengdu Hotel as agreed between the Chengdu Vendor and the Chengdu Purchaser and one of the bases considered by the parties in determining the total consideration in respect of the Chengdu Acquisition, represents a discount of approximately 11% to the Chengdu Appraised Value of RMB720 million as at 31 October 2016.

The Chengdu Attributable Value and the Chengdu Consideration have been determined on the basis of commercial and arm's length negotiations between the parties, taking into account the information and particulars relating to the Chengdu Hotel, the Chengdu Appraised Value and the terms of the Chengdu SPA.

2.1.5 *Completion of the Chengdu Acquisition*

Subject to all of the Chengdu Conditions Precedent having been fulfilled or (where permitted as provided in the Chengdu SPA) waived on or before the Chengdu Long Stop Date, and subject to the fulfilment of the Chengdu Completion Conditions simultaneously with the Chengdu Completion, completion of the Chengdu Acquisition will take place on the Chengdu Completion Date, being a date on or before two Business Days after the fulfillment (or where applicable, waiver) of all the Chengdu Conditions Precedent or such other date as may be agreed between the Chengdu Vendor and the Manager.

Subject to all of the Chengdu Conditions Precedent having been fulfilled or (where permitted as provided in the Chengdu SPA) waived on or before the Chengdu Long Stop Date, and subject to the fulfilment of the Chengdu Completion Conditions simultaneously with Chengdu Completion, the Manager currently expects that Chengdu Completion will take place in or around the first quarter of 2017, of which Unitholders will be informed by way of an announcement as soon as practicable after Chengdu Completion.

2.1.6 *Chengdu Conditions Precedent*

Chengdu Completion is conditional upon the fulfilment (or waiver) of a number of Chengdu Conditions Precedent, which are summarised below:

(a) obtaining the relevant confirmation or waivers from the SFC in respect of numbers of layers of special purpose vehicles held by Hui Xian REIT for the purpose of holding the Chengdu Hotel, the direct employment of employees by Chengdu Changtian after completion of the Chongqing Acquisition and the nomination right for directors in Chengdu Changtian, as described in this announcement;

(b) all approvals, consents and acts in connection with the Chengdu Acquisition to be obtained or completed before Chengdu Completion as required under relevant PRC laws and regulations, the Listing Rules or the REIT Code, or by the SFC or other regulatory authority, or by any other person pursuant to any contract, having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules or requirements having been obtained from the SFC, or such other relevant authority or person;

(c) the Chengdu Transfer Agreement having been entered into between the Chengdu Target Company, the Chengdu Vendor and the Chengdu Domestic Parties;

(d) the Chengdu Purchaser (if applicable), the Chengdu Domestic Parties, the Chengdu Target Company and (if applicable) the Chengdu Vendor having signed the relevant agreements and/or documents to amend the Chengdu JV Documents to the effect that (i) the Chengdu Target Company, Chengdu Gongtou and Beijing Wondergrow shall be entitled to 69%, 30% and 1% respectively of all distributions of Chengdu Changtian during its remaining joint venture term; (ii) the board of directors of Chengdu Changtian shall consist of seven directors of which the Chengdu Target Company is entitled to appoint four directors, Chengdu Gongtou is entitled to appoint two directors and Beijing Wondergrow is entitled to appoint one director; and

(e) all necessary consents and approvals (including consents from the Chengdu Domestic Parties in respect of the Chengdu Changtian Transfer, approvals from the relevant PRC authorities in respect of the Chengdu Transfer Agreement and amendments to the Chengdu JV Documents (and the transactions thereunder), as required) in connection with the Chengdu Changtian Transfer having been obtained, receiving the filing receipt(s) and the new business licence issued by the relevant PRC authorities setting out, among others, the change in particulars of Chengdu Changtian pursuant to the Chengdu Changtian Transfer), and completion of the Chengdu Transfer Agreement having taken place and the Chengdu Target Company has become both the registered and beneficial owner of 69% interest in the registered capital of Chengdu Changtian and be entitled to 69% of the distributions in Chengdu Changtian.

If any of the Chengdu Conditions Precedent is not fulfilled or (to the extent permitted by the REIT Code and other applicable laws and regulations) waived by the Chengdu Purchaser on or before the Chengdu Long Stop Date, the Chengdu SPA will cease and determine and be of no further effect.

2.1.7 *Chengdu Completion Conditions*

Chengdu Completion is further conditional upon fulfilment of the following:

(a) no breach of the warranties or any other term of the Chengdu SPA on the part of the Chengdu Vendor in any material respect, save and except anything already disclosed in the disclosure letter for the purpose of the Chengdu SPA;

(b) there being no material damage to the Chengdu Hotel; and

(c) there being no compulsory acquisition or resumption of the Chengdu Hotel or any material part of it, and no order or notice or proposed notice of such intended compulsory acquisition or resumption having been issued, given or publicly advertised by the government or other competent authority.

If any of the Chengdu Completion Conditions is not fulfilled simultaneously upon Chengdu Completion, the Chengdu Purchaser will have the right to terminate the Chengdu SPA.

2.1.8 *Limitation on claims*

No claim shall be brought by a party to the Chengdu SPA against the other party under or in respect of any breach of the Chengdu SPA or its warranties unless written notice of such claim has been given to that other party on or before the end of the Chengdu Limitation Period after the Chengdu Completion Date, with "**Chengdu Limitation Period**" being five years, save and except that the Chengdu Limitation Period will be seven years for any claims brought by the Chengdu Purchaser against the Chengdu Vendor relating to tax warranties given by the Chengdu Purchaser under the Chengdu SPA and ten years for any claims brought by the Chengdu Purchaser against the Chengdu Vendor under or in respect of the Circular 698 and Bulletin 7 Obligations relating to Chengdu Acquisition.

The aggregate maximum liability of the Chengdu Vendor in respect of all claims under the Chengdu SPA, in aggregate with all claims under any other agreements which may be entered into between the Chengdu Vendor on one part and the Chengdu Purchaser and/or other person(s) on the other part in relation to the Chengdu Target Group (whether on or after the date of the Chengdu SPA) shall not exceed an amount equal to RMB500,000,000, which represents approximately 92.6% of the aggregate amount of the Chengdu Consideration and the Huge Grace Caps.

The Chengdu SPA further provides that in case the claims by the Chengdu Purchaser against the Chengdu Vendor are pertaining to costs, expenses, losses and/or damages suffered/incurred by or on behalf of Chengdu Changtian other than those relating to, in connection with or arising from the Circular 698 and Bulletin 7 Obligations relating to Chengdu Acquisition, such claims by the Chengdu Purchaser against the Chengdu Vendor shall be limited to 69%. If there is any Chengdu Unadjusted Positive NAV at Chengdu Completion, the amount which the Chengdu Purchaser may claim against the Chengdu Vendor in respect of the warranties and all claims under the Chengdu Deed of Tax Covenant shall be deducted by a sum equivalent to 69% of the Chengdu Unadjusted Positive NAV except for claims in connection of the Circular 698 and Bulletin 7 Obligations relating to Chengdu Acquisition which shall not be deducted by any Chengdu Unadjusted Positive NAV.

Under the Chengdu SPA, no claim shall be brought by a party against any other party to the Chengdu SPA relating to a breach of the Chengdu SPA or its warranties unless (a) each single intended claim exceeds RMB200,000 or its equivalent in other currency or currencies; or (b) the intended claim or claims, in aggregate, exceeds RMB500,000 or its equivalent in other currency or currencies, however such limitation will not apply to any claim in respect of or otherwise relating to the Circular 698 and Bulletin 7 Obligations relating to Chengdu Acquisition.

The above limitation period and limits of claims are considered by the Manager as acceptable, on normal commercial terms following arm's length negotiations between the relevant parties, fair and reasonable, and are in the interests of Hui Xian REIT and the Unitholders (including the independent Unitholders) as a whole.

2.1.9 *Representations and warranties*

The Chengdu SPA contains certain customary representations and warranties given by the Chengdu Vendor in respect of the Chengdu Sale Share and the Chengdu Sale Loan and in respect of the Chengdu Target Group and the Chengdu Hotel. Such representations and warranties include, among others, that: (i) the Chengdu Sale Share and the Chengdu Sale Loan will at Chengdu Completion be legally and beneficially owned by the Chengdu Vendor free from all encumbrances; (ii) Chengdu Changtian is at the date of the Chengdu SPA and will at Chengdu Completion be the sole legal and beneficial owner of the Chengdu Hotel free from all encumbrances; (iii) Chengdu Changtian has good and marketable title to the Chengdu Hotel; and (iv) the Chengdu Hotel is structurally sound, in good and substantial repair and condition in all material respects and is fit for purpose for which it is presently used. The Manager is satisfied that the warranties and indemnities contained in the Chengdu SPA sufficiently protect the interests of Hui Xian REIT and the Unitholders as a whole in respect of potential claims.

2.1.10 *Chengdu Deed of Tax Covenant*

Under the Chengdu SPA, the Chengdu Vendor is required to deliver to the Chengdu Purchaser the Chengdu Deed of Tax Covenant at Chengdu Completion, under which the Chengdu Vendor will covenant to indemnify the Chengdu Target Company or the Chengdu Purchaser (among others):

(a) any liability to taxation in connection with any claim in respect of all taxation falling on any member of the Chengdu Target Group or the Chengdu Purchaser resulting from or by reference to any transactions, events, matters or things occurred or effected before the date of the Chengdu Deed of Tax Covenant or in respect of any gross receipts, income, profits or gains earned, accrued, received by any member of the Chengdu Target Group before the date of the Chengdu Deed of Tax Covenant;

(b) any and all liability of any member of the Chengdu Target Group or the Chengdu Purchaser for or in respect of taxation resulting from (i) the transfer of any shares in the Chengdu Target Company or assignment of any benefit of and interest in loans owing by the Chengdu Target Company or (ii) transactions pursuant to the Chengdu Transfer Agreement (including but not limited to any tax liabilities and any amounts which may be charged or imposed by any PRC tax authorities on any member of the Group pursuant to or in connection with Circular 698 and Bulletin 7 (AA) as they were in force at the date of Chengdu Completion or (BB) as they are deemed to have been in force at the date of Chengdu Completion by virtue of an amendment to or re-enactment of Circular 698 and/or Bulletin 7 issued within 10 years of the date of Chengdu Completion but excluding any liability for stamp duty); and

(c) all actions, claims, losses, damages or any other liabilities to which any member of the Chengdu Target Group or the Chengdu Purchaser may reasonably and properly incur in connection with any investigation, assessment, contesting or settlement of any claim or matters in (a) or (b) above; any legal proceedings or actions in which the Chengdu Purchaser or any member of the Chengdu Target Group claims under or in respect of the Chengdu Deed of Tax Covenant; or the enforcement of any such settlement or judgment.

No claims may be brought against the Chengdu Vendor under the Chengdu Deed of Tax Covenant after the expiry of seven years after the date of the Chengdu Deed of Tax Covenant (i.e. the date of Chengdu Completion) except for claims in connection with Circular 698 and Bulletin 7 Obligations relating to Chengdu Acquisition of which no claim shall be brought after the expiry of ten years.

The aggregate maximum liability of the Chengdu Vendor in respect of all claims under the Chengdu Deed of Tax Covenant (in aggregate with all claims under the Chengdu SPA) will be limited to an amount equal to the extent as set out in the section headed "*2.1.8 Limitation on claims*" above. However, the Chengdu Deed of Tax Covenant further provides that where the claim is made for the amounts suffered/incurred by or on behalf of Chengdu Changtian (except for any claims relating to tax liabilities in connection with Circular 698 and Bulletin 7 imposed or charged on Chengdu Changtian, where the Chengdu Vendor's liabilities shall be 100%), the Chengdu Vendor's liabilities under the Chengdu Deed of Tax Covenant shall be limited to 69%.

2.1.11 *Proposed transfer of the Huge Grace Loans*

Huge Grace had pursuant to the Huge Grace Loan Agreements advanced to Chengdu Changtian the Huge Grace Loans. As at the date of the Chengdu SPA, the Huge Grace Loans in the aggregate principal amount together with after tax accrued interest of HK$288,653,864 (approximately RMB254,015,400) remain outstanding. Set out below are brief particulars of the Huge Grace Loan Agreements:

(a) Huge Grace Loan Agreement A

Current principal loan amount:	HK$199,623,766 (approximately RMB175,668,914)
Current interest rate:	Hong Kong dollar best lending rate as quoted by The Hongkong and Shanghai Banking Corporation Limited from time to time, payable bi-annually
Current term:	One year from 6 March 2016

(b) Huge Grace Loan Agreement B

Current principal loan amount:	HK$89,030,098 (approximately RMB78,346,486)
Current interest rate:	Hong Kong dollar best lending rate as quoted by The Hongkong and Shanghai Banking Corporation Limited from time to time, payable bi-annually
Current term:	One year from 25 February 2016

The Chengdu Purchaser and Huge Grace had on 9 January 2017 entered into the Huge Grace Loans Initial Agreement pursuant to which Huge Grace and the Chengdu Purchaser had agreed and undertaken that subject to and simultaneous with completion of the Chengdu SPA, the Chengdu Vendor shall transfer and the Chengdu Purchaser shall purchase each of the Huge Grace Loans together with all accrued interests (the aggregate principal amount together with after tax accrued interests of the Huge Grace Loans as at the date of the Chengdu SPA was HK$288,653,864 (approximately RMB254,015,400)) as well as all rights and obligations of Huge Grace under each of the Huge Grace Loan Agreements as at the date of completion of the Chengdu SPA on a dollar-to-dollar basis or (a) HK$207 million (approximately RMB183 million) for the loan under Huge Grace Loan Agreement A if lower than the principal amount and after tax accrued interest at Chengdu Completion of such loan and (b) HK$93 million (approximately RMB81 million) for the loan under Huge Grace Loan Agreement B if lower than the principal amount and after tax accrued interest at Chengdu Completion of such loan (collectively the "**Huge Grace Caps**"), and each party shall, and Chengdu Vendor shall procure Chengdu Changtian to, enter into the relevant loan transfer agreements with Huge Grace at Chengdu Completion in respect of such transfers.

The relevant loan transfer agreements will contain provisions stating that save for the subject matters set out therein (being the transfer by Huge Grace of the Huge Grace Loans together with all accrued interests as at Chengdu Completion as well as all rights and obligations of Huge Grace under each of the Huge Grace Loan Agreements to the Chengdu Purchaser), all other terms of the Huge Grace Loan Agreements shall remain valid.

Such loan transfer agreements will be subject to registration and filing with the relevant foreign exchange regulatory department of the PRC and transfer of the Huge Grace Loans shall take place simultaneously with the completion of the Chengdu SPA.

2.2 Information relating to the Chengdu Hotel and the Chengdu Target Group

2.2.1 Information on the Chengdu Hotel

2.2.1.1 Description of the Chengdu Hotel

As at the date of this announcement, Chengdu Changtian, a sino-foreign co-operative joint venture enterprise established in the PRC, is the registered legal owner of the land use rights and building ownership rights underlying the Chengdu Hotel. Currently, Chengdu Changtian is in turn held as to 69% by the Chengdu Vendor, 30% by Chengdu Gongtou and 1% by Beijing Wondergrow.

The Chengdu Hotel comprises a five-star hotel development complex and has a total gross floor area of approximately 56,350 sq. m., including guest rooms, function rooms and office units; restaurants and F & B outlets; retail shops; and car parking spaces and other ancillary facilities. The hotel, namely Sheraton Chengdu Lido Hotel (成都天府麗都喜來登飯店), which first commenced operation in 2000, is operated by Chengdu Changtian (through its branch) under the professional management of Sheraton Management, an international hotel management company. It is intended that Sheraton Management will continue to manage the Chengdu Hotel after Chengdu Completion. The Manager currently does not have any plans to renovate the Chengdu Hotel shortly after Chengdu Completion.

A simplified holding structure of the Chengdu Hotel as at the date hereof and a simplified expected holding structure of the Chengdu Hotel immediately after Chengdu Completion are represented in the section headed "*3. Current and Expected Holding Structures of the Chongqing Hotel and the Chengdu Hotel*" of this announcement.

Knight Frank Petty Limited (which was the principal valuer of Hui Xian REIT on the date when the valuation report in respect of Chengdu Hotel was issued, which issue date was not more than three months before the date of this announcement) has been appointed as an independent property valuer to appraise the value of the Chengdu Hotel for the purpose of the Chengdu Acquisition. The value of the Chengdu Hotel as appraised by the Independent Property Valuer as at 31 October 2016 was RMB720 million.

2.2.1.2 *Environment surrounding the Chengdu Hotel*

Chengdu is the capital of Sichuan Province, and is an important business and tourism hub within Western China.

The Chengdu Hotel is located at Chengdu city center, within the heart of an area with historical significance since the Tang dynasty. It is situated to the north of the landmark Tianfu Plaza (天府廣場) and next to the Chengdu Sports Center which hosts many large scale sports and recreational events. Tourist attractions surrounding the Chengdu Hotel include Dongdajie Street (東大街), Shudu Avenue (蜀都大道), Kuanzhai Alley (寬窄巷子) and Lan Kwai Fong and Jinli (錦里). The Chengdu Hotel is within a 2-minute walk from the Chengdu Metro Luomashi Station (騾馬市站) with access to Metro Line 1 and Line 4, and the station is two metro stops away from Chunxi Road (春熙路) CBD.

The Chengdu Hotel is located at the center of the upcoming "成都中心 Chengdu Center", a large-scale landmark city redevelopment project.

2.2.1.3 *Key information about the Chengdu Hotel*

The Chengdu Hotel has a total of 387 guest rooms and suites. The average room rate of the Hotel (taking into account the tax and service charge) for each of the three years ended 31 December 2013, 2014 and 2015 and for the eight months ended 31 August 2016 were approximately RMB847, RMB730, RMB641 and RMB592 respectively. The average occupancy rates of the Chengdu Hotel for each of the three years ended 31 December 2013, 2014 and 2015 and for the eight months ended 31 August 2016 were approximately 42.2%, 48.1%, 57.2% and 62.3% respectively. Currently, the Chengdu Hotel has office units and retail shops. The Chengdu Hotel also has a total of four restaurants, and the aggregate revenue attributable to the restaurants for the year ended 31 December 2015 was approximately 14.6% of the total revenue of the Chengdu Hotel for such period. For the year ended 31 December 2015, the aggregate revenue and profit attributable to the food and beverage business of Chengdu Hotel and the food and beverage business of existing properties of Hui Xian REIT represented about 3.2% and 0.6% of the aggregate revenue and profit of Chengdu Hotel and Hui Xian REIT.

For the years ended 31 December 2013, 2014 and 2015, and for the eight-month period ended 31 August 2016, total revenues of the Chengdu Hotel were RMB82 million, RMB79 million, RMB78 million and RMB50 million respectively.

2.2.2 ***Information on the Chengdu Target Group***

2.2.2.1 *Chengdu Target Group Companies*

The Chengdu Target Company is recently incorporated, and was organized to facilitate the transactions relating to the Chengdu Acquisition.

The Chengdu Target Company is a direct wholly-owned subsidiary of the Chengdu Vendor. Currently, the Chengdu Target Company has not carried out any business.

It is expected that, immediately after completion of the Chengdu Transfer Agreement, the Chengdu Target Company will be a new foreign joint venture party of Chengdu Changtian and will be interested in 69% of the registered capital and distributions of Chengdu Changtian. Through the acquisition of all the issued shares in the Chengdu Target Company and also the Chengdu Sale Loan, Hui Xian REIT is in effect acquiring 69% interest in Chengdu Changtian, which in turn owns the Chengdu Hotel.

2.2.2.2 *Financial information relating to Chengdu Changtian*

Based on the audited accounts of Chengdu Changtian for the years ended 31 December 2013, 2014 and 2015, and the unaudited management accounts of Chengdu Changtian for the eight months ended 31 August 2016 provided by the Chengdu Vendor, (a) the net asset value of Chengdu Changtian as at 31 December 2013, 31 December 2014 and 31 December 2015 and 31 August 2016 was RMB226,976,137.12, RMB212,297,370.26 and RMB187,019,713.82 and RMB176,750,918.84 respectively; (b) the net loss before, and after, taxation of Chengdu Changtian for the years ended 31 December 2013, 2014 and 2015 and for the eight months ended 31 August 2016 was RMB6,794,057.90, RMB14,673,843.68, RMB30,849,128.14 and RMB10,268,794.98 respectively; and (c) the earnings before interest, taxes, depreciation, and amortization of Chengdu Changtian for the year ended 31 December 2013, 2014 and 2015 and for the eight months ended 31 August 2016 was RMB14,687,848.89, RMB14,259,804.85, RMB15,657,790.97 and RMB11,358,815.08 respectively.

2.2.3 *The Chengdu Changtian joint venture and the Chengdu JV Documents*

Under the Chengdu JV Documents, the joint venture period of Chengdu Changtian was 50 years, expiring in 2048 (with a remaining term of about 31 years). The land use rights in the Chengdu Hotel are held by Chengdu Changtian and have a term expiring in 2049. The building ownership rights in the Chengdu Hotel are also held by Chengdu Changtian. To the best knowledge of the Manager and as informed by the Chengdu Vendor, Chengdu Changtian is not engaged in business other than operation of the Chengdu Hotel, and the Chengdu Target Company is recently incorporated and is currently not engaged in any business and not holding any investments.

Under the Chengdu JV Documents, there are certain matters requiring unanimous approval of all the directors, comprising the following:

(a) amending the articles of association of Chengdu Changtian (other than pursuant to a transfer of capital contribution in accordance with the provisions of the joint venture contract of Chengdu Changtian);

(b) increase, reduction or transfer of the registered capital of Chengdu Changtian (except for capital contribution as provided for in the joint venture contract or a transfer of registered capital by a joint venture party to its holding company, subsidiary or fellow subsidiary);

(c) termination or dissolution of Chengdu Changtian (other than due to the termination of the Chengdu JV Documents or the exercise of termination rights by a non-defaulting party of the Chengdu JV Documents);

(d) merger, demerger or change in organization structure of Chengdu Changtian; and

(e) extension of joint venture period of Chengdu Changtian.

Except for the matters specified above, the board of directors of Chengdu Changtian will make its decisions by simple majority of directors present at the board meeting.

The total registered capital of Chengdu Changtian is RMB248,000,000, of which 69% was contributed by or attributable to the Chengdu Vendor, 30% was contributed by or attributable to Chengdu Gongtou and 1% was contributed by or attributable to Beijing Wondergrow.

Under the Chengdu JV Documents, distribution of the distributable profits of Chengdu Changtian shall be made to the joint venture parties of Chengdu Changtian according to their respective percentage interests in registered capital of Chengdu Changtian (being 69% to the Chengdu Target Company, 30% to Chengdu Gongtou and 1% to Beijing Wondergrow, after completion of the Chengdu Transfer Agreement). After completion of the Chengdu Changtian Transfer, out of a total of 7 directors of Chengdu Changtian, the Chengdu Target Company will be entitled to nominate 4 directors, Chengdu Gongtou will be entitled to nominate 2 directors, and Beijing Wondergrow will be entitled to nominate the remaining 1 director.

Under the relevant land use right certificate, the land use rights in the Chengdu Hotel will expire on 17 January 2049. If those rights are not extended beyond 17 January 2049, Chengdu Changtian will have no further land use rights upon the expiration of the existing term. It is expected that the value of the investments of the Chengdu Target Company in Chengdu Changtian will diminish overtime and will ultimately become zero at the time of expiration of the term of the land use rights. On the other hand, if the term of the land use rights in the Chengdu Hotel may be extended (whether such term may be extended is subject to the final decision of the relevant PRC government authority), it is expected that land premium or other consideration will be payable by Chengdu Changtian for such extension, the amount of which cannot be ascertained at this stage. Upon expiration of the term of the land use rights in the Chengdu Hotel, Chengdu Changtian may or may not apply for an extension of the term. In assessing the Chengdu Appraised Value at RMB720 million, the Independent Property Valuer has not assigned any value to any extension (if any) of the term of the land use rights.

Under the Chengdu JV Documents, after the expiration of the joint venture term (if such term is not further extended) in 2048, Chengdu Changtian will be dissolved and the remaining assets are to be distributed to the joint venture parties of Chengdu Changtian in proportion to their respective percentage interests in the registered capital of Chengdu Changtian as set out in the Chengdu JV Documents. The Chengdu JV Documents also provide that in the event that the board of directors of Chengdu Changtian unanimously approve the extension of joint venture period, agreement in writing has to be entered into one year prior to the expiry of the joint venture period, and written applications have to be submitted to the relevant PRC authorities at least 6 months prior to the expiry of the joint venture period. The PRC legal adviser of the Manager, Guantao Law Firm, has advised that there is no legal impediment for the renewal of the term of operation of Chengdu Changtian as such renewal will primarily involve formality procedures. Guantao Law Firm has further advised that, there is no legal impediment on the remittance of dividends on retained earnings of Chengdu Changtian out of the PRC to the Chengdu Target Company, provided that such remittance is made in accordance with the procedures set out under the relevant PRC foreign investment and foreign exchange laws and regulations.

The Chengdu JV Documents also provides that in the event of early termination of the Chengdu JV Documents and Chengdu Changtian due to the exercise of termination rights by a non-defaulting party of the Chengdu JV Documents, the non-defaulting party has the right to first receive out of the assets available for distributable upon termination an amount equal to the principal amount of its investment contributed to Chengdu Changtian plus interest at the rate of 20% per annum from the date of early termination to the original expiry date of the term of Chengdu Changtian. After payment of such funds to the non-defaulting party, the remaining assets of Chengdu Changtian will be distributed to all joint venture parties in accordance with their percentage interest in the registered capital of Chengdu Changtian until the defaulting party receives the principal amount of its investment contributed to Chengdu Changtian, and thereafter any residue amount will belong to the non-defaulting party.

Under the Chengdu JV Documents, each of the joint venture parties has (and will have) a pre-emptive right to acquire the interest of each of the other joint venture parties in Chengdu Changtian.

Chengdu Changtian is a sino-foreign cooperative joint venture company established in accordance with the Law of the People's Republic of China on Sino-Foreign Co-operative Joint Venture (中華人民共和國中外合作經營企業法) and as advised by the PRC legal advisers of the Manager, sino-foreign cooperative joint venture companies established in accordance with such law has at least one PRC domestic joint venture party whose presence and role in the joint venture is recognized and respected. In the case of Chengdu Changtian, its PRC domestic joint venture parties are Chengdu Gongtou and Beijing Wondergrow.

Pursuant to the Chengdu Changtian Transfer, the Chengdu Vendor will transfer all its 69% interest in the registered capital and distributions in Chengdu Changtian to Chengdu Target Company, and the Chengdu JV Documents will be amended to the effect that Chengdu Target Company will be entitled to appoint four out of a total of seven directors to the board of Chengdu Changtian. As such, upon Chengdu Completion, Hui Xian REIT will through Chengdu Target Company acquire a majority ownership of Chengdu Changtian and will have control over a majority of the board of directors of Chengdu Changtian, the decision of which will be by simple majority of directors except for a number of specified important matters which require unanimous directors approval as mentioned in the section headed "*2.2.3 The Chengdu*

Changtian joint venture and the Chengdu JV Documents" of this announcement, and the Manager does not consider such matters requiring unanimous directors approval would materially adversely affect Chengdu Changtian's control over the management and strategic development of the Chengdu Hotel and Chengdu Changtian. Accordingly, the Manager will be able to exercise control over the management and strategic development of the Chengdu Hotel and Chengdu Changtian.

Under the existing structure of Chengdu Changtian, Chengdu Gongtou and Beijing Wondergrow are PRC joint venture parties of Chengdu Changtian interested in 30% and 1% respectively of the registered capital and distributions of Chengdu Changtian. Currently, only the Chengdu Vendor is willing to sell its stake in Chengdu Changtian to the Chengdu Purchaser, and neither of the PRC joint venture parties of Chengdu Changtian had at this stage offered to sell their interests in Chengdu Changtian to the Chengdu Purchaser. Further, since the Chengdu Vendor is selling to the Chengdu Purchaser at a discount, the Manager considers that the PRC joint venture parties of Chengdu Changtian will not be willing to sell at a discount. For the reasons set out in the sections headed "*4.1 Reasons for and benefits of the Acquisitions*" and "*4.3 Reasons for and benefits of the Chengdu Acquisition*" in this announcement, the Manager is of the view that notwithstanding that Hui Xian REIT will not be able to acquire 100% interest in Chengdu Changtian, the Chengdu Acquisition is still in the interest of the Unitholders, the Independent Unitholders and Hui Xian REIT as a whole. In addition, the Manager believes that Chengdu Gongtou's and Beijing Wondergrow's continued role as domestic joint venture parties of Chengdu Changtian in accordance with the existing structure would benefit Chengdu Changtian as follows:

(a) Pursuant to the Chengdu JV Documents, Chengdu Gongtou is responsible for, among others, liaising and coordinating with the relevant PRC government authorities with regards to matters which may affect Chengdu Changtian, assisting Chengdu Changtian with applying for relevant preferential tax treatment and other investment concessions, assisting Chengdu Changtian with applying to the relevant PRC authorities for the conversion of RMB to the required foreign currency to suit its needs as well as assisting with the remittance of such foreign currency out of the PRC. The Manager believes that as Chengdu Gongtou is a State-owned enterprise and an existing domestic party, it would be in a better position than Chengdu Target Company (which is the new foreign joint venture party not familiar with the local authorities and local practices) to handle such matters and would also facilitate the communications between Chengdu Changtian and the local authorities.

(b) As the Chengdu Changtian Transfer requires the cooperation of Chengdu Gongtou and Beijing Wondergrow (such as amending the Chengdu JV Documents) and completion of filing and registration procedures for modification as required by relevant PRC laws, it is expected that the continued involvement of Chengdu Gongtou and Beijing Wondergrow as joint venture parties of Chengdu Changtian (i.e. without their rights and entitlements in Chengdu Changtian being affected) will facilitate a smooth transfer of the 69% interest in the registered capital and distributions in Chengdu Changtian to Chengdu Target Company.

(c) Both Chengdu Gongtou and Beijing Wondergrow are existing joint venture parties of Chengdu Changtian and have experience in the management and operation of Chengdu Changtian and the Chengdu Hotel. Further, they have been joint venture parties of Chengdu Changtian for some time and they are also familiar with the practices of the relevant PRC local authorities. Accordingly, the Manager is of the view that Chengdu Purchaser becoming joint venture partners with Chengdu Gongtou and Beijing Wondergrow will be in the interest of Hui Xian REIT and the Unitholders as a whole.

The Manager is of the view that after Chengdu Completion, Hui Xian REIT will have majority ownership and control in the Chengdu Hotel, Chengdu Changtian and Chengdu Target Company at all times pursuant to 7.5(aa) and 7.7A of the REIT Code.

The PRC legal adviser of the Manager, Guantao Law Firm has issued a legal opinion to the Manager that: (i) describes the factual information set out the section headed "*2.2.3 The Chengdu Changtian joint venture and the Chengdu JV Documents*" of this announcement so far as it relates to the terms of the Chengdu JV Documents, the equity and profit sharing arrangements of the shareholders of Chengdu Changtian, and the restrictions on the transfer of interest in Chengdu Changtian by the joint venture parties of Chengdu Changtian; and (ii) confirms that the Chengdu JV Documents constitute legally binding, valid and enforceable obligations of the parties thereto under the applicable laws in the PRC.

2.3 Arm's length terms and due diligence review

The Manager considers that the Chengdu SPA was entered into by the parties thereto on normal commercial terms following arm's length negotiations.

The Manager has conducted, and is satisfied with the results of, due diligence in respect of the Chengdu Hotel and the Chengdu Target Group. Such due diligence has been carried out in accordance with the relevant provisions of the REIT Code and the Manager's compliance manual.

The PRC legal adviser of the Manager, Guantao Law Firm, has advised that Chengdu Changtian has legally obtained the State-owned land use rights in respect of the Chengdu Hotel, it is the registered legal owner of the land use rights and building ownership rights underlying the Chengdu Hotel, and it has legal ownership of the Chengdu Hotel and can legally own, use and deal with such properties in accordance with the relevant PRC laws. The PRC legal adviser of the Manager had also advised that Chengdu Changtian is the sole owner of the land use rights and building ownership rights underlying the Chengdu Hotel and that such rights are free from encumbrances other than the existing tenancies. Based on the above advice of its PRC legal adviser and the legal opinion issued by Guantao Law Firm stating that Chengdu Changtian has good marketable legal title to the Chengdu Hotel, the Manager is of the view that Chengdu Changtian has good, marketable, legal and beneficial title to the Chengdu Hotel.

2.4 PRC taxation relating to Chengdu Acquisition

Circular 698 stipulates the PRC tax treatment and reporting obligations on "indirect" equity transfers undertaken by offshore investors. Circular 698 also introduces anti-abuse and anti-avoidance rules where the dominant purpose of using the offshore entities is to avoid PRC tax obligations. In such a case, the PRC tax authorities can apply a 10% withholding tax (or any lower tax rates applicable pursuant to tax treaty entered into between the PRC and other countries) on capital gains derived by the offshore investor on the indirect transfer. However, Circular 698 does not provide for clear guidance on how such capital gains withholding tax is to be applied in practice. Bulletin 7 replaced the relevant provisions in Circular 698 relating to indirect transfer of equity interests of a PRC resident enterprise by disposing of interests in a non-PRC holding company and set a wider scope of such indirect transfer of PRC assets that might be subject to PRC enterprise income tax.

Pursuant to Bulletin 7, reporting obligations, if any, with respect to the transfer effected as a result of the Chengdu SPA will fall on the Chengdu Vendor. Although it is not aware of any express requirement for Chengdu Changtian to report to any PRC tax authority under Circular 698 for the transfer in the context of the Chengdu SPA or generally, transfer of similar nature, there is still a degree of uncertainty with respect to the application and interpretation of Circular 698 and Bulletin 7. In any event, the Chengdu Vendor has agreed to indemnify the Chengdu Purchaser and the Chengdu Target Company in relation to, among other things, tax liabilities of the Chengdu Target Group Companies resulting from the transfer of any shares in the issued share capital of the Chengdu Target Company and the transactions pursuant to the Chengdu Transfer Agreement including any liabilities arising out of Circular 698 and/or Bulletin 7. Please see the section headed "*2.1.10 Chengdu Deed of Tax Covenant*" of this announcement.

The Chengdu Vendor has undertaken in the Chengdu SPA to attend to all filing, notification and other obligations of the Chengdu Vendor and the Chengdu Target Group pursuant to or in connection with Circular 698 and Bulletin 7 (a) as they are in force at the date of Chengdu Completion or (b) as they are deemed to have been in force at the date of Chengdu Completion by virtue of an amendment to or re-enactment of Circular 698 and/or Bulletin 7 issued within 10 years of the date of Chengdu Completion (the "**Circular 698 and Bulletin 7 Obligations relating to Chengdu Acquisition**") in respect of the Chengdu Acquisition.

Taking into account the present intention of the Manager for the Hui Xian REIT Group to hold the Chengdu Hotel for long-term investment purpose, the Manager expects that neither potential LAT nor EIT relating to revaluation of the Chengdu Hotel and the depreciation allowance of the Chengdu Hotel will arise in connection with the Chengdu Acquisition. In the event that the Hui Xian REIT Group does dispose of the Chengdu Hotel through a direct onshore transfer of the property interests in the future, it is expected that LAT and EIT would be levied on the Hui Xian REIT Group based on the sales proceeds less deductible costs which are calculated by reference to the original land acquisition and development costs incurred by Chengdu Changtian, not Hui Xian REIT's cost of acquiring the Chengdu Target Company. No account has been taken of such potential deferred taxation in agreeing the consideration for the Chengdu Acquisition because the Manager considers it very unlikely that any such liabilities will crystallise.

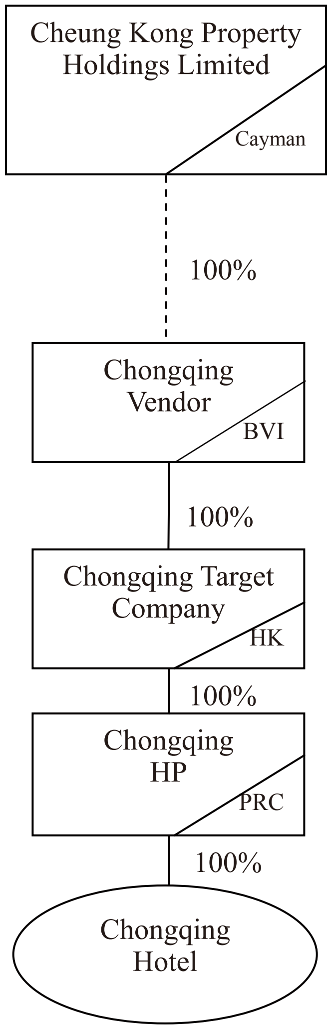
2.5 Opinion of the Board, the Audit Committee and the Trustee

Having regard to the reasons for, the terms of, and factors and other information in relation to the Chengdu Acquisition, the Board (including the independent non-executive Directors) and the Audit Committee consider that the Chengdu Acquisition and the terms of the Chengdu Transaction Documents (including the Chengdu Acquisition Consideration) are consistent with the investment objectives and strategy of Hui Xian REIT and are being entered into in the ordinary and usual course of business and are at arm's length basis and on normal commercial terms, which are fair and reasonable and in the interests of the Unitholders, the independent Unitholders and Hui Xian REIT as a whole. The Board is also satisfied that the arrangements under the Chengdu Acquisition comply with the relevant requirements of the REIT Code and the Trust Deed, and no Unitholders' approval is required to approve such acquisition.

Based solely on the opinion of the Board and the information, confirmations and reports given by the Manager and other advisors to the Trustee having regard to its duties under the REIT Code and the Trust Deed, the Trustee is of the view that the Chengdu Acquisition is consistent with Hui Xian REIT's investment policy and is in compliance with the relevant requirements of the REIT Code and the Trust Deed, and no Unitholders' approval is required to approve such acquisition. The Trustee has no objection for the Manager to proceed with the Chengdu Acquisition.

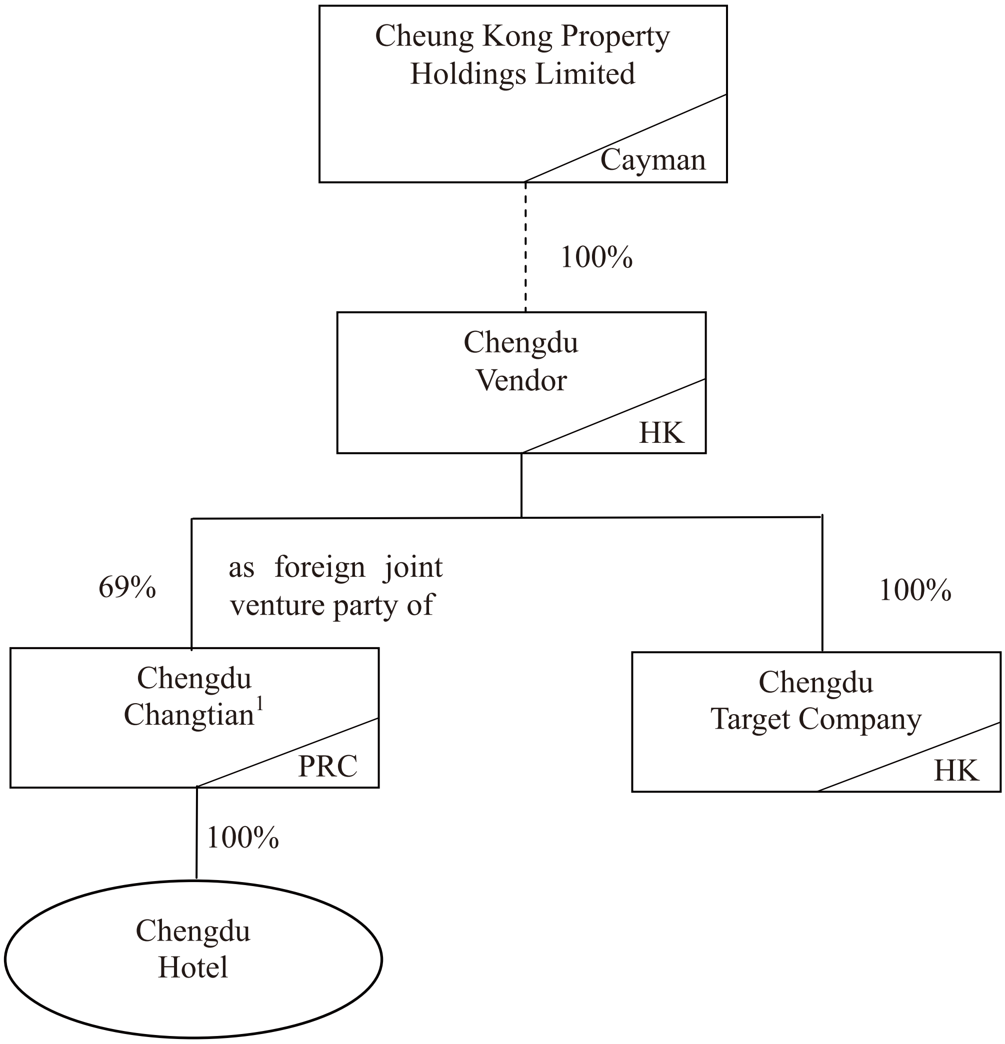
3. CURRENT AND EXPECTED HOLDING STRUCTURES OF THE CHONGQING HOTEL AND THE CHENGDU HOTEL

(i) Set out below is the simplified holding structure of the Chongqing Hotel as at the date of this announcement:



Note: Dotted line (- - - - - -) means indirect holdings

(ii) Set out below is the simplified holding structure of the Chengdu Hotel as at the date of this announcement:

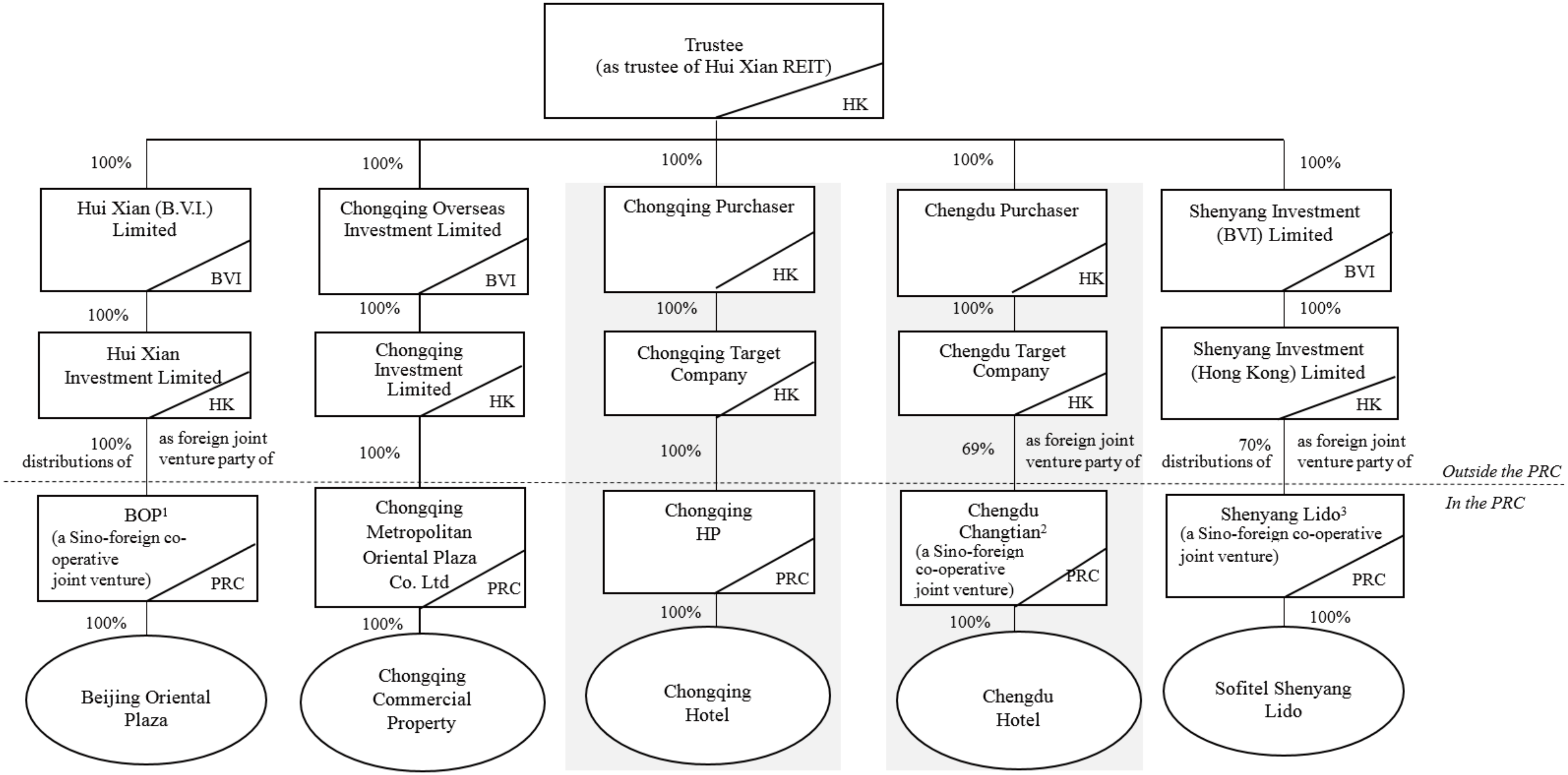


Notes:

1. The PRC joint venture parties of Chengdu Changtian are Chengdu Gongtou and Beijing Wondergrow, both being companies incorporated in the PRC with limited liability, which are respectively entitled to 30% and 1% of the registered capital and distributions of Chengdu Changtian. Beijing Wondergrow is a sino-foreign joint venture company directly owned as to 50% by a wholly-owned subsidiary of CKP, as to 40% by 王琦 (a director of Beijing Wondergrow) and as to 10% by 陳燕 (also a director of Beijing Wondergrow). Chengdu Gongtou is an independent third party not connected to Hui Xian REIT. Chengdu Vendor will transfer all its interest in Chengdu Changtian to the Chengdu Target Company prior to Chengdu Completion.

2. Dotted line (- - - - - -) means indirect holdings

(iii) Set out below is the simplified holding structure of the property portfolio of Hui Xian REIT immediately after completion of both the Chongqing Acquisition and the Chengdu Acquisition:



Notes:

1. The PRC joint venture party of BOP is 北京東方鴻聯文化有限責任公司 (Beijing Dongfang Honglian Culture Co. Ltd.), a company incorporated in the PRC with limited liability.

2. The PRC joint venture parties of Chengdu Changtian are Chengdu Gongtou and Beijing Wondergrow, both being companies incorporated in the PRC with limited liability, which are respectively entitled to 30% and 1% of the registered capital and distributions of Chengdu Changtian. Beijing Wondergrow is a sino-foreign joint venture company directly owned as to 50% by a wholly-owned subsidiary of CKP, as to 40% by 王琦 (a director of Beijing Wondergrow) and as to 10% by 陳燕 (also a director of Beijing Wondergrow). Chengdu Gongtou is an independent third party not connected to Hui Xian REIT.

3. The other foreign joint venture party of Shenyang Lido is Yick Ho, which is entitled to 29% distributions of Shenyang Lido (subject to certain preferred distribution arrangement in favour of Shenyang Investment (Hong Kong) Limited). The PRC joint venture party of Shenyang Lido is Beijing Wondergrow, which is entitled to 1% distribution of Shenyang Lido.

4. REASONS FOR AND BENEFITS OF THE ACQUISITIONS

4.1 Reasons for and benefits of the Acquisitions

The Manager believes that the common benefits of the Acquisitions to Hui Xian REIT are as follows:

(a) Further mitigates Hui Xian REIT's geographical concentration risk

The Acquisitions are expected to further diversify Hui Xian REIT's asset portfolio geographically, which in turn will further reduce the geographical concentration. Post completion of the Acquisitions, the attributable fair value of our properties located in Beijing would decline from 88.3% to 86.2% based on fair value as at 31 December 2015 for Hui Xian REIT Group's existing properties, the Chengdu Appraised Value and the Chongqing Appraised Value as at 31 October 2016.

(b) Optimize capital structure

The Manager intends to finance the Chongqing Consideration and the Chengdu Acquisition Consideration with approximately 80% by new bank borrowing and approximately 20% by existing cash. The proposed use of new bank borrowing to finance part of the consideration for the Acquisitions will enable Hui Xian REIT to take advantage of the current favorable low interest rate environment.

Based on the unaudited condensed consolidated statement of financial position of Hui Xian REIT as disclosed in its 2016 interim report, the debts to gross asset value ratio was approximately 20.8% as at 30 June 2016. Based on the financial position of Hui Xian REIT as disclosed in its 2016 interim report and the assumptions set out in the section headed "*6.3 Expected debts to gross assets value ratio*" below, it is estimated that the debts to gross asset value ratio of Hui Xian REIT as at 30 June 2016 would have increased from 20.8% to 21.9%, well below the limit of 45% as required to be maintained under the REIT Code.

(c) Further expansion of the hotel portfolio

Following the Acquisitions, the Chongqing Hotel and the Chengdu Hotel will increase the hotel portfolio of Hui Xian REIT, which currently includes the Grand Hyatt Beijing at Beijing Oriental Plaza and Sofitel Shenyang Lido. The attributable fair value of Hui Xian REIT Group's hotel portfolio is expected to increase by 24.2%, based on fair value as at 31 December 2015 for Hui Xian REIT Group's existing hotel properties, the Chengdu Appraised Value and the Chongqing Appraised Value as at 31 October 2016 upon completion of the Acquisitions.

4.2 Reasons for and benefits of the Chongqing Acquisition

The Manager believes that the Chongqing Acquisition will also provide the following additional key benefits to Hui Xian REIT:

4.2.1 Chongqing Hotel at strategic location to be acquired at favorable terms

(a) Chongqing Hotel is located at the most established CBD of Chongqing

The Chongqing Hotel is centrally-located at Jiefangbei, Yuzhong District, the core Central Business District ("**CBD**") of Chongqing, which is one of the fastest growing cities in the PRC. As one of the four direct-controlled municipalities and a critical transportation and industrial hub within interior China, Chongqing is well-positioned to benefit from China's strategies and policies targeted at boosting the economy of inland parts of the country. Chongqing is also strategically located along the "Silk Road Economic Belt" and is expected to play an important role in the "Belt and Road Initiative" by supporting the development and connectivity of China with Central Asia, South Asia and West Asia.

In 2015, Chongqing's GDP reached RMB1,572 billion (at a compound annual growth rate of 11.9% for the period from 2011 to 2015). Visitation reached 392 million in 2015 (at a compound annual growth rate of 12.7% for the period from 2013 to 2015), which ranked 1st amongst all cities in the PRC in terms of visitation.

Not only is the Chongqing Hotel located within the CBD, it is also situated right next to Jiefangbei Pedestrian Street, which is a popular shopping and tourist destination boasting robust foot traffic with 300,000 visitations per day during weekdays and over one million visitations per day during holidays.

(b) Attractive consideration at a 43% discount to appraised value

The Chongqing Attributable Value of RMB250 million, which is the value attributable to the Chongqing Hotel as agreed between the Chongqing Vendor and the Chongqing Purchaser, represents a discount of approximately 43% to the Chongqing Appraised Value of the Chongqing Hotel of RMB442 million as at 31 October 2016.

(c) Potential synergies between the Chongqing Hotel and the Chongqing Commercial Property

The Chongqing Hotel is an integral part of the Chongqing Commercial Property, an iconic mixed-use development comprising a mall and a Grade A office tower. Significant potential synergies can be achieved if the Chongqing Hotel and the Chongqing Commercial Property are owned and managed by Hui Xian REIT.

The Manager believes that the Chongqing Acquisition will be mutually beneficial to both the Chongqing Hotel and the Chongqing Commercial Property as the single ownership is expected to meaningfully enhance efficiency and optimization strategy.

(d) Potential upside from rebranding and asset enhancement initiatives

A number of international hotels have opened within the Jiefangbei area over the past decade. Although this has further upgraded the area, it has also further intensified the competition among hotels. The Manager intends to introduce an internationally branded hotel management company to manage the Chongqing Hotel, and the Manager also intends to evaluate asset enhancement initiative plans after successful acquisition of the Chongqing Hotel.

4.3 Reasons for and benefits of the Chengdu Acquisition

The Manager believes that the Chengdu Acquisition will also provide the following additional key benefits to Hui Xian REIT:

4.3.1 Chengdu Hotel at strategic location to be acquired at favorable terms

(a) Chengdu Hotel is located at the center of a large-scale city redevelopment project in Chengdu

The Chengdu Hotel is located in Chengdu, one of the two most important gateway cities of Western China. Due to its strategic location within the "Silk Road Economic Belt", Chengdu is expected to play an increasingly important role in the "Belt and Road Initiative". In 2015, Chengdu's GDP reached RMB1,080 billion (at a compound annual growth rate of 12.0% for the period from 2011 to 2015).

Chengdu is a popular tourist destination as well as a common transit hub for tourists visiting nearby tourism spots. The city's tourist spending during 2015 national holidays ranked 1st among all cities in China, with visitation reaching 191 million in 2015 (at a compound annual growth rate of 11% from 2013 to 2015), which ranked 5th among all cities in China, only behind Chongqing, Shanghai, Beijing and Wuhan.

The Chengdu Hotel is located at Chengdu city centre, situated to the north of the landmark Tianfu Plaza (天府廣場) and next to the Chengdu Sports Center which hosts many large scale sports and recreational events. Over time, the Chengdu Hotel is expected to benefit from the landmark city redevelopment project released by the Chengdu Government in August 2016 called the "成都中心 Chengdu Center". Based on the official blueprints, the "Chengdu Center" project will cover the area surrounding the Tianfu Plaza (天府廣場) and extend north towards Houzimen (後子門), where the Chengdu Hotel is located. The redevelopment project comprises four key elements: (i) "Central Park" (中央公園) — a central park, which includes the restoration of the historically significant pond "摩訶池", will be developed at a site next to the Chengdu Hotel. (ii) "Historical Sites" (歷史遺址) — a number of historical landmark sites in the area are expected to be restored with a mix of actual replica and visualization. (iii) "Cultural Center" (文化中心) — consists of mainly existing cultural facilities around the Tianfu Square. (iv) "CBD" (產業高地) — new financial and business offices will be developed on the outskirt surrounding the "Chengdu Center".

(b) *Attractive consideration at 11% discount to appraised value*

The Chengdu Attributable Value of RMB642 million, on the basis of which the Chengdu Acquisition Consideration for the Chengdu Acquisition is determined, represents a discount of approximately 11% to the Chengdu Appraised Value of the Chengdu Hotel of RMB720 million as at 31 October 2016.

(c) *Chengdu Hotel with strong brand and local recognition*

Since its opening in 2000, the Chengdu Hotel has established its strong reputation among locals and frequent business travellers to Chengdu. It has been managed by Sheraton Management since the opening and has been awarded "The Best Business Hotel in Chengdu" by Business Traveller China Magazine for 10 consecutive years since 2005. The rooms of the Chengdu Hotel have been recently renovated in 2014.

5. FEES IN RELATION TO THE ACQUISITIONS

5.1 Fees payable to the Manager and the Trustee in relation to the Chongqing Acquisition

Pursuant to clause 14.2.1(i) of the Trust Deed, the Manager will be entitled to receive an acquisition fee not exceeding the rate of 1% of the acquisition price of any real estate in the form of land acquired directly or indirectly by Hui Xian REIT. Based on the current applicable rate of the Manager's acquisition fee which is 1% of the acquisition price of the Chongqing Hotel, the Manager's acquisition fee in relation to the Chongqing Acquisition would amount to approximately RMB2.5 million (the "**Manager's Chongqing Acquisition Fee**"). The Manager has elected that the Manager's Chongqing Acquisition Fee be paid entirely in the form of cash.

Pursuant to the Trust Deed, the Trustee is entitled to be reimbursed expenses incurred by it, including (among other things) any transactional fee of the Trustee as may be agreed from time to time between the Manager and the Trustee in respect of the Chongqing Acquisition should the Chongqing Acquisition proceed to Chongqing Completion. In this regard, it has been agreed that the Trustee shall receive an administrative fee of HK$100,000 (approximately RMB88,000) (the "**Trustee's Chongqing Acquisition Fee**").

Under the current Trust Deed, after Chongqing Completion:

(a) the Manager will be entitled under the Trust Deed to receive, out of the Deposited Property, manager's fees attributable to the Chongqing Hotel comprising: (a) a base fee not exceeding 0.3% per annum of the value of the Chongqing Hotel; and (b) a variable fee with an annual amount equal to 3% per annum of the Net Property Income (as defined in the Trust Deed) of the Chongqing Hotel (which, for the avoidance of doubt, will be before deduction of the variable fee); and

(b) the Trustee will receive, out of the Deposited Property, an annual fee of such amount as agreed between the Manager and the Trustee from time to time not exceeding 0.02% per annum of the Property Values, which shall include the value of the Chongqing Hotel, as at the end of such financial year subject to a minimum amount of RMB56,000 per month.

The Manager and the Trustee will be entitled to such fees attributable to the Chongqing Hotel in the future for so long as the Chongqing Hotel is directly held by the Trustee or indirectly held by the Trustee through Special Purpose Vehicle, with appropriate pro rata adjustment in accordance with the provisions of the Trust Deed for a broken period.

Other than the Manager's Chongqing Acquisition Fee and the future ongoing fees payable to the Manager as mentioned above, no other fees will be payable by Hui Xian REIT to the Manager in relation to the Chongqing Acquisition. Other than the Trustee's Fee and the future ongoing fee payable to the Trustee as mentioned above, no other fees will be payable by Hui Xian REIT to the Trustee in relation to the Chongqing Acquisition.

5.2 Fees payable to the Manager and the Trustee in relation to the Chengdu Acquisition

Pursuant to clause 14.2.1(i) of the Trust Deed, the Manager will be entitled to receive an acquisition fee not exceeding the rate of 1% of the acquisition price of any real estate in the form of land acquired directly or indirectly by Hui Xian REIT. Based on the current applicable rate of the Manager's acquisition fee which is 1% of the acquisition price of the Chengdu Hotel (being the amount of the Chengdu Acquisition Consideration), the Manager's acquisition fee in relation to the Chengdu Acquisition would amount to the aggregate of (i) approximately RMB2.76 million (based on the amount of the Chengdu Consideration of RMB276 million) and (ii) an amount of no more than HK$3.0 million (approximately RMB2.6 million) (based on the Huge Grace Caps) (the "**Manager's Chengdu Acquisition Fee**"). The Manager has elected that the Manager's Chengdu Acquisition Fee be paid entirely in the form of cash.

Pursuant to the Trust Deed, the Trustee is entitled to be reimbursed expenses incurred by it, including (among other things) any transactional fee of the Trustee as may be agreed from time to time between the Manager and the Trustee in respect of the Chengdu Acquisition should the Chengdu Acquisition proceed to Chengdu Completion. In this regard, it has been agreed that the Trustee shall receive an administrative fee of HK$100,000 (approximately RMB88,000) (the "**Trustee's Chengdu Acquisition Fee**").

Under the current Trust Deed, after Chengdu Completion:

(a) the Manager will be entitled under the Trust Deed to receive, out of the Deposited Property, manager's fees attributable to the Chengdu Hotel comprising: (a) a base fee not exceeding 0.3% per annum of the value of the Chengdu Hotel; and (b) a variable fee with an annual amount equal to 3% per annum of the Net Property Income (as defined in the Trust Deed) of the Chengdu Hotel (which, for the avoidance of doubt, will be before deduction of the variable fee); and

(b) the Trustee will receive, out of the Deposited Property, an annual fee of such amount as agreed between the Manager and the Trustee from time to time not exceeding 0.02% per annum of the Property Values, which shall include the value of the Chengdu Hotel, as at the end of such financial year subject to a minimum amount of RMB56,000 per month.

The Manager and the Trustee will be entitled to such fees attributable to the Chengdu Hotel in the future for so long as the Chengdu Hotel is directly held by the Trustee or indirectly held by the Trustee through Special Purpose Vehicle, with appropriate pro rata adjustment in accordance with the provisions of the Trust Deed for a broken period.

Other than the Manager's Chengdu Acquisition Fee and the future ongoing fees payable to the Manager as mentioned above, no other fees will be payable by Hui Xian REIT to the Manager in relation to the Chengdu Acquisition. Other than the Trustee's Fee and the future ongoing fee payable to the Trustee as mentioned above, no other fees will be payable by Hui Xian REIT to the Trustee in relation to the Chengdu Acquisition.

The Manager considers that the Acquisitions (including the costs and expenses of the Acquisitions) are not expected to have any material adverse impact on the financial position of Hui Xian REIT.

6. FUNDING AND FINANCIAL EFFECTS OF THE ACQUISITIONS

6.1 Funding of the Chongqing Acquisition

The Manager currently expects that the Chongqing Consideration payable by Hui Xian REIT will be financed as to approximately 80% by new bank borrowings from independent third parties expected to be obtained prior to Chongqing Completion and as to approximately 20% by existing cash.

6.2 Funding of the Chengdu Acquisition

The Manager currently expects that the Chengdu Acquisition Consideration payable by Hui Xian REIT will be financed as to approximately 80% by new bank borrowings from independent third parties expected to be obtained prior to Chengdu Completion and as to approximately 20% by existing cash.

6.3 Expected debts to gross assets value ratio

Based on the financial position of Hui Xian REIT as disclosed in its 2016 interim report and assuming (where applicable) that (i) the Chongqing Consideration is equal to the Chongqing Attributable Value and would be financed as to approximately 80% by new bank borrowings and approximately 20% by existing cash, and (ii) the aggregate value of the Chengdu Consideration and the RMB equivalent of the Huge Grace Caps is equal to RMB540 million and would be financed as to approximately 80% by new bank borrowings and approximately 20% by existing cash:

(a) solely with respect to the Chongqing Acquisition (without taking into account the Chengdu Acquisition), it is estimated that debts to gross asset value ratio of Hui Xian REIT as at 30 June 2016 would have increased from 20.8% to 21.2%;

(b) solely with respect to the Chengdu Acquisition (without taking into account the Chongqing Acquisition), it is estimated that debts to gross asset value ratio of Hui Xian REIT as at 30 June 2016 would have increased from 20.8% to 21.5%; and

(c) with respect to the Acquisitions (taking into account both the Chongqing Acquisition and the Chengdu Acquisition), it is estimated that debts to gross asset value ratio of Hui Xian REIT as at 30 June 2016 would have increased from 20.8% to 21.9%.

7. IMPLICATIONS UNDER THE REIT CODE AND THE TRUST DEED

7.1 Connected Party Transactions

Clause 15.1 of the Trust Deed requires any connected party transactions of Hui Xian REIT to be carried out in accordance with the provisions of the REIT Code and any conditions (including any conditions of waivers and exemptions from the operation of the REIT Code granted by the SFC from time to time) imposed by the SFC from time to time. Under 8.1 of the REIT Code, connected persons of a REIT include, among others, any "associate" of a "significant holder" (each within the meaning ascribed to it under the REIT Code).

(i) The Acquisitions

The Chongqing Vendor is a subsidiary of CKP and therefore a connected person of Hui Xian REIT under the REIT Code by virtue of it being an associate of Hui Xian Cayman, which is a significant holder of Hui Xian REIT. The Chongqing SPA and the transactions contemplated thereunder (including the entering into of the deed of assignment of the Chongqing Sale Loan and the Chongqing Deed of Tax Covenant) therefore constitute connected party transactions of Hui Xian REIT under the REIT Code.

The Chengdu Vendor and Huge Grace are both subsidiaries of CKP and therefore connected persons of Hui Xian REIT under the REIT Code by virtue of their being associates of Hui Xian Cayman, which is a significant holder of Hui Xian REIT. The Chengdu SPA and the transactions contemplated thereunder (including the entering into of the deed of assignment of the Chengdu Sale Loan and the Chengdu Deed of Tax Covenant) and the Huge Grace Loans Initial Agreement therefore constitute connected party transactions of Hui Xian REIT under the REIT Code.

The note to 8.9(a) of the REIT Code requires the aggregation of transactions conducted with the same connected person for the preceding 12 months of the intended transaction for the purpose of calculating whether such transactions exceed such 5% limit such that Unitholders' prior approval is required. The maximum consideration under the Chongqing Acquisition and Chengdu Acquisition represents approximately 1.1% and 2.0% of the latest audited NAV of Hui Xian REIT as disclosed in the annual report of Hui Xian REIT for the financial year ended 31 December 2015 respectively and does not require prior Unitholders' approval under the REIT Code. Since (i) the maximum amount payable by the Chongqing Purchaser to the Chongqing Vendor under the Chongqing SPA, i.e. the Chongqing Overall RMB Cap, being RMB300 million, (ii) the Chengdu Consideration, being RMB276 million and (iii) the maximum amount payable by the Chengdu Purchaser to Huge Grace as referred to in the Huge Grace Loans Initial Agreement, i.e. the Huge Grace Caps, being HK$300 million (approximately RMB264 million), are in aggregate less than 5% of the latest audited NAV of Hui Xian REIT as disclosed in the annual report of Hui Xian REIT for the financial year ended 31 December 2015, in accordance with 8.9 of the REIT Code, no Unitholders' approval is required for the Acquisitions.

All connected party transactions between the CK Connected Persons Group and the Hui Xian REIT Group during the 12 months preceding the date of the Chongqing SPA and the Chengdu SPA, when aggregated with the maximum amount payable for the Acquisitions, are also less than the 5% limit prescribed by 8.9 of REIT Code, and for this purpose, certain connected party transactions conducted with the CK Connected Persons Group in the 12 months preceding the date of the Chongqing SPA and the Chengdu SPA which are covered by the 2015 Modified CK Waiver have not been taken into account.

In the event of any material variation of, or waiver by or on behalf of Hui Xian REIT of, any of its rights and any obligations of the connected persons under the terms and conditions of the transaction documents mentioned in this Announcement in a material respect, all applicable reporting, disclosure and Unitholders' approval requirements under Chapters 8 and 10 of the REIT Code will be fully complied with in respect of Hui Xian REIT.

As far as the Manager is aware after having made reasonable enquiries, there are no ongoing connected party transactions of Hui Xian REIT arising from the Acquisitions other than the Transitional Chongqing Hotel Management Agreement.

The Manager confirms that, upon the completion of the Acquisitions, Hui Xian REIT will continue to be in compliance with Note (1) to 7.1 of the REIT Code.

(ii) Transitional Chongqing Hotel Management Agreement

As Harbour Plaza Management, being a subsidiary of CKP and therefore a connected person of Hui Xian REIT under the REIT Code by virtue of it being an associate of Hui Xian Cayman which is a significant holder of Hui Xian REIT, the Transitional Chongqing Hotel Management Agreement (when entered into) and the transaction contemplated thereunder will be a connected party transaction of Hui Xian REIT after Chongqing Completion. It is expected that the hotel management fee to be paid by Hui Xian REIT Group under the Transitional Chongqing Hotel Management Agreement, when aggregated with the maximum amount to be paid by the Hui Xian REIT Group with respect to the Acquisitions as set out in this announcement, will be less than 5% of the latest audited NAV of Hui Xian REIT as disclosed in the annual report of Hui Xian REIT for the financial year ended 31 December 2015. Hui Xian REIT will comply with the relevant disclosure requirements under the REIT Code as and when the Transitional Chongqing Hotel Management Agreement is entered into.

7.2 Waiver in respect of direct employment arrangements of Chongqing HP and the Chongqing Target Company after Chongqing Completion

Pursuant to 7.5(c) of the REIT Code, a scheme may hold real estate through special purpose vehicles provided that, among other things, the special purpose vehicles are established for the sole purpose of directly holding real estate for the scheme and/or arranging financing for the scheme or formed solely for the purpose of holding interests in one or more special purpose vehicles.

Based on the Chongqing Vendor's representations, Chongqing Target Company currently has no employees, and as at 30 September 2016, Chongqing HP employed a total of 320 employees in the PRC performing hotel operation functions and services in respect of the Chongqing Hotel under the management and leadership of Harbour Plaza Management.

In respect of hotel-related employees, pursuant to the Chongqing SPA, the Chongqing Vendor will procure that all labour contracts and employment relationship between Chongqing HP and the Chongqing Pre-Completion Employees (which amounted to 320 employees as at 30 September 2016) be effectively terminated on or before the date of Chongqing Completion. It is intended that Chongqing HP will employ a total of 320 employees (which may be Chongqing Pre-Completion Employees or new employees) to perform hotel operation functions and services in respect of the Chongqing Hotel. The Manager intends for the existing employment structure of Chongqing HP to remain the same after Chongqing Completion and does not expect there to be any substantial increase in the directly employed hotel-related employees of Chongqing HP after the Chongqing Completion.

In addition, as the implementation of such employment termination arrangement may take time and may not be fully in place on the date of Chongqing Completion, Chongqing HP may have to continue with the employment of such employees whose labour contracts or employment relationship with Chongqing HP have not been effectively terminated on or before the date of Chongqing Completion and who may remain for a period of time after Chongqing Completion until their employment with Chongqing HP has been effectively terminated. Under the Chongqing SPA, the Chongqing Vendor will procure that at Chongqing Completion, Chongqing HP will make an employment provision for settlement of certain employment liabilities relating to the Chongqing

Remaining Employees, including, among other things, amounts paid by Chongqing HP after Chongqing Completion in connection with the labour contracts or the employer-employee relationship between the Chongqing Remaining Employees and Chongqing HP and the termination thereof. Further, if the actual Chongqing Employment Liabilities in respect of such Chongqing Remaining Employees exceed the amount of Chongqing Employment Provision, such shortfall shall be paid by the Chongqing Vendor to the Chongqing Purchaser. With the Chongqing Employment Provision and the related adjustment mechanisms in place, it is expected that the related costs and liabilities incurred by Chongqing HP with respect to the Chongqing Remaining Employees after Chongqing Completion will be borne by the Chongqing Vendor. Further information in relation to the Chongqing Remaining Employees is set out in the section headed "*1.2.2.2 Employees of the Chongqing Target Group Companies*" in this announcement.

With respect to non-hotel related employees, it is also intended that, prior to and/or after Chongqing Completion, Chongqing HP will directly employ a number of non-hotel related employees (currently expected to be not more than 5) for the purpose of performing certain legal, regulatory and commercial functions such that the hotel-related employees of Chongqing HP can focus on hotel operation functions and services in respect of the Chongqing Hotel. It is proposed that all employment costs, remuneration and expenses associated with the employment of non-hotel related employees of Chongqing HP will be borne by Chongqing HP.

It is also proposed that the Chongqing Target Company will directly employ not more than 5 employees to provide limited services such as accounting, treasury, strategic support, company secretarial, administrative, marketing and human resources services in respect of its investment in Chongqing HP and the Chongqing Hotel, and the employment costs, remuneration and expenses associated with the employment of such employees will be reimbursed by the Manager.

The Manager has applied to the SFC for a waiver from strict compliance with the requirements of 7.5(c) of the REIT Code to allow (i) Chongqing HP to directly employ the hotel related employees (including the Chongqing Remaining Employees, if any) and not more than 5 non-hotel related employees (collectively, the "**Chongqing HP Employees**") after Chongqing Completion; and (ii) the Chongqing Target Company to directly employ not more than 5 employees (the "**Chongqing Target Company Employees**") after Chongqing Completion, based on the following grounds:

(a) With respect to the hotel related Chongqing HP Employees:

   (i) It is intended that upon Chongqing Completion, the existing hotel management agreement between Chongqing HP and Harbour Plaza Management will be terminated and an international hotel management group will eventually be engaged in place of Harbour Plaza Management to manage the Chongqing Hotel. However, as time is required for Chongqing HP to engage the new hotel management company and to negotiate the terms of the hotel management agreement with such company, it is intended that on or before Chongqing

Completion, the Transitional Chongqing Hotel Management Agreement will be entered into between Chongqing HP and Harbour Plaza Management, pursuant to which Harbour Plaza Management will continue to provide hotel management services for a short period of time after Chongqing Completion (currently expected to be no more than one year). It is expected that as with the current contractual arrangements between Chongqing HP and Harbour Plaza Management, all hotel related Chongqing HP Employees are to be employed by Chongqing HP. As the Manager understands, it is a common practice for international hotel management groups to provide expertise in hotel management to a local hotel owner, by way of a structure involving the hotel owner company (instead of the international hotel management company) bearing the operating expenses and employing the hotel related employees. The Manager anticipates that a deviation from the above practice would be difficult to achieve. Further, the Manager is of the view that making substantial change to the existing employment structure of Chongqing HP may not be in the interests of Hui Xian REIT and the Unitholders as a whole.

(ii) Even though Chongqing HP is to remain as the employer of the hotel related employees (instead of making an alternative arrangement for those employees to be transferred by Chongqing HP to a company outside the Hui Xian REIT Group as alternative employer of the hotel related employees), such alternative arrangement is not expected to reduce the employment related expenses nor mitigate the employment related liabilities of Chongqing HP. It is expected that the arrangements between Chongqing HP and any alternative employer company would provide to the effect that: (A) a sum equivalent to the actual salaries and other employment expenses would be borne by Chongqing HP; and (B) a service fee would be payable by Chongqing HP to such alternative employer company. As such, costs are not expected to be saved from such alternative arrangement; on the contrary, additional fees would be payable to such other employer company and additional tax liabilities may arise, which may not be in the interest of the Hui Xian REIT Group and the Unitholders.

(iii) As mentioned above, the implementation of the employment termination arrangement with the Chongqing Pre-Completion Employees may take time and may not be fully in place on the date of Chongqing Completion. Hence there is a practical need to allow Chongqing HP to continue to directly employ the Chongqing Remaining Employees after Chongqing Completion until their employment with Chongqing HP has been effectively terminated. It is expected that the related costs and liabilities incurred by Chongqing HP with respect to the Chongqing Remaining Employees after Chongqing Completion will be borne by the Chongqing Vendor. The Manager expects that the proposed employment arrangements in respect of the Chongqing Remaining Employees will not result in any material adverse financial liability to Hui Xian REIT.

(b) With respect to the non-hotel related Chongqing HP Employees:

(i) Certain obligations and functions of Chongqing HP will need to be discharged and performed by Chongqing HP itself. Those obligations and functions include legal and regulatory functions (for example, obtaining government approvals, handling and responding to government enquiries, regulatory compliance, executing legal documents and bringing or defending legal proceedings or other proceedings) as well as certain commercial functions (for example handling Chongqing HP's bank accounts, remitting dividends to the Chongqing Target Company (which is offshore PRC) and selecting and appointing service providers) (collectively the "**Chongqing Core Non-Hotel Functions**"). The fact that a new hotel management company will be engaged to provide services to Chongqing HP will not relieve Chongqing HP from the requirement to discharge the said relevant obligations nor will it pass such obligations onto the new hotel management company. Given that the new hotel management company will be from an international hotel management group, the Manager understands that it is not the normal practice for international brand hotel management companies to take up such functions and obligations. Since these non-hotel related employees (i.e. the core non-hotel function employees) (expected to be not more than 5) are also required to handle various PRC regulatory filing matters and liaise with the PRC local authorities directly, their positions would need to be employees of the relevant PRC company instead of the employees of the Manager. Hence, it will be necessary for Chongqing HP to have at least a reasonable number of employees (which is expected to be not more than 5) directly employed by it to perform the Chongqing Core Non-Hotel Functions after Chongqing Completion.

(ii) If Chongqing HP continues to be the employer of a reasonable number of employees who perform the Chongqing Core Non-Hotel Functions (instead of appointing another service provider company as their employer), in the event that the appointment of the other service provider is discontinued for whatever reason, Chongqing HP will still have staff performing such Chongqing Core Non-Hotel Functions thereby avoiding a sudden substantial loss of work force providing services to Chongqing HP and reducing the disruption to the day to day management of Chongqing HP and the Chongqing Hotel.

(c) Further, the above direct employment arrangement of Hui Xian REIT will not be materially prejudicial to Hui Xian REIT for the following reasons:

(i) As the consideration for the Chongqing Acquisition is less than 5% of the latest audited NAV of Hui Xian REIT (as disclosed in its 2015 annual report), the Chongqing Hotel will only constitute a relatively small portion of the entire asset base of Hui Xian REIT upon Chongqing Completion, with a relatively low profit contribution and a relatively small appraised value as compared with the entire asset base of Hui Xian REIT upon Chongqing Completion. As such, the proposed direct employment of staff is mainly in respect of a relatively small portion of the entire asset base of Hui Xian REIT, and that the waiver from strict compliance with 7.5(c) of the REIT Code, if granted to Hui Xian REIT, could be regarded as only in relation to a small part of the operation of the properties which will after Chongqing Completion constitute the asset portfolio of Hui Xian REIT.

(ii) As mentioned above, the number of non-hotel related Chongqing HP Employees is expected to be not more than 5. In addition, the Chongqing Vendor has undertaken under the Chongqing SPA to procure that all labour contracts and employment relationship between Chongqing HP and Chongqing Pre-Completion Employees be effectively terminated prior to the date of Chongqing Completion. Accordingly, as at Chongqing Completion, it is expected that the number of employees under direct employment of Chongqing HP will be less than the current number of employees. Accordingly, the Manager does not expect the proposed employment of the Chongqing HP Employees to cause any significant liabilities or losses to Hui Xian REIT. For each of the three years ended 31 December 2015 and eight months ended 31 August 2016, the total staff costs in respect of the employees of the Chongqing Hotel and the employees of SPVs holding existing properties of Hui Xian REIT represented approximately 3.8%, 4.4%, 4.4% and 4.5% of the aggregate revenue of the Chongqing Hotel and Hui Xian REIT.

(iii) Given that the services to be provided by the Chongqing HP Employees are solely relating to Chongqing HP and the Chongqing Hotel, the Manager considers that it will not be in the interest of Hui Xian REIT to transfer these employees out of Chongqing HP, as it will lower the work efficiency of Chongqing HP and the Chongqing Hotel.

(iv) Even if an employer outside the Hui Xian REIT Group were to be engaged to employ the Chongqing HP Employees, it is expected that costs and liabilities in relation to their employment will be passed to Hui Xian REIT indirectly, irrespective of the arrangement. Additional costs and other potential liability may also arise as a result of the involvement of an outside employer. Thus, the proposed direct employment arrangement of the Chongqing HP Employees would not result in any material adverse financial liability to Hui Xian REIT as compared with other arrangements involving (or relying more heavily on) outside employer companies.

(d) With respect to the Chongqing Target Company Employees:

(i) Chongqing Target Company will not be engaged in other activities or businesses other than relating to its investment in Chongqing HP and Chongqing Hotel, and that the activities of Chongqing Target Company will complement the functions of Chongqing HP and will be limited to supporting the functions of Chongqing HP and will be for the sole benefit of Chongqing HP and/or Hui Xian REIT. Subject to the approval/assessment by the relevant authorities, the Manager believes that the proposed employment of the Chongqing Target Company Employees would assist in reinforcing that the Chongqing Target Company has substantial operations in Hong Kong and support its application for the relevant benefits available to companies incorporated in Hong Kong under the arrangements between the Mainland and Hong Kong, including the Mainland and Hong Kong Closer Economic Partnership Arrangement and comprehensive double taxation arrangements and other benefits or arrangements under PRC laws, such as the preferential withholding tax (which, as the Manager understands based on competent tax advice, would be at the rate of 5% instead of the standard withholding tax rate of 10%) in respect of the dividends received from Chongqing HP by the Chongqing Target Company, the absence of which would reduce the amount available for distribution to the Unitholders. The Manager considers that it is not in the interest of Hui Xian REIT and the Unitholders for such arrangement to be absent.

(ii) The Manager considers that no additional costs or liabilities will be incurred by the Hui Xian REIT Group as a result of the proposed employment of the Chongqing Target Company Employees and such employment will not be materially prejudicial, whether financially or otherwise, to the Hui Xian REIT Group. The Chongqing Target Company will be reimbursed by the Manager for all employment costs, remuneration and expenses associated with the employment of the Chongqing Target Company Employees. Further, the Manager will indemnify the Chongqing Target Company for all other costs, remuneration, expenses and liabilities that the Chongqing Target Company may incur as a result of the employment of the Chongqing Target Company Employees. The Manager considers that the proposed employment of the Chongqing Target Company Employees will not result in any material adverse financial liability to the Hui Xian REIT Group. The Manager expects that the total employment costs, remuneration and expenses of the Chongqing Target Company Employees per annum will not exceed 1% of the net asset value of Hui Xian REIT, which the Manager considers minimal so far as Hui Xian REIT is concerned.

(e) The proposed employment arrangement of Chongqing HP and the Chongqing Target Company in relation to which waiver from strict compliance with 7.5(c) of the REIT Code is sought is also consistent with the existing practice and approach in relation to the special purpose vehicles in the Hui Xian REIT Group holding interest in Beijing Oriental Plaza, Sofitel Shenyang Lido and the Chongqing Commercial Property, in which cases waivers from strict compliance with 7.5(c) of the REIT Code were granted by the SFC to allow direct employment of employees by the relevant special purpose vehicles.

7.3 Waiver in respect of direct employment arrangements of Chengdu Changtian and the Chengdu Target Company after Chengdu Completion

Based on the Chengdu Vendor's representations, the Chengdu Target Company currently has no employees, and as at 7 November 2016, Chengdu Changtian through its branch 成都長天有限公司天府麗都喜來登飯店 (the "**Chengdu Changtian Branch**") employed a total of 318 employees in the PRC, comprising: (a) 317 employees performing hotel operation functions and services in respect of the Chengdu Hotel under the management and leadership of Sheraton Management, and (b) 1 employee handling legal, regulatory and other administrative matters and carrying out and providing commercial functions and services, other than the hotel operation functions and services.

It is intended that, after Chengdu Completion, the existing hotel-related employees who remain to work for the Chengdu Hotel will continue to be employed by Chengdu Changtian or through the Chengdu Changtian Branch, and that new hotel related employees subsequently engaged will be employed in a similar manner. The Manager intends for the existing employment structure of Chengdu Changtian to remain the same after Chengdu Completion and does not expect there to be any substantial increase in the directly employed hotel-related employees of Chengdu Changtian (including those employed through the Chengdu Changtian Branch) after the Chengdu Completion.

Given the insignificant number of the sole existing non-hotel related employee (employed by Chengdu Changtian through the Chengdu Changtian Branch) who is performing those selected roles and functions for Chengdu Changtian, it is also intended that, after Chengdu Completion, such non-hotel related employee will continue to be directly employed by Chengdu Changtian through the Chengdu Changtian Branch, and that any new employees subsequently engaged to perform the Chengdu Core Non-Hotel Functions will also be directly employed by Chengdu Changtian (or through the Chengdu Changtian Branch) if necessary. It is proposed that the employment costs, remuneration and expenses associated with the employment of non-hotel related employees of Chengdu Changtian (currently expected to be not more than 5) will be borne by Chengdu Changtian.

It is also proposed that the Chengdu Target Company will, besides having its central management and control in Hong Kong, directly employ not more than 5 employees to provide limited services such as accounting, treasury, strategic support, company secretarial, administrative, marketing and human resources services in respect of its investment in Chengdu Changtian and the Chengdu Hotel, and the employment costs, remuneration and expenses associated with the employment of such employees will be reimbursed by the Manager.

The Manager has applied to the SFC for a waiver from strict compliance with the requirements of 7.5(c) of the REIT Code to allow (i) Chengdu Changtian (including through the Chengdu Changtian Branch) to directly employ the hotel related employees and not more than 5 non-hotel related employees (collectively, the "**Chengdu Changtian Employees**") after Chengdu Completion; and (ii) the Chengdu Target Company to directly employ not more than 5 employees (the "**Chengdu Target Company Employees**") after Chengdu Completion, based on the following grounds:

(a) With respect to the hotel related Chengdu Changtian Employees:

   (i) Pursuant to the existing contractual arrangement between Chengdu Changtian and Sheraton Management, it is expected that all hotel personnel of the Chengdu Hotel are to be employed by Chengdu Changtian. Variation of the current employment arrangements in respect of the hotel related employees will be inconsistent with the spirit of such contractual arrangement and difficulty may be expected to be encountered in obtaining Sheraton Management's agreement to the change. In addition, as the Manager understands, it is a common practice for international hotel management groups to provide expertise in hotel management to a local hotel owner, by way of a structure involving the hotel owner company (instead of the international hotel management company) bearing the operating expenses and employing the hotel related employees. The Manager anticipates that a deviation from the above practice would be difficult to achieve. Further, the Manager is of the view that making substantial change to the existing employment structure of Chengdu Changtian may not be in the interests of Hui Xian REIT and the Unitholders as a whole.

(ii) Even though Chengdu Changtian (including through the Chengdu Changtian Branch) is to remain as the employer of the hotel related employees (instead of making an alternative arrangement for those employees to be transferred by Chengdu Changtian (including the Chengdu Changtian Branch) to a company outside the Hui Xian REIT Group as alternative employer of the hotel related employees), such alternative arrangement is not expected to reduce the employment related expenses nor mitigate the employment related liabilities of Chengdu Changtian. It is expected that the arrangements between Chengdu Changtian and any alternative employer company would provide to the effect that: (A) a sum equivalent to the actual salaries and other employment expenses would be borne by Chengdu Changtian; and (B) a service fee would be payable by Chengdu Changtian to such alternative employer company. As such, costs are not expected to be saved from such alternative arrangement; on the contrary, additional fees would be payable to such other employer company and additional tax liabilities may arise, which may not be in the interest of the Hui Xian REIT Group and the Unitholders.

(b) With respect to the non-hotel related Chengdu Changtian Employees:

(i) Certain obligations and functions of Chengdu Changtian will need to be discharged and performed by Chengdu Changtian itself. Those obligations and functions include legal and regulatory functions (for example, obtaining government approvals, handling and responding to government enquiries, regulatory compliance, executing legal documents and bringing or defending legal proceedings or other proceedings) as well as certain commercial functions (for example handling Chengdu Changtian's bank accounts, remitting dividends to its joint venture parties and selecting and appointing service providers) (collectively referred to as the "**Chengdu Core Non-Hotel Functions**"). The fact that Sheraton Management is engaged to provide services to Chengdu Changtian pursuant to the hotel management agreement will not relieve Chengdu Changtian from the requirement to discharge the said relevant obligations nor will it pass such obligations onto Sheraton Management. Further, the Manager understands that it is not the normal practice for international brand hotel management companies to take up such functions and obligations. In addition, since these non-hotel related employees are also required to handle various PRC regulatory filing matters and liaise with the PRC local authorities directly, their positions would need to be employees of the relevant PRC company instead of the employees of the Manager or the hotel manager. Hence, it will be necessary for Chengdu Changtian to have at least a reasonable number of employees (which is expected to be not more than 5) directly employed by it to perform the Chengdu Core Non-Hotel Functions after Chengdu Completion.

(ii) If Chengdu Changtian (including through the Chengdu Changtian Branch) continues to be the employer of a reasonable number of employees who perform the Chengdu Core Non-Hotel Functions (instead of appointing another service provider company as their employer), in the event that the appointment of the other service provider is discontinued for whatever reason, Chengdu Changtian will still have staff performing such Chengdu Core Non-Hotel Functions thereby avoiding a sudden substantial loss of work force providing services to Chengdu Changtian and reducing the disruption to the day to day management of Chengdu Changtian and the Chengdu Hotel.

(c) Further, the above direct employment arrangement of Hui Xian REIT will not be materially prejudicial to Hui Xian REIT for the following reasons:

(i) As the consideration for the Chengdu Acquisition is less than 5% of the latest audited NAV of Hui Xian REIT (as disclosed in its 2015 annual report), the Chengdu Hotel will only constitute a relatively small portion of the entire asset base of Hui Xian REIT upon Chengdu Completion, with a relatively low profit contribution and a relatively small appraised value as compared with the entire asset base of Hui Xian REIT upon Chengdu Completion. As such, the proposed direct employment of staff is mainly in respect of a relatively small portion of the entire asset base of Hui Xian REIT, and that the waiver from strict compliance with 7.5(c) of the REIT Code, if granted to Hui Xian REIT, could be regarded as only in relation to a small part of the operation of the properties which will after Chengdu Completion constitute the asset portfolio of Hui Xian REIT.

(ii) Under the proposed arrangement, most of the direct employees of Chengdu Changtian (including through the Chengdu Changtian Branch) will be the hotel related employees and the number of non-hotel related employees directly employed by Chengdu Changtian (including through the Chengdu Changtian Branch) will be maintained at a reasonable number, which is expected to be not more than 5. Accordingly, the Manager does not expect the proposed employment of the Chengdu Changtian Employees to cause any significant liabilities or losses to Hui Xian REIT. For each of the three years ended 31 December 2015 and eight months ended 31 August 2016, the total staff costs in respect of the employees of the Chengdu Hotel and the employees of SPVs holding existing properties of Hui Xian REIT represented approximately 3.8%, 4.3%, 4.3% and 4.4% of the aggregate revenue of the Chengdu Hotel and Hui Xian REIT.

(iii) Given that the services to be provided by the Chengdu Changtian Employees are solely relating to Chengdu Changtian and the Chengdu Hotel, the Manager considers that it will not be in the interest of Hui Xian REIT to transfer these employees out of Chengdu Changtian, as it will lower the work efficiency of Chengdu Changtian and the Chengdu Hotel.

(iv) Even if an employer outside the Hui Xian REIT Group were to be engaged to employ the Chengdu Changtian Employees, it is expected that costs and liabilities in relation to their employment will be passed to Hui Xian REIT indirectly, irrespective of the arrangement. Additional costs and other potential liability may also arise as a result of the involvement of an outside employer. Thus, the proposed direct employment arrangement of the Chengdu Changtian Employees would not result in any material adverse financial liability to Hui Xian REIT as compared with other arrangements involving (or relying more heavily on) outside employer companies.

(d) With respect to the Chengdu Target Company Employees:

(i) Chengdu Target Company will not be engaged in other activities or businesses other than relating to its investment in Chengdu Changtian and Chengdu Hotel, and that the activities of Chengdu Target Company will complement the functions of Chengdu Changtian and will be limited to supporting the functions of Chengdu Changtian and will be for the sole benefit of Chengdu Changtian and/or Hui Xian REIT. Subject to the approval/assessment by the relevant authorities, the Manager believes that the proposed employment of the Chengdu Target Company Employees would assist in reinforcing that Chengdu Target Company has substantial operations in Hong Kong and support its application for the relevant benefits available to companies incorporated in Hong Kong under the arrangements between the Mainland and Hong Kong, including the Mainland and Hong Kong Closer Economic Partnership Arrangement and comprehensive double taxation arrangements and other benefits or arrangements under PRC laws, such as the preferential withholding tax (which, as the Manager understands based on competent tax advice, would be at the rate of 5% instead of the standard withholding tax rate of 10%) in respect of the dividends received from Chengdu Changtian by the Chengdu Target Company, the absence of which would reduce the amount available for distribution to the Unitholders. The Manager considers that it is not in the interest of Hui Xian REIT and the Unitholders for such arrangement to be absent.

(ii) The Manager considers that no additional costs or liabilities will be incurred by the Hui Xian REIT Group as a result of the proposed employment of the Chengdu Target Company Employees and such proposed employment will not be materially prejudicial, whether financially or otherwise, to the Hui Xian REIT Group. The Chengdu Target Company will be reimbursed by the Manager for all employment costs, remuneration and expenses associated with the employment of the Chengdu Target Company Employees. Further, the Manager will indemnify the Chengdu Target Company for all other costs, remuneration, expenses and liabilities that Chengdu Target Company may incur as a result of the employment of the Chengdu Target Company Employees. The Manager considers that the proposed employment of the Chengdu Target Company Employees will not result in any material adverse financial liability to the Hui Xian REIT Group. The Manager expects that the total employment costs, remuneration and expenses of the Chengdu Target Company Employees per annum will not exceed 1% of the net asset value of Hui Xian REIT, which the Manager considers minimal so far as Hui Xian REIT is concerned.

(e) The proposed employment arrangement of Chengdu Changtian and the Chengdu Target Company in relation to which waiver from strict compliance with 7.5(c) of the REIT Code is sought is also consistent with the existing practice and approach in relation to the special purpose vehicles in the Hui Xian REIT Group holding interest in Beijing Oriental Plaza, Sofitel Shenyang Lido and the Chongqing Commercial Property, in which cases waivers from strict compliance with 7.5(c) of the REIT Code were granted by the SFC to allow direct employment of employees by the relevant special purpose vehicles.

7.4 Submission in relation to the number of layers of Special Purpose Vehicles

Under 7.5(d) of the REIT Code, a scheme may hold real estate through special purpose vehicles only if the scheme has no more than two layers of special purpose vehicles.

7.4.1 With respect to the Chongqing Hotel

It is expected that, after Chongqing Completion, Hui Xian REIT's indirect interest in the Chongqing Hotel will be held through three layers of SPVs. The Chongqing Hotel is currently held by Chongqing HP, a wholly-foreign owned enterprise established in the PRC and a wholly-owned subsidiary of the Chongqing Target Company. As detailed in the section headed "*1.1 Key Terms of the Chongqing SPA*" above, the Chongqing Acquisition is proposed to be effected by way of an acquisition by the Chongqing Purchaser of all the issued shares in the Chongqing Target Company (of which Chongqing HP is a wholly-owned subsidiary) and the benefit of and interest in the Chongqing Sale Loan.

Considering that such group structure is able to facilitate (a) any future group reorganization and disposal of interests in the Chongqing Target Company and/or interests in the Chongqing Hotel through intermediate holding company or companies; and (b) the obtaining of financing in the future, by or through security arrangement in relation to such intermediate holding company or companies, the Manager has submitted to the SFC that Hui Xian REIT should be allowed to hold its investment in the Chongqing Hotel through three layers of SPVs subject to the condition that there will be no change to the maximum number of layers of SPVs used by Hui Xian REIT without further approval of the SFC.

7.4.2 With respect to the Chengdu Hotel

It is expected that, after Chengdu Completion, Hui Xian REIT's 69% indirect interest in the Chengdu Hotel will be held through three layers of SPVs. The Chengdu Hotel is currently held by Chengdu Changtian, a sino-foreign co-operative joint venture enterprise established in the PRC. In connection with the Chengdu Acquisition, it is proposed that the Chengdu Vendor will prior to Chengdu Completion transfer all its 69% interest in Chengdu Changtian to the Chengdu Target Company. As detailed in the section headed "*2.1 Key Terms of the Chengdu SPA*" above, the Chengdu Acquisition is proposed to be effected by way of an acquisition by the Chengdu Purchaser of all the issued shares in the Chengdu Target Company and the benefit of and interest in the Chengdu Sale Loan.

Considering that such group structure is able to facilitate (a) any future group reorganization and disposal of interests in the Chengdu Target Company and/or interests in the Chengdu Hotel through intermediate holding company or companies; and (b) the obtaining of financing in the future, by or through security arrangement in relation to such intermediate holding company or companies, the Manager has submitted to the SFC that Hui Xian REIT should be allowed to hold its investment in the Chengdu Hotel through three layers of SPVs subject to the condition that there will be no change to the maximum number of layers of SPVs used by Hui Xian REIT without further approval of the SFC.

7.5 Submission in relation to the nomination right for directors in Chengdu Changtian

According to the Chengdu JV Documents, it is expected that after completion of the Chengdu Changtian Transfer, out of a total of 7 directors of Chengdu Changtian, the Chengdu Target Company will be entitled to nominate 4 directors, Chengdu Gongtou will be entitled to nominate 2 directors, and Beijing Wondergrow will be entitled to nominate the remaining 1 director. 7.5(f) of the REIT Code requires that the board of directors of each of the special purpose vehicles of a REIT shall be appointed by the trustee of the REIT.

The Manager has submitted to the SFC that it should be allowed that certain directors of Chengdu Changtian not be appointed by the Trustee, based on the following grounds:

(a) Chengdu Changtian is a sino-foreign co-operative joint venture established in the PRC, and the relevant PRC legal provisions contemplate that each joint venture party to a co-operative joint venture nominates some director(s) to the joint venture;

(b) the Trustee will directly or indirectly through Chengdu Purchaser and Chengdu Target Company be entitled to nominate a majority of the directors of Chengdu Changtian; and

(c) under the Chengdu JV Documents of Chengdu Changtian (to be amended pursuant to the Chengdu Changtian Transfer), except for a number of specified important matters (see below) which require unanimous approval of the directors (which may include those directors nominated by Chengdu Gongtou and Beijing Wondergrow), the board of directors of Chengdu Changtian will make its decisions by simple majority of directors. The important matters requiring unanimous approval of the directors comprise the following:

    (i) amending the articles of association of Chengdu Changtian (other than pursuant to a transfer of capital contribution in accordance with the provisions of the joint venture contract of Chengdu Changtian);

    (ii) increase, reduction or transfer of the registered capital of Chengdu Changtian (except for capital contribution as provided for in the joint venture contract or a transfer of registered capital by a joint venture party to its holding company, subsidiary or fellow subsidiary);

(iii) termination or dissolution of Chengdu Changtian (other than due to the termination of the Chengdu JV Documents or the exercise of termination rights by a non-defaulting party of the Chengdu JV Documents);

(iv) merger, demerger or change in organization structure of Chengdu Changtian; and

(v) extension of joint venture period of Chengdu Changtian.

Completion of each of the Acquisitions are subject to and conditional upon satisfaction of certain conditions (as set out in sections headed "*1.1.6 Chongqing Conditions Precedent*", "*2.1.6 Chengdu Conditions Precedent*" and "*2.1.7 Chengdu Completion Conditions*" respectively), and accordingly, may or may not complete. Unitholders and potential investors are reminded to exercise caution when dealing in the Units.

8. DEFINITIONS

In this announcement, unless otherwise stated, the following terms shall have the following meanings. Terms which are defined and used in only one section of this announcement may not be included in the table below:

"2015 Modified CK Waiver"	the waiver granted by the SFC on 3 June 2015 from strict compliance with the disclosure and unitholders' approval requirements under Chapter 8 of the REIT Code in respect of certain connected party transactions, among others, conducted with the CK Connected Persons Group, the details of which are set out in the two announcements of Hui Xian REIT dated 3 June 2015 and 28 November 2014 and the circular of Hui Xian REIT dated 10 November 2014.
"Acquisitions"	the Chongqing Acquisition and the Chengdu Acquisition
"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
"Beijing Wondergrow"	北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co. Ltd), a company established in the PRC which is directly owned as to 50% by a wholly-owned subsidiary of CKP, and one of the domestic joint venture parties of Chengdu Changtian
"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 Beijing Oriental Plaza

"Bulletin 7"	《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》(Circular on Several Issues Relating to Corporate Income Tax on Gains from Indirect Transfer of Assets by Non-resident Enterprises) issued on 3 February 2015
"Business Day"	a day (excluding Saturdays, Sundays, public holidays and a day on which a tropical cyclone warning signal no. 8 or above or a "black" rainstorm warning signal is hoisted or is in effect in Hong Kong at any time between the hours 9:00 a.m. and 5:00 p.m. on weekdays) on which licensed banks are generally open for business in both Hong Kong and the PRC
"BVI"	the British Virgin Islands
"Chengdu Acquisition"	the proposed acquisition by Hui Xian REIT of 69% interest in the Chengdu Hotel through the acquisition by the Chengdu Purchaser (i) from the Chengdu Vendor of the Chengdu Sale Share and the Chengdu Sale Loan pursuant to the Chengdu SPA and (ii) from Huge Grace of the Huge Grace Loans
"Chengdu Acquisition Consideration"	the total consideration payable in respect of the Chengdu Acquisition, being the aggregate of (i) the Chengdu Consideration and (ii) the Huge Grace Loans
"Chengdu Appraised Value"	the value of the Chengdu Hotel as at 31 October 2016 as appraised by the Independent Property Valuer
"Chengdu Attributable Value"	approximately RMB642 million, which is the value attributable to 100% of the Chengdu Hotel as agreed between the Chengdu Vendor and the Chengdu Purchaser
"Chengdu Changtian"	成都長天有限公司 (Chengdu Changtian Co., Ltd.), a sino-foreign co-operative joint venture enterprise established in the PRC, the equity interest of which is, as at the date of this announcement, held as to 69% by Yick Ho, 30% by Chengdu Gongtou and 1% by Beijing Wondergrow
"Chengdu Changtian Transfer"	the transfer of 69% interest in Chengdu Changtian by the Chengdu Vendor to Chengdu Target Company pursuant to the Chengdu Transfer Agreement
"Chengdu Completion"	completion of the Chengdu Acquisition pursuant to the terms of the Chengdu SPA
"Chengdu Completion Balance Sheet"	the unaudited balance sheet of Chengdu Changtian as at the Chengdu Completion Date to be prepared in accordance with the terms of the Chengdu SPA

"Chengdu Completion Conditions"	the conditions to which Chengdu Completion is subject, as set out in the Chengdu SPA and which are summarised in the section headed "*2.1.7 Chengdu Completion Conditions*" of this announcement
"Chengdu Completion Date"	a date on or before two Business Days after the fulfillment (or where applicable, waiver) of all the Chengdu Conditions Precedent or such other date as may be agreed between the Chengdu Vendor and the Manager pursuant to the Chengdu SPA
"Chengdu Completion NAV"	the net asset value of Chengdu Changtian as at Chengdu Completion Date
"Chengdu Conditions Precedent"	the conditions precedent to which the Chengdu Acquisition is subject, as set out in the Chengdu SPA and which are summarised in the section headed "*2.1.6 Chengdu Conditions Precedent*" of this announcement
"Chengdu Consideration"	the total consideration payable pursuant to the Chengdu SPA, being RMB276 million, further details of which are set out in the section headed "*2.1.4 Chengdu Consideration*"
"Chengdu Deed of Tax Covenant"	the deed of tax covenant to be entered into between the Chengdu Vendor, the Chengdu Target Company and the Chengdu Purchaser at Chengdu Completion, as further described in the section headed "*2.1.10 Chengdu Deed of Tax Covenant*" of this announcement
"Chengdu Domestic Parties"	Beijing Wondergrow and Chengdu Gongtou
"Chengdu Gongtou"	成都工投資產經營有限公司 (Chengdu Gongtou Asset Management Co., Ltd.), a company established in the PRC and one of the domestic joint venture parties of Chengdu Changtian
"Chengdu Hotel"	a hotel currently known as "Sheraton Chengdu Lido Hotel 成都天府麗都喜來登飯店", which is located at 15, Section 1, Renmin Zhong Road, Chengdu, Sichuan Province, the PRC
"Chengdu JV Documents"	the sino-foreign co-operative joint venture contract, articles of association and other equivalent constitutional documents of Chengdu Changtian, each as amended and supplemented from time to time
"Chengdu Loan Consideration"	the consideration payable by the Chengdu Purchaser to the Chengdu Vendor for the assignment of the benefit of and interest in the Chengdu Sale Loan under the Chengdu SPA

"Chengdu Long Stop Date"	30 June 2017, or such other date as the Manager and the Chengdu Vendor may agree in writing
"Chengdu Purchaser"	New Sense Resources Limited, a company incorporated in Hong Kong, which is a special purpose vehicle of Hui Xian REIT
"Chengdu Sale Loan"	the aggregate amount then outstanding and owing as at Chengdu Completion by the Chengdu Target Company to the Chengdu Vendor
"Chengdu Sale Share"	1 share in the Chengdu Target Company, representing all the issued shares of the Chengdu Target Company
"Chengdu Share Consideration"	the total amount of consideration payable by the Chengdu Purchaser to the Chengdu Vendor for the sale and purchase of the Chengdu Sale Share under the Chengdu SPA as determined in the manner set out in the section headed "*2.1.4 Chengdu Consideration*" in this announcement
"Chengdu SPA"	the sale and purchase agreement dated 9 January 2017 and entered into between the Chengdu Vendor and the Chengdu Purchaser in respect of the Chengdu Sale Share and the Chengdu Sale Loan, further details of which are set out in the section headed "*2.1. Key terms of the Chengdu SPA*" of this announcement
"Chengdu Target Company"	Chengdu Investment Limited, a company incorporated in Hong Kong with limited liability, all issued shares of which are owned by the Chengdu Vendor
"Chengdu Target Group"	collectively (1) the Chengdu Target Company and (2) Chengdu Changtian, and each of them a "Chengdu Target Group Company"
"Chengdu Transaction Documents"	collectively (1) the Chengdu SPA, (2) the deed of assignment in respect of the Chengdu Sale Loan, (3) the Chengdu Deed of Tax Covenant, and (4) the Huge Grace Loans Initial Agreement, details of which are set out in the sections headed "*2.1 Key terms of the Chengdu SPA*" and "*2.1.11 Proposed transfer of the Huge Grace Loans*" of this announcement
"Chengdu Transfer Agreement"	the transfer agreement proposed to be entered into among the Chengdu Vendor, the Chengdu Target Company and the Chengdu Domestic Parties, pursuant to which 69% interest in Chengdu Changtian will be transferred from the Chengdu Vendor to the Chengdu Target Company

"Chengdu Unadjusted Positive NAV"	the amount by which the Chengdu Completion NAV is more than zero
"Chengdu Vendor" or "Yick Ho"	Yick Ho Limited, a company incorporated in Hong Kong with limited liability, which is an indirect wholly-owned subsidiary of CKP and the existing foreign joint venture party of Chengdu Changtian
"Cheung Kong Group"	Cheung Kong Holdings Limited and its subsidiaries
"Chongqing Acquisition"	the proposed acquisition by Hui Xian REIT of the entire interest in the Chongqing Hotel through the acquisition by the Chongqing Purchaser from the Chongqing Vendor of the Chongqing Sale Shares and the Chongqing Sale Loan pursuant to the Chongqing SPA
"Chongqing Adjusted Asset Value"	has the meaning ascribed to it in the section headed "*1.1.4 Chongqing Consideration*" of this announcement
"Chongqing Appraised Value"	the value of the Chongqing Hotel as at 31 October 2016 as appraised by the Independent Property Valuer
"Chongqing Attributable Value"	RMB250 million, which is the value attributable to the Chongqing Hotel as agreed between the Chongqing Vendor and the Chongqing Purchaser
"Chongqing Certifying Accountants"	Deloitte Touche Tohmatsu Certified Public Accountants LLP Beijing Branch, or such other firm of certified public accountants as the Chongqing Vendor and the Chongqing Purchaser or the Manager may agree and jointly appoint
"Chongqing Commercial Property"	Chongqing Metropolitan Oriental Plaza (重慶大都會東方廣場), an integrated commercial property development comprising the Chongqing Mall and an office building, which is located at No. 68 Zourong Road, Yuzhong District, Chongqing, the PRC
"Chongqing Completion"	completion of the Chongqing Acquisition pursuant to the terms of the Chongqing SPA
"Chongqing Completion Balance Sheet"	the unaudited consolidated balance sheet of the Chongqing Target Group as at the date of Chongqing Completion to be prepared in accordance with the terms set out in the Chongqing SPA

"Chongqing Conditions Precedent"	the conditions precedent to which the Chongqing Acquisition is subject, as set out in the Chongqing SPA and which are summarised in the section headed "*1.1.6 Chongqing Conditions Precedent*" of this announcement
"Chongqing Consideration"	the total consideration payable in respect of the Chongqing Acquisition, being the aggregate of (i) the Chongqing Share Consideration and (ii) the Chongqing Loan Consideration
"Chongqing Deed of Tax Covenant"	the deed of tax covenant to be entered into between the Chongqing Vendor and the Chongqing Purchaser at Chongqing Completion, as further described in the section headed "*1.1.9 Chongqing Deed of Tax Covenant*" of this announcement
"Chongqing Employment Liabilities"	has the meaning ascribed to it in the section headed "*1.2.2.2 Employees of the Chongqing Target Group Companies*" of this announcement
"Chongqing Employment Provision"	has the meaning ascribed to it in the section headed "*1.2.2.2 Employees of the Chongqing Target Group Companies*" of this announcement
"Chongqing Hotel"	a hotel currently called "Harbour Plaza Chongqing 重慶海逸酒店", which is located at No. 68 Zourong Road, Yuzhong District, Chongqing, the PRC
"Chongqing HP"	重慶海逸酒店有限公司 (Harbour Plaza Chongqing Co. Ltd.), a wholly-foreign owned enterprise established in the PRC and a wholly-owned subsidiary of the Chongqing Target Company
"Chongqing Loan Consideration"	the consideration payable by the Chongqing Purchaser to the Chongqing Vendor for the assignment of the benefit of and interest in the Chongqing Sale Loan under the Chongqing SPA as determined in the manner set out in the section headed "*1.1.4 Chongqing Consideration*" in this announcement
"Chongqing Long Stop Date"	31 March 2017 or such other date as the Chongqing Vendor and the Chongqing Purchaser may agree in writing
"Chongqing Mall"	a shopping mall currently called "Chongqing Metropolitan Oriental Plaza 重慶大都會東方廣場", being part of the Chongqing Commercial Property
"Chongqing Overall RMB Cap"	has the meaning ascribed to it in the section headed "*1.1.4 Chongqing Consideration*" of this announcement

"Chongqing Pre-Completion Employees"	all the employees of Chongqing HP within the meaning of the relevant PRC laws as at the date of the Chongqing SPA and those employed by Chongqing HP subsequent to the Chongqing SPA but prior to the date of Chongqing Completion
"Chongqing Purchaser"	Chongqing Hotel Investment Limited, a company incorporated in Hong Kong, which is a special purpose vehicle of Hui Xian REIT
"Chongqing Remaining Employees"	those Chongqing Pre-Completion Employees whose labour contracts or employment relationship with Chongqing HP have not been effectively and properly terminated in accordance with applicable PRC laws and regulations, whether under contract or law, on or before the date of Chongqing Completion
"Chongqing Sale Loan"	the aggregate amount outstanding and owing by the Chongqing Target Company to the Chongqing Vendor as at the date of the Chongqing SPA and as at Chongqing Completion
"Chongqing Sale Shares"	5,000,000 shares of the Chongqing Target Company, representing all the issued shares of the Chongqing Target Company
"Chongqing Share Consideration"	the amount of consideration payable by the Chongqing Purchaser to the Chongqing Vendor (or as the Chongqing Vendor may direct) for the sale and purchase of the Chongqing Sale Shares under the Chongqing SPA
"Chongqing SPA"	the sale and purchase agreement dated 9 January 2017 and entered into between the Chongqing Vendor and the Chongqing Purchaser in respect of the Chongqing Sale Shares and the Chongqing Sale Loan, further details of which are set out in the section headed "*1.1 Key terms of the Chongqing SPA*" of this announcement
"Chongqing Target Company"	Highsmith (HK) Limited, a company incorporated in Hong Kong with limited liability, all issued shares of which are owned by the Chongqing Vendor
"Chongqing Target Group"	collectively (1) the Chongqing Target Company and (2) Chongqing HP, and each of them, a "Chongqing Target Group Company"
"Chongqing Transaction Documents"	collectively (1) the Chongqing SPA, (2) the deed of assignment in respect of the Chongqing Sale Loan, and (3) the Chongqing Deed of Tax Covenant, details of which are set out in the section headed "*1.1 Key terms of the Chongqing SPA*" of this announcement

"Chongqing Vendor"	Highsmith Limited, a company incorporated in the BVI with limited liability, which is indirectly wholly-owned by CKP
"Circular 698"	the 國家稅務總局關於加強非居民企業股權轉讓所得企業所得稅管理的通知（國稅函 2009698 號）(Notice of the State Administration of Taxation on Strengthening the Administration of Enterprise Income Tax on Income Derived from Equity Transfer Made by Non-Resident Enterprise) (Guo Shui Han 2009 No. 698), effective as from 1 January 2008
"Circular 698 and Bulletin 7 Obligations relating to Chengdu Acquisition"	has the meaning ascribed to it in the section headed "*2.4 PRC taxation relating to Chengdu Acquisition*" of this announcement
"Circular 698 and Bulletin 7 Obligations relating to Chongqing Acquisition"	has the meaning ascribed to it in the section headed "*1.4 PRC taxation relating to Chongqing Acquisition*" of this announcement
"CK Connected Persons Group"	CKP and entities and persons which are from time to time connected persons of Hui Xian REIT as a result of (i) their connection with CKP, including certain members of the CKP Group, or (ii) their being a member of the Cheung Kong Group or the HWL Group
"CKP"	Cheung Kong Property Holdings Limited, a company incorporated in the Cayman Islands, whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 1113)
"CKP Group"	CKP and its subsidiaries
"connected person(s)"	has the meaning ascribed to it under the REIT Code
"Deposited Property"	all the assets of Hui Xian REIT, including all its Authorised Investments (as defined in the Trust Deed), for the time being held or deemed to be held (including but not limited to through Special Purpose Vehicles) upon the trusts of the Trust Deed and any interest arising on subscription monies from, or application monies for, the issuance of Units and the proceeds from the divestment of any investment
"Director(s)"	the director(s) of the Manager
"EIT"	enterprise income tax

"Exchange Rate"	the middle exchange rate for exchange between HK$ and RMB posted in the "人民幣匯率中間價公告" (Notice on the Middle Exchange Rate for RMB) on the website of the People's Bank of China at or about 9:15 a.m. (Beijing time) on the relevant date and, if no such rate is announced on the relevant date, a business day immediately preceding such date
"Financial Adviser"	Citigroup Global Markets Asia Limited, a company incorporated in Hong Kong with limited liability, and licensed under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities
"Harbour Plaza Management"	Harbour Plaza Hotel Management Limited, a company incorporated in Hong Kong and the hotel manager of the Chongqing Hotel
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HK$ Equivalent"	in respect of a sum in RMB, means the amount in HK$ into which such sum in RMB is converted at the Exchange Rate
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Huge Grace"	Huge Grace Enterprises Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of CKP
"Huge Grace Caps"	has the meaning ascribed to it in the section headed "*2.1.11 Proposed transfer of the Huge Grace Loans*" of this announcement
"Huge Grace Loan Agreement A"	the loan agreement dated 25 February 2007 between Huge Grace and Chengdu Changtian, as supplemented by three supplemental agreements between the same parties dated 15 February 2012, 24 February 2015 and 24 February 2016 respectively and as may be further supplemented from time to time, further details of which are set out in the section headed "*2.1.11 Proposed transfer of the Huge Grace Loans*" of this announcement

"Huge Grace Loan Agreement B"	the loan agreement dated 25 February 2007 between Huge Grace and Chengdu Changtian, as supplemented by four supplemental agreements between the same parties dated 24 November 2008, 15 February 2012, 24 February 2015 and 24 February 2016 respectively and as may be further supplemented from time to time, further details of which are set out in the section headed "*2.1.11 Proposed transfer of the Huge Grace Loans*" of this announcement
"Huge Grace Loan Agreements"	Huge Grace Loan Agreement A and Huge Grace Loan Agreement B
"Huge Grace Loans"	the aggregate amount (including interest) outstanding and owing by Chengdu Changtian to Huge Grace pursuant to the Huge Grace Loan Agreements, which was of the aggregate principal amount together with after tax accrued interests of HK$288,653,864 (approximately RMB254,015,400) at the date of the Chengdu SPA
"Huge Grace Loans Initial Agreement"	the agreement dated 9 January 2017 entered into between the Chengdu Purchaser and Huge Grace in respect of the proposed transfer of the Huge Grace Loans by Huge Grace to the Chengdu Purchaser upon Chengdu Completion, further details of which are set out in the section headed "*2.1.11 Proposed transfer of the Huge Grace Loans*" of this announcement
"Hui Xian Cayman"	Hui Xian (Cayman Islands) Limited, a company incorporated in the Cayman Islands with limited liability and a significant holder of Hui Xian REIT
"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
"Hui Xian REIT Group"	Hui Xian REIT and other companies or entities held or controlled by Hui Xian REIT
"HWL Group"	Hutchison Whampoa Limited and its subsidiaries
"Independent Property Valuer"	Knight Frank Petty Limited
"LAT"	land appreciation tax
"Manager"	Hui Xian Asset Management Limited (滙賢房託管理有限公司), as manager of Hui Xian REIT

"NAV"	net asset value
"offshore investors"	has the meaning ascribed to it in the section headed "*1.4 PRC taxation relating to Chongqing Acquisition*" of this announcement
"PRC" or "China"	the People's Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
"Property Values"	the values of all real estate, whether directly held by the trustee of Hui Xian REIT or indirectly held by the trustee of Hui Xian REIT through a Special Purpose Vehicle
"REIT"	real estate investment trust
"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
"RMB Equivalent"	in respect of a sum in HK$, means the amount in RMB into which such sum in HK$ is converted at the Exchange Rate
"SFC"	Securities and Futures Commission of Hong Kong
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified for the time being
"Sheraton Management"	Sheraton Overseas Management Corporation, a Delaware corporation and the hotel management company of the Chengdu Hotel
"significant holder"	has the meaning ascribed to it under the REIT Code
"Special Purpose Vehicles" or "SPVs"	special purpose vehicles owned and controlled by Hui Xian REIT in accordance with the REIT Code, and "Special Purpose Vehicle" or "SPV" means one of them
"sq. m."	square metres

"Transitional Chongqing Hotel Management Agreement"	the agreement to be entered into between Chongqing HP and Harbour Plaza Management, as further described in the section headed "*1.1.10 Termination of existing Chongqing hotel management agreement and proposed entering into of the Transitional Chongqing Hotel Management Agreement*" of this announcement
"Trust Deed"	the trust deed dated 1 April 2011 constituting Hui Xian REIT, as amended by three supplemental 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, in its capacity as the trustee of Hui Xian REIT; and all references to the Trustee in this announcement are, as the context may require, to the Trustee acting on behalf of Hui Xian REIT
"Unit"	one unit in Hui Xian REIT
"Unitholder"	any person registered as holding a Unit

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, 9 January 2017

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).

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.

In this announcement, HK$ has been converted to RMB at the rate of HK$1.00=RMB0.88 for illustration purpose only. No representation is made that any amounts in HK$ or RMB have been, could have been or could be converted at the above rate or at any other rates or at all.