

MODIFICATIONS, WAIVERS AND LICENSING CONDITIONS
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In connection with the authorisation of Hui Xian REIT by the SFC, the Manager has applied to, and has received approval from, the SFC in relation to the modifications of, and waivers from, strict compliance with certain requirements of the REIT Code. A summary of such modifications and waivers is set out below.

Connected Party Transactions — Chapter 8 of the REIT Code

Hui Xian REIT has applied to the SFC for, and has received, waivers from strict compliance with certain provisions in Chapter 8 of the REIT Code in relation to certain connected party transactions of Hui Xian REIT within the meaning of the REIT Code. Details of such waivers received are set out in the section headed “Connected Party Transactions — Waivers for Certain Connected Party Transactions” in this Offering Circular.

Use of special purposes vehicles — Paragraph 7.5(d) of the REIT Code

Under paragraphs 7.5(d) of the REIT Code, a REIT may hold real estate through special purpose vehicles only if a REIT has no more than two layers of special purpose vehicles. Under the note to that paragraph, the SFC may allow a REIT to have additional layer(s) of special purpose vehicles in special situations with valid justifications.

Hui Xian REIT's indirect interest in Oriental Plaza is held by three layers of special purpose vehicles. BOP was formed to hold the Property and the Property has been so held by BOP since April 1999 and the immediate holding structure of BOP, Hui Xian Investment and Hui Xian BVI has remained unchanged since the establishment of BOP in January 1999. Considering the manner in which Hui Xian BVI Group has been held historically and such group structure is able to facilitate any future group reorganization and disposal of interests in Hui Xian Investment through intermediate holding companies, the Manager has submitted to the SFC that Hui Xian REIT should be allowed to hold Oriental Plaza through three layers of special purpose vehicles and this has been allowed by the SFC subject to the condition that there will be no change to the maximum number of layers of special purpose vehicles used by Hui Xian REIT without further approval of the SFC.

Employees of BOP — Paragraph 7.5(c)(i) of the REIT Code

Under paragraph 7.5(c)(i), if there is more than one layer of special purpose vehicles, the bottom layer special purpose vehicles shall be established for the sole purpose of directly holding real estate for a REIT and/or arranging financing for a REIT.

As at the Latest Practicable Date, BOP, by itself and through its branch, employed a total of approximately 570 employees in the PRC, of which approximately 390 employees perform hotel operation functions and services, and approximately 180 employees handle legal, regulatory and other administrative matters and carry out and providing commercial functions and services, including leasing and some other property management functions and services, other than the hotel operation functions and services.

After the Listing Date, the existing hotel-related employees who remain to work for Grand Hyatt Beijing will continue to be employed by the branch of BOP and new hotel-related employees subsequently engaged will be employed in a similar manner. The Manager has confirmed that there is not expected to be a substantial increase in the total number of directly employed hotel-related employees after the Listing Date.

After the Listing Date and after the establishment of the Property Manager, except in relation to certain employees who will perform a number of selected roles and functions (the “**Core Non-Hotel Functions**”), the existing non-hotel employees will remain employed by BOP until the expiration of their existing employment contracts or their natural cessation of employment, and after that transition period the existing non-hotel employees (if retained) will be employed by the Property Manager and/or

MODIFICATIONS, WAIVERS AND LICENSING CONDITIONS
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other service providers to carry out those functions and services (except in relation to certain core non-hotel employees referred to below). After the Listing Date and after the establishment of the Property Manager, except for employees who will perform the Core Non-Hotel Functions, any new employees to be engaged to perform functions and services other than those relating to the hotel operation will not be directly employed by BOP.

The Core Non-Hotel Functions will continue to be performed by employees directly employed by BOP, notwithstanding the expiration and renewal of their existing employment contracts. Any new employees engaged subsequently to the Listing Date to perform the Core Non-Hotel Employees will also be directly employed by BOP if necessary. After the transition period, it is expected that there will be a reasonable number of employees directly employed by BOP to perform the Core Non-Hotel Functions, up to approximately 50.

The Manager intends to explore the possibility for more of the functions now performed by employees of BOP to be, for commercial considerations and also for the sake of complying with the requirements of the REIT Code, outsourced or otherwise replaced by services provided by external service providers or agents in the future, taking into account the practical situations and conditions in the PRC.

The Manager has applied to the SFC for a waiver from strict compliance with the requirements of paragraph 7.5(c)(i) of the REIT Code to allow the above employee arrangement of Hui Xian REIT based on the following grounds and the SFC has granted such a waiver:

- (A) the management of Oriental Plaza and the management and operation of BOP are regulated by the relevant PRC laws and regulations and the JV Documents of BOP. In particular, the employment of the hotel-related employees and the non hotel-related employees is regulated by the relevant PRC labour laws and regulations and certain obligations and functions of BOP are required to be discharged and performed by BOP itself pursuant to the relevant PRC laws and regulations and the JV Documents.
- (B) under the above arrangement, most of the direct employees of BOP will be the hotel-related employees. For each of the years ended 31 December 2007, 2008 and 2009 and the ten months ended 31 October 2010, the total staff costs in respect of the hotel related employees represented only approximately 4.7%, approximately 4.3%, approximately 3.5% and approximately 3.6% of the total revenue of BOP for the corresponding period. Such percentage figures are relatively low, partly as a result of the fact that the hotel is only one of the multiple user types of Oriental Plaza.
- (C) pursuant to the existing contractual arrangement between BOP and the Hotel Manager, the hotel-related employees are expected to be employed by BOP. That arrangement has been in place with the Hotel Manager since the commencement of the hotel operation in 2001. Variation of the current employment arrangement 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 the Hotel Manager's agreement to the change.
- (D) the above employee arrangement of Hui Xian REIT will not be materially prejudicial to Hui Xian REIT because:
 - (i) Under the above employee arrangement of Hui Xian REIT, after the transitional period referred to above, the number of non hotel-related employees directly employed by BOP will be reduced to not more than approximately 50. The Manager has confirmed that the total number of hotel-related employees of the branch of BOP is not expected to increase substantially after the Listing Date, and the majority of the hotel-related employees will mainly be engaged to perform day-to-day functions and services as part of the hotel operations. Based on the historical figures as mentioned in paragraph (B) above, the total staff costs in respect of the direct employees of BOP (and its branch) after the Listing Date are expected to be relatively low as compared to the total revenue of BOP. Therefore, the

MODIFICATIONS, WAIVERS AND LICENSING CONDITIONS
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Manager believes that the risks of the direct employees causing significant liabilities or losses to BOP, and hence indirectly to Hui Xian REIT, are low.

- (ii) Even if an employer outside Hui Xian REIT and its Special Purpose Vehicles is engaged to employ the relevant employees, the costs and liabilities in relation to their employment are expected to be passed to Hui Xian REIT indirectly. Additional costs and other potential liability may also arise as a result of the involvement of an outside employer. Thus, the proposed employee arrangement of Hui Xian REIT 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.

Nomination Right for Directors in BOP

Paragraph 7.5(f) of the REIT Code requires that the board of directors of each of the SPVs of a scheme shall be appointed by the trustee of the scheme. In the case of Hui Xian REIT, the JV Documents of BOP provides that, out of a total of 12 directors, Hui Xian Investment is entitled to nominate 9 directors and the Domestic JV Partner is entitled to nominate the remaining 3 directors.

The Manager has applied to the SFC a waiver from strict compliance with paragraph 7.5(f) of the REIT Code so as to allow certain directors of BOP not to be appointed by the Trustee based on the following grounds, and the SFC has granted such a waiver:

- (a) BOP 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 Hui Xian BVI and Hui Xian Investment be entitled to nominate 75.0% of the directors of BOP; and
- (c) under the JV Documents of BOP, except for a few specified important matters which may affect the interests and rights of the Domestic JV Partner or Hui Xian Investment in BOP after the expiry of the joint venture term or which are mandated by law and therefore require unanimous approval of the directors present, which may include those directors nominated by the Domestic JV Partner, the board of directors of BOP will make its decisions by simple majority of directors present. In this regard, account should also be taken of the provisions in the JV Documents of the BOP to the effect that:
 - (i) Hui Xian Investment shall be responsible for the operation and management of BOP;
 - (ii) the Domestic JV Partner agrees to assist Hui Xian Investment in various aspects of the business and operation of BOP;
 - (iii) the Domestic JV Partner undertakes that, so long as the legal existence of BOP is not jeopardised and the ownership by the Domestic JV Partner of the fixed assets of BOP as well as its interests in distribution of remaining assets of BOP after the expiry of the joint venture term are not affected, the Domestic JV Partner shall actively support all resolutions proposed for decision at the board of BOP, so as to enable the business of BOP to be implemented and developed smoothly; and
 - (iv) provided that notice of meeting of the board of BOP has been duly given, the Domestic JV Partner will procure the directors nominated by it to attend the board meeting and support the relevant resolutions.

For details of the arrangement under the JV Documents, see the section headed “Material Agreements and Other Documents Relating to Hui Xian REIT — JV Documents” in this Offering Circular.

MODIFICATIONS, WAIVERS AND LICENSING CONDITIONS
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Payment of Manager's Fees by Way of Units — Chapter 12 of the REIT Code

Under the terms of the Trust Deed, the Manager will be remunerated in the form of a Base Fee, Variable Fee, Acquisition Fee, and Divestment Fee. The Manager has applied to the SFC for, and has received, a waiver from strict compliance with certain requirements under Chapter 12 of the REIT Code in respect of the issuance of Units to the Manager as payment of all or part of the Base Fee and Variable Fee and requirements under Chapter 6 of the REIT Code in respect of a valuation of all real estate held under Hui Xian REIT in the event of the issuance of such Units subject to the following conditions:

- (i) the number of Units issued to the Manager by way of payment of all or part of the Base Fee and Variable Fee for each financial year of Hui Xian REIT will be counted as part of the 20.0% (or such lower percentage as permitted by the REIT Code from time to time) of outstanding Units that the Manager may issue in each financial year without Unitholders' approval pursuant to Paragraph 12.2 of the REIT Code;
- (ii) in respect of each financial year, the maximum number of Units that may be issued to the Manager as payment of all or part of the Base Fee and Variable Fee for that financial year shall be limited to such number of Units as represents 3.0% of the total number of Units outstanding as at the last day of the immediately preceding financial year plus the number of Units (if any) issued in the relevant financial year for the purposes of financing any acquisition of real estate by Hui Xian REIT;
- (iii) any issuance of Units to the Manager as payment of all or part of its Base Fee and Variable Fee shall be made strictly in accordance with the requirements of the Trust Deed; and
- (iv) in the event that any payment of all or part of the Base Fee and Variable Fee in the form of Units exceeds the relevant thresholds set out in paragraph 12.2 of the REIT Code and paragraph (ii) above, and Unitholders' approval is not obtained for the issue of Units for such purpose, then payment of that excess part of the Base Fee and Variable Fee will be made by Hui Xian REIT to the Manager in cash.

Payment of Promotional Expenses from the property of Hui Xian REIT — Paragraph 9.13(b) of the REIT Code

Under paragraph 9.13(b) of the REIT Code, expenses arising out of any advertising or promotional activities in connection with a REIT shall not be paid from the property of the REIT. Hui Xian REIT has applied to the SFC for, and has received from the SFC, a waiver from strict compliance with the requirements of paragraph 9.13(b) of the REIT Code to allow payment or reimbursement out of assets of Hui Xian REIT costs and expenses for marketing, promotion, advertising, roadshows, press conferences, luncheons, presentations, and other public relations-related fees, costs or expenses incurred in relation to any fund raising exercise by Hui Xian REIT or otherwise in connection with Hui Xian REIT (collectively "Promotional Expenses"), but only if and to the extent that such is permitted by the REIT Code and any applicable law, subject to the following conditions:

- (i) the Audit Committee shall verify periodically the amounts of Promotional Expenses incurred by the Manager and shall confirm in the annual report of Hui Xian REIT that the Promotional Expenses are incurred (a) in accordance with the internal control procedures of the Manager; and (b) solely for the purposes as set out in the relevant clauses of the Trust Deed, and review such supporting evidence that it may reasonably deem necessary;
- (ii) the aggregate amount of the Promotional Expenses shall be disclosed in the relevant annual report of Hui Xian REIT; and
- (iii) payment or reimbursement to the Trustee and/or the Manager of such expenses shall be made strictly in accordance with the requirements of the Trust Deed.

MODIFICATIONS, WAIVERS AND LICENSING CONDITIONS
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Licensing Conditions on the Manager

In addition to the statutory conditions set out in the SFO, the SFC has imposed the following licensing conditions upon the Manager:

- (1) the Manager's licence shall lapse and cease to have effect as and when:
 - (i) Hui Xian REIT is de-authorised; or
 - (ii) the Manager ceases to act as the management company of Hui Xian REIT; and
- (2) for Type 9 regulated activity, the Manager shall only engage in managing Hui Xian REIT.