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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF IN DOUBT, PLEASE SEEK PROFESSIONAL ADVICE.**

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**If you are in any doubt** as to any aspect of this Circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution licensed to deal in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your units in **Hui Xian REIT**, you should at once hand this Circular, together with the accompanying form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**This Circular is for information purposes only and does not constitute an offer or invitation to subscribe for or purchase any securities, nor is it calculated to invite any such offer and invitation.**

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**HUI XIAN REIT**  
匯賢產業信託

**Hui Xian Real Estate Investment Trust**

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

**(Stock Code: 87001)**

**Managed by Hui Xian Asset Management Limited**

**(1) PROPOSED AMENDMENTS TO THE TRUST DEED  
(2) MODIFIED AND EXTENDED WAIVERS AND NEW WAIVER IN RESPECT OF  
CERTAIN CONTINUING CONNECTED PARTY TRANSACTIONS  
AND  
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Independent Financial Adviser to the Independent Board Committee, the Independent Unitholders and the Trustee  
in relation to the Modified and Extended Waivers and the New Waiver  
in respect of certain continuing connected party transactions

***Hercules***  
**Hercules Capital Limited**

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A letter from the Board is set out on pages 1 to 27 of this Circular. A letter from the Independent Board Committee containing its advice to the Independent Unitholders is set out on pages 28 to 29 of this Circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee, the Independent Unitholders and the Trustee is set out on pages 30 to 42 of this Circular.

A notice convening the EGM of Hui Xian REIT to be held at the Ballroom, 1st Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Whampoa Garden, Hung Hom, Kowloon, Hong Kong on 7 May 2013 (Tuesday) at 12:15 p.m. (or so soon thereafter as the annual general meeting of the Unitholders convened to be held at 12:00 noon on the same date and at the same place shall have been concluded or adjourned) is set out on pages 43 to 46 of this Circular. Whether or not you are able to attend and vote at the EGM in person, please complete and return the accompanying form of proxy to the Unit Registrar of Hui Xian REIT, Computershare Hong Kong Investor Services Limited, of 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

12 April 2013

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## DEFINITIONS

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*In this Circular, the following expressions shall have the following meanings unless the context otherwise requires:*

“2011 Interim Report”	the interim report of Hui Xian REIT for the period from 29 April 2011 (the date of first listing of the Units on the Stock Exchange) to 30 June 2011
“Adjustments”	has the same meaning as defined in the Trust Deed, being adjustments which are charged or credited to the consolidated profit and loss account of Hui Xian REIT for the relevant financial year or the relevant distribution period (as the case may be) as detailed in the Trust Deed
“AGM”	the annual general meeting of the Unitholders convened to be held on 7 May 2013 (Tuesday)
“Announcement”	the announcement dated 12 April 2013 made by the Manager in relation to, among other things, the proposed amendments to the Trust Deed, the Modified and Extended Waivers and the New Waiver
“Annual Distributable Income”	has the same meaning as defined in the Trust Deed, being the income of Hui Xian REIT available for distribution to Unitholders for a financial year, being the amount calculated by the Manager (based on the audited financial statements of Hui Xian REIT for that financial year) as representing the consolidated audited net profit after tax of the Hui Xian REIT Group for that financial year, as adjusted to eliminate the effects of Adjustments
“associated company”	has the meaning ascribed to it under the REIT Code
“Authorisation”	authorisation of Hui Xian REIT by the SFC under section 104 of the SFO
“Base Fee”	the base fee payable to the Manager pursuant to the Trust Deed by reference to the value of the real estate interests of Hui Xian REIT
“Board”	the board of directors of the Manager
“BOC Connected Persons Group”	Bank of China Limited and entities or persons which are from time to time connected persons of Hui Xian REIT as a result of their connection with Bank of China Limited
“BOP”	北京東方廣場有限公司 (Beijing Oriental Plaza Co., Ltd.), a Sino-foreign co-operative joint venture established in the PRC, which holds the land use rights and building ownership rights of Oriental Plaza
“China CITIC Bank Group”	China CITIC Bank Corporation Limited and its subsidiaries

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## DEFINITIONS

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“China Life Connected Persons Group”	China Life Insurance (Group) Company and entities or persons which are from time to time connected persons of Hui Xian REIT as a result of their connection with China Life Insurance (Group) Company
“CITIC Group Corporation”	中國中信集團有限公司 (CITIC Group Corporation*)
“CITIC Securities Group”	CSI, its holding company and their respective subsidiaries
“Connected Party Transactions”	continuing connected party transactions in relation to any properties or companies in which Hui Xian REIT may directly or indirectly be interested, involving (A) as between the Hui Xian REIT Group and the BOC Connected Persons Group, leasing and licensing arrangements and insurance transactions; (B) as between the Hui Xian REIT Group and the China Life Connected Persons Group, insurance transactions; and (C) as between the Hui Xian REIT Group and the OOIL Connected Persons Group, leasing and licensing arrangements, which are more particularly described in this Circular
“connected person”	has the meaning ascribed to it under the REIT Code
“CSI”	CITIC Securities International Company Limited
“Deposited Property”	all the assets of Hui Xian REIT for the time being held or deemed to be held (including but not limited to through the special purpose vehicles owned and controlled by Hui Xian REIT in accordance with the REIT Code) 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
“EGM”	an extraordinary general meeting of the Unitholders convened by the notice of extraordinary general meeting set out in this Circular (or any adjournment thereof)
“Existing BOC Waiver”	the waiver granted by the SFC in April 2011 in relation to certain continuing connected party transactions involving leasing and licensing arrangements and insurance transactions between the Hui Xian REIT Group on the one hand and the BOC Connected Persons Group on the other hand for a period up to and including 31 December 2013 (details of which are set out on pages 121 to 124 of the 2011 Interim Report)

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## DEFINITIONS

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“Existing China Life Waiver”	the waiver granted by the SFC in April 2011 in relation to certain continuing connected party transactions involving insurance transactions between the Hui Xian REIT Group on the one hand and the China Life Connected Persons Group on the other hand for a period up to and including 31 December 2013 (details of which are set out on pages 127 to 130 of the 2011 Interim Report)
“Existing OOIL Waiver”	the waiver granted by the SFC in April 2011 in relation to certain continuing connected party transactions involving leasing and licensing arrangements between the Hui Xian REIT Group on the one hand and the OOIL Connected Persons Group on the other hand for a period up to and including 31 December 2013 (details of which are set out on pages 130 to 132 of the 2011 Interim Report)
“Existing Waivers”	the Existing BOC Waiver, the Existing China Life Waiver and the Existing OOIL Waiver
“Extended China Life Waiver”	the proposed extended waiver for the Existing China Life Waiver as described in this Circular
“Hui Xian REIT”	Hui Xian Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorised under section 104 of the SFO
“Hui Xian REIT Group”	Hui Xian REIT and other companies or entities held or controlled by Hui Xian REIT
“Independent Board Committee”	the independent committee of the Board established to advise the Independent Unitholders on the Modified and Extended Waivers (including the Modified and Extended Annual Caps thereunder) and the New Waiver, comprising all the independent non-executive Directors, namely, Mr. Cheng Hoi Chuen, Vincent, Professor Lee Chack Fan and Dr. Choi Koon Shum, Jonathan
“Independent Financial Adviser”	Hercules Capital Limited, which is licensed by the SFC to carry out type 6 (advising on corporate finance) regulated activities under the SFO
“Independent Unitholders”	Unitholders other than those Unitholders who have a material interest in the relevant Modified and Extended Waiver(s) and/or the New Waiver within the meaning of 8.11 of the REIT Code
“INEDs”	the independent non-executive Directors
“Latest Practicable Date”	9 April 2013, being the latest practicable date prior to the printing of this Circular for the purpose of ascertaining certain information contained in this Circular
“Manager”	Hui Xian Asset Management Limited, as manager of Hui Xian REIT

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## DEFINITIONS

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“Modified and Extended Annual Caps”	the proposed increased annual caps for the continuing connected party transactions involving leasing and licensing arrangements under the Existing BOC Waiver and the Existing OOIL Waiver for the year ending 31 December 2013 and the proposed new annual caps for the Connected Party Transactions under the Modified and Extended Waivers for the three years ending 31 December 2016, as set out in this Circular
“Modified and Extended BOC Waiver”	the proposed modified and extended waiver for the Existing BOC Waiver as described in this Circular
“Modified and Extended OOIL Waiver”	the proposed modified and extended waiver for the Existing OOIL Waiver as described in this Circular
“Modified and Extended Waivers”	the Extended China Life Waiver, the Modified and Extended BOC Waiver and the Modified and Extended OOIL Waiver
“New Waiver”	the proposed new waiver for continuing connected party transactions involving ordinary banking and financial services transactions as between the Hui Xian REIT Group and the China CITIC Bank Group, as described in this Circular
“Offering Circular”	the offering circular dated 11 April 2011 issued in connection with the initial public offering of the Units
“OOIL Connected Persons Group”	Oriental Overseas (International) Ltd. and entities or persons which are from time to time connected persons of Hui Xian REIT as a result of their connection with Oriental Overseas (International) Ltd.
“Ordinary Resolution”	a resolution of Unitholders passed by a simple majority of the votes of those Unitholders present and entitled to vote in person or by proxy at a duly convened meeting by way of a poll, but with a quorum of two or more Unitholders holding 10% of Units in issue
“Oriental Plaza”	the composite development known as Oriental Plaza (東方廣場) located in Beijing, PRC
“PRC”	the People’s Republic of China
“REIT Code”	Code on Real Estate Investment Trusts issued by the SFC (as amended from time to time)
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (as amended from time to time)
“Shenyang Investment BVI”	Shenyang Investment (BVI) Limited, a direct wholly-owned special purpose vehicle of Hui Xian REIT

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## DEFINITIONS

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“Shenyang Investment HK”	Shenyang Investment (Hong Kong) Limited (瀋陽投資(香港)有限公司), a company directly wholly-owned by Shenyang Investment BVI and therefore an indirect wholly-owned special purpose vehicle of Hui Xian REIT
“Shenyang Lido”	瀋陽麗都商務有限公司 (Shenyang Lido Business Co., Ltd.*), a Sino-foreign cooperative joint venture established in the PRC, of which Shenyang Investment HK is entitled to 70% distributions, and therefore an indirect non wholly-owned special purpose vehicle of Hui Xian REIT
“Shenyang Property”	the building located at 瀋陽市和平區青年大街386號 (No. 386, Qingnian Street, He Ping District, Shenyang)
“Special Resolution”	a resolution of Unitholders passed at a meeting of Unitholders duly convened and held and carried by 75% or more of the votes of those Unitholders present and entitled to vote in person or by proxy by way of poll, but with a quorum of two or more Unitholders holding 25% of the Units in issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust Deed”	the trust deed dated 1 April 2011 constituting Hui Xian REIT, as may be modified or supplemented from time to time
“Trustee”	DB Trustees (Hong Kong) Limited, as the trustee of Hui Xian REIT, or such other person as may from time to time be appointed as the trustee of Hui Xian REIT
“Unit”	a unit of Hui Xian REIT, and “Units” will be construed accordingly
“Unit Registrar”	Computershare Hong Kong Investor Services Limited, as unit registrar of Hui Xian REIT
“Unitholder(s)”	holder(s) of the Units
“Variable Fee”	the variable fee payable to the Manager pursuant to the Trust Deed by reference to the net property income of Hui Xian REIT

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference to a time of day in this Circular shall be a reference to Hong Kong time unless otherwise stated.

\* *for identification purposes only*

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## LETTER FROM THE BOARD

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**HUI XIAN** REIT  
匯賢產業信託

### **Hui Xian Real Estate Investment Trust**

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

**(Stock Code: 87001)**

**Managed by Hui Xian Asset Management Limited**

***Directors of the Manager:***

*Non-executive Directors*

Mr. Kam Hing Lam (*Chairman*)  
Mr. Ip Tak Chuen, Edmond  
Mr. Lim Hwee Chiang  
Mr. Yin Ke (with Mr. Pang Shuen Wai,  
Nichols being his alternate director)

*Executive Directors*

Mr. Cheung Ling Fung, Tom (*Chief Executive Officer*)  
Mr. Lee Chi Kin, Casey

*Independent Non-executive Directors*

Mr. Cheng Hoi Chuen, Vincent  
Professor Lee Chack Fan  
Dr. Choi Koon Shum, Jonathan

***Registered Office of the Manager:***

Unit 303,  
Cheung Kong Center  
2 Queen's Road Central  
Hong Kong

12 April 2013

*To: Unitholders*

Dear Sir/Madam,

**(1) PROPOSED AMENDMENTS TO THE TRUST DEED**  
**(2) MODIFIED AND EXTENDED WAIVERS AND NEW WAIVER IN RESPECT OF**  
**CERTAIN CONTINUING CONNECTED PARTY TRANSACTIONS**  
**AND**  
**(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Reference is made to the Announcement. The purpose of this Circular is to (a) provide you with further information regarding (i) the proposed amendments to the Trust Deed; (ii) the Modified and Extended Waivers and the New Waiver; and (iii) the resolutions to be proposed at the EGM; (b) set out the recommendations of the Independent Board Committee to the Independent Unitholders in relation to the Modified and Extended Waivers (and the Modified and Extended Annual Caps thereunder) and the New Waiver; (c) set out the recommendations of the Independent Financial Adviser to the Independent Board Committee, the Independent Unitholders and the Trustee in relation to the Modified and Extended Waivers (and the Modified and Extended Annual Caps thereunder) and the New Waiver; and (d) give you notice of the EGM.



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## LETTER FROM THE BOARD

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### (A) PROPOSED AMENDMENTS TO THE TRUST DEED

#### I. Proposed Amendments to the Trust Deed

The Manager proposes that the amendments described below be made to the Trust Deed.

##### *(1) Amendment of the definition of “Adjustments” for the purpose of computing the Annual Distributable Income*

Clause 11.2.1 of the Trust Deed provides that in respect of each financial year after 31 December 2012, the total amounts distributable or distributed to Unitholders shall be no less than 90% of the Annual Distributable Income for that financial year. Under Clause 11.5 of the Trust Deed, for the purpose of Clause 11 of the Trust Deed, the Annual Distributable Income for a financial year means the amount calculated by the Manager (based on the audited financial statements of the Hui Xian REIT Group) as representing the consolidated audited net profit after tax of the Hui Xian REIT Group for that financial year, as adjusted to eliminate the effect of Adjustments. Clause 11.5.3 of the Trust Deed provides that one of the items of Adjustments (under item (viii) of the definition in that Clause) is depreciation and amortization in respect of Oriental Plaza, and its ancillary machinery, equipment and other fixed assets. Such depreciation and amortization (“**Depreciation And Amortization Expenses**”) has been accounted for as expenses in the consolidated statements of comprehensive income of the Hui Xian REIT Group and, as it was included as one of the items of Adjustments, under the existing terms of the Trust Deed, the effect of such Depreciation And Amortization Expenses on the consolidated net profit after tax would be eliminated (i.e. an amount equivalent to such Depreciation And Amortization Expenses would be added back to the amount of consolidated audited net profit after tax of the Hui Xian REIT Group) such that such amount of Depreciation And Amortization Expenses would constitute part of the Annual Distributable Income distributable to Unitholders.

The Manager considers that only the amount of Depreciation And Amortization Expenses in respect of Oriental Plaza that can be repatriated to Hong Kong as far as permitted by PRC laws would constitute part of the Annual Distributable Income. The Manager further considers that it would be advisable for part of such amount to be retained by BOP to cater for the repayment of loan principal and capital expenditures in respect of Oriental Plaza. Therefore, the Manager proposes to make amendments to the Trust Deed to revise the definition of “Adjustments” such that only Depreciation And Amortization Expenses to the extent of: (i) amount which can be repatriated to Hong Kong as far as PRC laws permit, less (ii) any sum determined by the Manager as appropriate for repayment of loan principal (if any) and for capital expenditures (“**Distributable Depreciation And Amortization Expenses**”) would be eliminated under item (viii) of the Adjustments when determining the Annual Distributable Income (i.e. out of depreciation and amortization expenses in respect of Oriental Plaza, only an amount equivalent to the Distributable Depreciation And Amortization Expenses instead of all the Depreciation And Amortization Expenses would be added back to the amount of consolidated net profit after tax of the Hui Xian REIT Group). **As a result of the above proposed amendments, the level of Annual Distributable Income and the amount of distributions by Hui Xian REIT to the Unitholders are expected to be reduced and such reduction may be significant, assuming that other factors relating to the computation of the Annual Distributable Income and other adjustments remain unchanged.** In respect of such adjustment item, the Manager will disclose in the annual report and interim report of Hui Xian REIT the total amount of Depreciation And Amortization Expenses and the amount out of which such Adjustment is made.

The Trustee has confirmed to the Manager that the above proposed amendments to the Trust Deed relating to the definition of “Adjustments” for the purpose of computing the Annual Distributable Income are in compliance with 7.12 of the REIT Code.

(See Special Resolution (1) in the EGM notice)

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## LETTER FROM THE BOARD

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***(2) Reduction of the frequency of payment of remuneration to the Manager from every quarterly period to every half-yearly period***

Clause 14.1.1 and Clause 14.1.2 of the Trust Deed provide that the Manager shall be entitled to receive its remuneration comprising of the Base Fee and the Variable Fee for every quarterly period. In order to save administration costs in arranging computations and payments of the Base Fee and the Variable Fee to which the Manager is entitled, the Manager proposes to make amendments to the Trust Deed to reduce the frequency of payment of remuneration to the Manager from every quarterly period to every half-yearly period. As the recipient of the Base Fee and the Variable Fee, the Manager has no objection to the proposed reduction of the frequency of payment. The Trustee has also confirmed to the Manager that the above proposed amendments relating to the reduction of frequency of payment of remuneration to the Manager from quarterly to half-yearly basis will not affect the aggregate amount of fees payable to the Manager for a financial year and may reduce administrative work processing the payments.

(See Special Resolution (2) in the EGM notice)

***(3) Removal of the requirement of obtaining the approval of the Trustee for the appointment of solicitor or conveyancer and imposition of a requirement on the Manager to select a solicitor or conveyancer of good repute***

Clause 10.15 of the Trust Deed provides that the solicitor or conveyancer to be appointed to act on behalf of Hui Xian REIT with respect to any investment or divestment of the Deposited Property under Clause 10 of the Trust Deed shall be a person or firm of solicitors selected by the Manager and approved by the Trustee. Clause 10.9 of the Trust Deed provides that the Manager alone and to the exclusion of the Trustee shall be vested with the power of discretionary investment management of the Deposited Property and shall have absolute discretion to determine the manner in which any cash or other assets forming part of the Deposited Property should be invested and to give to the Trustee all directions necessary or which the Trustee may desire in relation to those matters. As the Manager has absolute discretion on matters in relation to the investment management of the Deposited Property, the Manager believes that the Trustee's approval on the selection and appointment of the solicitor or conveyancer to act on behalf of Hui Xian REIT in relation thereto should not be required. The Manager believes that such proposed amendment is in line with the spirit of Clause 10.9 of the Trust Deed. While the above proposed amendment shall give the Manager absolute discretion to select a solicitor or conveyancer to act on behalf of Hui Xian REIT as it deems appropriate with respect to any investment or divestment of the Deposited Property under Clause 10 of the Trust Deed, a new requirement is proposed to be imposed on the Manager to select a solicitor or conveyancer of good repute in that regard. The Manager believes that such proposed amendment shall better serve the interests of Hui Xian REIT and the Unitholders.

(See Special Resolution (3) in the EGM notice)

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## LETTER FROM THE BOARD

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### **(4) *Correction of typographical errors***

The Manager also proposes to make amendments to correct a typographical error in the second line of Clause 4.5.5 of the Trust Deed (extracted below) by replacing the word “changed” with the word “charged”:

#### *“4.5 Charges and Fees*

There shall be payable out of the Deposited Property, in addition to any other charges, fees or expenses expressly authorised by this Deed by way of direct payment or reimbursement of the Manager or the Trustee, all Liabilities, fees, costs, charges and expenses properly suffered or incurred by the Trustee or the Manager in the proper performance of its obligations or the proper exercise of its powers under this Deed, or otherwise arising out of or in connection with this Deed or other Constitutive Documents, including but not limited to:

4.5.5 all expenses incurred and/or to be incurred from time to time and transaction fees charged and/or to be changed in relation to the acquisition, holding, registration and realisation of any Investment or the holding in the name of the Trustee, any Special Purpose Vehicle or their nominees of any Investment or the custody of the documents of title thereto (including insurance of documents of title against loss in shipment, transit or otherwise and charges made by agents of the Trustee or the relevant Special Purpose Vehicle for retaining documents in safe custody) and all fees and expenses of the custodians, joint custodians and sub-custodians appointed pursuant to Clause 17.1 and all transactional fees of the Trustee as may be agreed from time to time between the Manager and the Trustee in relation to all transactions involving the whole or any part of the Deposited Property.”

(See Special Resolution (4) in the EGM notice)

## **II. Restrictions on Voting**

The note to paragraph 8.11 of the REIT Code provides that where a unitholder has a material interest in the transaction tabled for approval, and that interest is different from that of all other unitholders, such unitholder shall abstain from voting at the general meeting.

Further, under paragraph 3.2 of Schedule 1 to the Trust Deed, where a Unitholder has a material interest in the business conducted at a meeting of Unitholders, and that interest is different from the interests of other Unitholders, such Unitholder shall be prohibited from voting his Units at, or being counted in the quorum for, such meeting.

The Trustee, having made reasonable enquiries, is of the opinion that neither the Manager nor any parties related to it have a material interest in the relevant Special Resolution approving the amendments to the Trust Deed to reduce the frequency of payment of remuneration to the Manager (i.e. Special Resolution (2) in the EGM notice) and that neither the Manager nor any parties related to it is required to abstain from voting on such Special Resolution. Notwithstanding the above, for good corporate governance, the Manager shall voluntarily abstain from voting on such Special Resolution. As at the Latest Practicable Date, the Manager was beneficially interested in 16,591,312 Units, representing approximately 0.326 % of the total Units in issue.

As at the Latest Practicable Date, to the best of the Manager’s knowledge, information and belief after having made reasonable enquiries, the Manager is not aware of any Unitholder who is required to abstain from voting in respect of any of the Special Resolutions.

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## LETTER FROM THE BOARD

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### III. Approvals and Recommendation

Clause 26.1 of the Trust Deed provides that any amendment, variation, modification, alteration or addition to the Trust Deed must not impose upon any Unitholder any obligation to make any further payments in respect of his Units or to accept any liability in respect thereof and, save for certain limited exceptions as certified by the Trustee in writing, must be made with the sanction of a Special Resolution. It is also a condition of the Authorisation that the Manager must ensure that no material changes will be made to the Trust Deed except with the prior approval of the SFC.

Each of the proposed amendments to the Trust Deed will be the subject of a Special Resolution to be decided by poll at the EGM.

The Trustee has confirmed to the Manager that, noting that the proposed amendments to the Trust Deed as set out in this Circular will be subject to the prior approval of the Unitholders by way of the Special Resolutions, it has no objection to the proposed amendments to the Trust Deed as set out in this Circular and that the proposed amendments will not impose upon any Unitholder any obligation to make further payments in respect of his Units or to accept any liability in respect thereof. Accordingly, subject to the prior approvals of the Unitholders by way of the Special Resolutions and of the SFC, the Trustee will enter into a supplemental deed effecting the proposed amendments.

The Board considers that the proposed amendments to the Trust Deed as set out in this Circular are in the interests of Hui Xian REIT and the Unitholders as a whole. Accordingly, the Board recommends all Unitholders to vote in favour of the Special Resolutions relating to such amendments to be proposed at the EGM.

### **(B) MODIFIED AND EXTENDED WAIVERS AND NEW WAIVER IN RESPECT OF CERTAIN CONTINUING CONNECTED PARTY TRANSACTIONS**

#### **I. Background**

Before the first listing of the Units on the Stock Exchange, at the time of authorisation of Hui Xian REIT under section 104 of the SFO in April 2011, a number of waivers were granted by the SFC in relation to certain continuing connected party transactions of Hui Xian REIT, including the Existing Waivers for a period up to and including 31 December 2013 (details of which are more particularly set out in the section “Conditions of Waivers for Certain Connected Party Transactions Granted by the Securities and Futures Commission” in the 2011 Interim Report). The Manager proposes to extend the Existing Waivers for a further term of three years up to and including 31 December 2016.

At the time of the first listing of the Units on the Stock Exchange, Oriental Plaza was the only landed property in which Hui Xian REIT was interested. The land use rights and building ownership rights in Oriental Plaza are held by BOP. Upon the completion of the acquisition of the entire issued share capital of, and shareholder’s loans owing by, Shenyang Investment BVI by the Trustee (as trustee of Hui Xian REIT) on 1 January 2012 (details of which are set out in the announcements dated 10 November 2011 and 3 January 2012 respectively issued by the Manager in its capacity as manager of Hui Xian REIT), Shenyang Investment BVI, Shenyang Investment HK and Shenyang Lido have become special purpose vehicles of Hui Xian REIT. Shenyang Lido holds the land use rights and building ownership rights in the Shenyang Property.

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## LETTER FROM THE BOARD

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The Existing BOC Waiver and the Existing OOIL Waiver in relation to the leasing and licensing transactions between the Hui Xian REIT Group on the one hand and the BOC Connected Persons Group or the OOIL Connected Persons Group on the other hand, do not cover transactions in respect of the properties other than Oriental Plaza. Accordingly, the Manager proposes for the modification of the Existing BOC Waiver and the Existing OOIL Waiver so that the leasing and licensing transactions under which will cover transactions in respect of any properties in which Hui Xian REIT may directly or indirectly be interested. In addition, annual cap amounts in respect of the leasing and licensing transactions under the Existing BOC Waiver and the Existing OOIL Waiver for the year ending 31 December 2013 are proposed to be increased, in view of the new leasing and licensing arrangements expected to be entered into between the Hui Xian REIT Group on the one hand and the BOC Connected Persons Group or the OOIL Connected Persons Group on the other hand and the growth in rentals. As the Existing BOC Waiver in relation to the insurance transactions between the Hui Xian REIT Group and the BOC Connected Persons Group covers all properties of the Hui Xian REIT Group, the Manager proposes to seek only an extension of the Existing BOC Waiver relating to insurance transactions for a further period of three years, but not a modification of the caps under the Existing BOC Waiver. As the Existing China Life Waiver only covers insurance transactions and does not cover any leasing and licensing transactions and it already covers insurance transactions in respect of all properties of the Hui Xian REIT Group, the Manager proposes to seek only an extension of the Existing China Life Waiver for a further period of three years, but not a modification of the caps under the Existing China Life Waiver.

### **II. Expiration of the Existing Waivers and increase of annual cap amounts**

The Existing Waivers will expire on 31 December 2013. In accordance with the waiver conditions of the Existing Waivers, the Existing Waivers may be extended beyond 31 December 2013, and/or the waiver conditions of the Existing Waivers may be modified from time to time, provided that:

- (a) the approval of Unitholders other than those who have a material interest in the relevant transaction within the meaning of 8.11 of the REIT Code is obtained by way of an Ordinary Resolution passed in a general meeting of Unitholders;
- (b) disclosure of details of the proposed extension and/or modification (as the case may be) is made by way of an announcement by the Manager of such proposal, and a circular and notice shall be issued to Unitholders in accordance with Chapter 10 of the REIT Code; and
- (c) any extension of the period of the waiver shall, on each occasion of such extension, be for a period which shall expire not later than the third full financial year-end date of Hui Xian REIT after the date on which the approval referred to in (a) above is obtained.

In respect of those Connected Party Transactions for which annual caps were set in the Offering Circular, one of the waiver conditions of the Existing Waivers provides that if necessary, the Manager may from time to time in the future seek to increase one or more of such annual limits, provided that:

- (a) the approval of Unitholders other than those who have a material interest in the relevant transaction within the meaning of 8.11 of the REIT Code is obtained by way of an Ordinary Resolution passed in a general meeting of Unitholders;
- (b) disclosure of details of the proposal to increase the cap amounts shall be made by way of an announcement by the Manager of such proposal, and a circular and notice shall be issued to Unitholders in accordance with Chapter 10 of the REIT Code; and
- (c) the requirements under the other waiver conditions shall continue to apply to the relevant transactions, save that the increased annual cap amounts shall apply.

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## LETTER FROM THE BOARD

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### III. The Modified and Extended Waivers

Since the Existing Waivers will expire on 31 December 2013 and transactions in respect of properties other than Oriental Plaza are not covered by the Existing Waivers, the Manager now proposes to seek Unitholders' approval, by way of Ordinary Resolutions at the EGM, for, among others, (i) the Modified and Extended Waivers to extend the Existing Waivers for a further period of three years up to and including 31 December 2016 and to modify the Existing Waivers (as extended) so that the leasing and licensing transactions thereunder will cover transactions in respect of any properties in which Hui Xian REIT may directly or indirectly be interested, and (ii) the Modified and Extended Annual Caps to increase the annual cap amounts for the year ending 31 December 2013 for the continuing connected party transactions involving leasing and licensing arrangements under the Existing BOC Waiver and the Existing OOIL Waiver respectively and to set the new annual caps for the Connected Party Transactions under the Modified and Extended Waivers for the three years ending 31 December 2016. Details of the Modified and Extended Waivers and the Modified and Extended Annual Caps are set out below.

#### *(1) Modification and extension of the Existing BOC Waiver*

The Manager proposes to seek Unitholders' approval to the extension of the Existing BOC Waiver in respect of leasing and licensing transactions and insurance transactions for a further period of three years up to and including 31 December 2016, the modification of the Existing BOC Waiver (as extended) so that the leasing and licensing transactions thereunder will cover transactions in respect of any properties in which Hui Xian REIT may directly or indirectly be interested, the new annual caps for the leasing and licensing transactions and the insurance transactions for the three financial years ending 31 December 2016 and the increased annual cap for the year ending 31 December 2013 for the leasing and licensing transactions. The historical transaction amounts and the Modified and Extended Annual Caps in respect thereof are as follows:

#### *(a) Leasing and licensing arrangements in respect of Hui Xian REIT between the Hui Xian REIT Group and the BOC Connected Persons Group*

##### *(1) Historical transaction amounts*

The approximate aggregate sums paid to the Hui Xian REIT Group (being the sums paid to BOP) by the BOC Connected Persons Group under the leasing and licensing transactions in respect of Oriental Plaza (exclusive of refundable deposits) for the period from 29 April 2011 (the date of first listing of Units on the Stock Exchange) to 31 December 2011, the financial year ended 31 December 2012 and the two months ended 28 February 2013 were as follows:

<b>The period from 29 April 2011 to 31 December 2011 RMB'000</b>	<b>Financial year ended 31 December 2012 RMB'000</b>	<b>The two months ended 28 February 2013 RMB'000</b>
13,002	19,820	3,404



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## LETTER FROM THE BOARD

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### (2) Modified and Extended Annual Caps

The Manager proposes that the aggregate annual value payable to the Hui Xian REIT Group by the BOC Connected Persons Group under the leasing and licensing transactions in respect of Oriental Plaza pursuant to the Existing BOC Waiver (modified as proposed) for the financial year ending 31 December 2013, and the aggregate annual value payable to the Hui Xian REIT Group by the BOC Connected Persons Group under the leasing and licensing transactions in respect of any properties in which Hui Xian REIT may directly or indirectly be interested pursuant to the Modified and Extended BOC Waiver for the financial years ending 31 December 2014, 2015 and 2016, are not to exceed the respective annual cap amounts as follows:

<b>Financial year ending 31 December 2013</b>	<b>Financial year ending 31 December 2014</b>	<b>Financial year ending 31 December 2015</b>	<b>Financial year ending 31 December 2016</b>
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
28,000	32,000	35,000	38,000

### (3) Basis of Modified and Extended Annual Caps

The above Modified and Extended Annual Caps for the leasing and licensing transactions between the Hui Xian REIT Group and the BOC Connected Persons Group mainly comprise the rental and building management fee receivable from the BOC Connected Persons Group. Such Modified and Extended Annual Caps are determined with general reference to the historical transaction amounts and based on the anticipated aggregate value of such transactions during the relevant financial years taking into account the possible growth in rentals, possible new leasing and licensing of the properties of Hui Xian REIT which the Hui Xian REIT Group may enter into with the BOC Connected Persons Group during the relevant financial periods, and a buffer of approximately 15% for contingencies such as unforeseeable market fluctuations for the three years ending 31 December 2016. The substantial increase in the annual cap for the year ending 31 December 2013 from the original annual cap under the Existing BOC Waiver of RMB 21,000,000 to the new annual cap under the Modified and Extended BOC Waiver of RMB 28,000,000 was mainly attributable to the potential additional lease of properties to the BOC Connected Persons Group in respect of Oriental Plaza and the increase in rental rate.

### (b) *The insurance transactions between the Hui Xian REIT Group and the BOC Connected Persons Group as insurer in relation to the properties and business of the Hui Xian REIT Group*

#### (1) Historical transaction amounts

The approximate aggregate sums paid by the Hui Xian REIT Group to the BOC Connected Persons Group under the insurance transactions for the period from 29 April 2011 (the date of first listing of Units on the Stock Exchange) to 31 December 2011, the financial year ended 31 December 2012 and the two months ended 28 February 2013 were as follows:

<b>The period from 29 April 2011 to 31 December 2011</b>	<b>Financial year ended 31 December 2012</b>	<b>The two months ended 28 February 2013</b>
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
306	500	79

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## LETTER FROM THE BOARD

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(2) Modified and Extended Annual Caps

The Manager proposes that for the financial year ending 31 December 2014, 2015 and 2016, the aggregate annual value payable by the Hui Xian REIT Group to the BOC Connected Persons Group under the insurance transactions are not to exceed the respective annual cap amounts as follows:

<b>Financial year ending 31 December 2014</b>	<b>Financial year ending 31 December 2015</b>	<b>Financial year ending 31 December 2016</b>
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
1,400	1,400	1,400

(3) Basis of Modified and Extended Annual Caps

The above Modified and Extended Annual Caps for the insurance transactions between the Hui Xian REIT Group and the BOC Connected Persons Group are determined with general reference to the historical transaction amounts for the insurance transactions and the amount of insurance services required by the Hui Xian REIT Group from the BOC Connected Persons Group.

*Waiver conditions*

The Manager has applied to the SFC for the Modified and Extended BOC Waiver in relation to leasing and licensing transactions and insurance transactions between the Hui Xian REIT Group and the BOC Connected Persons Group on the following waiver terms and conditions which are similar to the conditions for the Existing BOC Waiver in respect of the same categories of transactions:

(i) Extension or modification

The Modified and Extended BOC Waiver shall be for a period to expire on 31 December 2016 and may be extended beyond 31 December 2016, and/or the conditions of the waiver may be modified from time to time, provided that:

- (a) the approval of Unitholders other than those who have a material interest in the relevant transaction within the meaning of 8.11 of the REIT Code is obtained by way of an Ordinary Resolution passed in a general meeting of Unitholders;
- (b) disclosure of details of the proposed extension and/or modification (as the case may be) shall be made by way of an announcement by the Manager of such proposal, and a circular and notice shall be issued to Unitholders in accordance with Chapter 10 of the REIT Code; and
- (c) any extension of the period of the waiver shall, on each occasion of such extension, be for a period which shall expire not later than the third full financial year-end date of Hui Xian REIT after the date on which the approval referred to in (a) above is obtained.



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## LETTER FROM THE BOARD

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(ii) Annual caps

The aggregate annual value of the leasing and licensing transactions and the insurance transactions shall not exceed the following annual cap amounts:

	<b>Financial year ending 31 December 2013 RMB'000</b>	<b>Financial year ending 31 December 2014 RMB'000</b>	<b>Financial year ending 31 December 2015 RMB'000</b>	<b>Financial year ending 31 December 2016 RMB'000</b>
Leasing and licensing transactions	28,000	32,000	35,000	38,000

	<b>Financial year ending 31 December 2014 RMB'000</b>	<b>Financial year ending 31 December 2015 RMB'000</b>	<b>Financial year ending 31 December 2016 RMB'000</b>
Insurance transactions	1,400	1,400	1,400

In respect of the leasing and licensing transactions first entered into or renewed on or after the date on which the Modified and Extended BOC Waiver becomes effective, an independent valuation will be conducted for each such transaction except where they are conducted on standard or published rates.

(iii) Disclosure in semi-annual and annual reports

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

(iv) Auditors' review procedures

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

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

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## LETTER FROM THE BOARD

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(v) Review by the INEDs

The INEDs will review the relevant connected party transactions annually and confirm in Hui Xian REIT's annual report for the relevant financial period that such transactions have been entered into:

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

(vi) Auditors' access to books and records

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

(vii) Notification to the SFC

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

(viii) Subsequent increases in annual caps with independent Unitholders' approval

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

- (a) the approval of Unitholders other than those who have a material interest in the relevant transaction within the meaning of 8.11 of the REIT Code is obtained by way of an Ordinary Resolution passed in a general meeting of Unitholders;
- (b) disclosure of details of the proposal to increase the cap amounts shall be made by way of an announcement by the Manager of such proposal, and a circular and notice shall be issued to Unitholders in accordance with Chapter 10 of the REIT Code; and
- (c) the requirement referred to in paragraphs (ii) to (vii) above shall continue to apply to the relevant transactions, save that the increased annual cap amounts shall apply.

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## LETTER FROM THE BOARD

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(ix) 8.14 of the REIT Code

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

(See Ordinary Resolution (5) in the EGM notice)

**(2) *Extension of the Existing China Life Waiver in respect of insurance transactions between the Hui Xian REIT Group and the China Life Connected Persons Group as insurer in relation to the properties and business of the Hui Xian REIT Group***

The Manager proposes to seek Unitholders' approval to the extension of the Existing China Life Waiver in respect of insurance transactions for a further period of three years up to and including 31 December 2016 and the new annual caps for the insurance transactions for the three years ending 31 December 2016. The historical transaction amounts and the Modified and Extended Annual Caps in respect thereof are as follows:

**(1) *Historical transaction amounts***

The approximate aggregate sums paid by the Hui Xian REIT Group to the China Life Connected Persons Group under the insurance transactions for the period from 29 April 2011 (the date of first listing of Units on the Stock Exchange) to 31 December 2011, the financial year ended 31 December 2012 and the two months ended 28 February 2013 were as follows:

<b>The period from 29 April 2011 to 31 December 2011</b>	<b>Financial year ended 31 December 2012</b>	<b>The two months ended 28 February 2013</b>
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
1,173	1,749	276

**(2) *Modified and Extended Annual Caps***

The Manager proposes that for the financial year ending 31 December 2014, 2015 and 2016, the aggregate annual value payable by the Hui Xian REIT Group to the China Life Connected Persons Group under the insurance transactions are not to exceed the respective annual cap amounts as follows:

<b>Financial year ending 31 December 2014</b>	<b>Financial year ending 31 December 2015</b>	<b>Financial year ending 31 December 2016</b>
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
5,000	5,000	5,000

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## LETTER FROM THE BOARD

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*(3) Basis of Modified and Extended Annual Caps*

The above Modified and Extended Annual Caps for the insurance transactions between the Hui Xian REIT Group and the China Life Connected Persons Group are determined with general reference to the historical transaction amounts for the insurance transactions and the amount of insurance services required by the Hui Xian REIT Group from the China Life Connected Persons Group.

***Waiver conditions***

The Manager has applied to the SFC for the Extended China Life Waiver in relation to insurance transactions on the following waiver terms and conditions which are similar to the conditions for the Existing China Life Waiver:

*(i) Extension or modification*

The Extended China Life Waiver shall be for a period to expire on 31 December 2016 and may be extended beyond 31 December 2016, and/or the conditions of the waiver may be modified from time to time, provided that:

- (a) the approval of Unitholders other than those who have a material interest in the relevant transaction within the meaning of 8.11 of the REIT Code is obtained by way of an Ordinary Resolution passed in a general meeting of Unitholders;
- (b) disclosure of details of the proposed extension and/or modification (as the case may be) shall be made by way of an announcement by the Manager of such proposal, and a circular and notice shall be issued to Unitholders in accordance with Chapter 10 of the REIT Code; and
- (c) any extension of the period of the waiver shall, on each occasion of such extension, be for a period which shall expire not later than the third full financial year-end date of Hui Xian REIT after the date on which the approval referred to in (a) above is obtained.

*(ii) Annual caps*

The aggregate annual value of the insurance transactions shall not exceed the following annual cap amounts:

<b>Financial year ending 31 December 2014</b>	<b>Financial year ending 31 December 2015</b>	<b>Financial year ending 31 December 2016</b>
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
5,000	5,000	5,000

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

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

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## LETTER FROM THE BOARD

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*(iv) Auditors' review procedures*

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

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

*(v) Review by the INEDs*

The INEDs will review the relevant connected party transactions annually and confirm in Hui Xian REIT's annual report for the relevant financial period that such transactions have been entered into:

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

*(vi) Auditors' access to books and records*

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

*(vii) Notification to the SFC*

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

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## LETTER FROM THE BOARD

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*(viii) Subsequent increases in annual caps with independent Unitholders' approval*

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

- (a) the approval of Unitholders other than those who have a material interest in the relevant transaction within the meaning of 8.11 of the REIT Code is obtained by way of an Ordinary Resolution passed in a general meeting of Unitholders;
- (b) disclosure of details of the proposal to increase the cap amounts shall be made by way of an announcement by the Manager of such proposal, and a circular and notice shall be issued to Unitholders in accordance with Chapter 10 of the REIT Code; and
- (c) the requirement referred to in paragraphs (ii) to (vii) above shall continue to apply to the relevant transactions, save that the increased annual cap amounts shall apply.

*(ix) 8.14 of the REIT Code*

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

(See Ordinary Resolution (6) in the EGM notice)

***(3) Modification and extension of the Existing OOIL Waiver in respect of leasing and licensing transactions between the Hui Xian REIT Group and the OOIL Connected Persons Group***

The Manager proposes to seek Unitholders' approval to the extension of the Existing OOIL Waiver in respect of leasing and licensing transactions for a further period of three years up to and including 31 December 2016, the modification of the Existing OOIL Waiver (as extended) so that the leasing and licensing transactions thereunder will cover transactions in respect of any properties in which Hui Xian REIT may directly or indirectly be interested, the new annual caps for the leasing and licensing transactions for the three financial years ending 31 December 2016 and the increased annual cap for the year ending 31 December 2013 for the leasing and licensing transactions. The historical transaction amounts and the Modified and Extended Annual Caps in respect thereof are as follows:

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## LETTER FROM THE BOARD

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*(1) Historical transaction amounts*

The approximate aggregate sums paid to the Hui Xian REIT Group (being the sums paid to BOP) by the OOIL Connected Persons Group under the leasing and licensing transactions in respect of Oriental Plaza (exclusive of refundable deposits) for the period from 29 April 2011 (the date of first listing of Units on the Stock Exchange) to 31 December 2011, the financial year ended 31 December 2012 and the two months ended 28 February 2013 were as follows:

<b>The period from 29 April 2011 to 31 December 2011</b>	<b>Financial year ended 31 December 2012</b>	<b>The two months ended 28 February 2013</b>
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
254	987	165

*(2) Modified and Extended Annual Caps*

The Manager proposes that the aggregate annual value payable to the Hui Xian REIT Group by the OOIL Connected Persons Group under the leasing and licensing transactions in respect of Oriental Plaza and the Shenyang Property pursuant to the Existing OOIL Waiver (modified as proposed) for the financial year ending 31 December 2013, and the aggregate annual value payable to the Hui Xian REIT Group by the OOIL Connected Persons Group under the leasing and licensing transactions in respect of any properties in which Hui Xian REIT may directly or indirectly be interested pursuant to the Modified and Extended OOIL Waiver for the financial year ending 31 December 2014, 2015 and 2016, are not to exceed the respective annual cap amounts as follows:

<b>Financial year ending 31 December 2013</b>	<b>Financial year ending 31 December 2014</b>	<b>Financial year ending 31 December 2015</b>	<b>Financial year ending 31 December 2016</b>
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
1,300	1,800	3,000	3,000

*(3) Basis of Modified and Extended Annual Caps*

The above Modified and Extended Annual Caps for the leasing and licensing transactions between the Hui Xian REIT Group and the OOIL Connected Persons Group mainly comprise the rental and building management fee receivable from the OOIL Connected Persons Group. Such Modified and Extended Annual Caps are determined with general reference to the historical transaction amounts and based on the anticipated aggregate value of such transactions during the relevant financial years taking into account the possible growth in rentals, possible new leasing and licensing of the properties of Hui Xian REIT which the Hui Xian REIT Group may enter into with the OOIL Connected Persons Group during the relevant financial periods. The annual cap for the year ending 31 December 2013 was increased from the original annual cap under the Existing OOIL Waiver of RMB 1,000,000 to the new annual cap under the Modified and Extended OOIL Waiver of RMB 1,300,000 as there was a possibility for a potential increase in area of properties to be leased to the OOIL Connected Persons Group and a substantially higher prevailing market rate shall be applied for the new lease term.

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## LETTER FROM THE BOARD

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### *Waiver conditions*

The Manager has applied to the SFC for the Modified and Extended OOIL Waiver in relation to leasing and licensing transactions on the following waiver terms and conditions which are similar to the conditions for the Existing OOIL Waiver:

(i) *Extension or modification*

The Modified and Extended OOIL Waiver shall be for a period to expire on 31 December 2016 and may be extended beyond 31 December 2016, and/or the conditions of the waiver may be modified from time to time, provided that:

- (a) the approval of Unitholders other than those who have a material interest in the relevant transaction within the meaning of 8.11 of the REIT Code is obtained by way of an Ordinary Resolution passed in a general meeting of Unitholders;
- (b) disclosure of details of the proposed extension and/or modification (as the case may be) shall be made by way of an announcement by the Manager of such proposal, and a circular and notice shall be issued to Unitholders in accordance with Chapter 10 of the REIT Code; and
- (c) any extension of the period of the waiver shall, on each occasion of such extension, be for a period which shall expire not later than the third full financial year-end date of Hui Xian REIT after the date on which the approval referred to in (a) above is obtained.

(ii) *Annual caps*

The aggregate annual value of the leasing and licensing transactions shall not exceed the following annual cap amounts:

<b>Financial year ending 31 December 2013</b>	<b>Financial year ending 31 December 2014</b>	<b>Financial year ending 31 December 2015</b>	<b>Financial year ending 31 December 2016</b>
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
1,300	1,800	3,000	3,000

In respect of the leasing and licensing transactions first entered into or renewed on or after the date on which the Modified and Extended OOIL Waiver becomes effective, an independent valuation will be conducted for each such transaction except where they are conducted on standard or published rates.

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

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



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## LETTER FROM THE BOARD

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*(iv) Auditors' review procedures*

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

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

*(v) Review by the INEDs*

The INEDs will review the relevant connected party transactions annually and confirm in Hui Xian REIT's annual report for the relevant financial period that such transactions have been entered into:

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

*(vi) Auditors' access to books and records*

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

*(vii) Notification to the SFC*

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

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## LETTER FROM THE BOARD

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*(viii) Subsequent increases in annual caps with independent Unitholders' approval*

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

- (a) the approval of Unitholders other than those who have a material interest in the relevant transaction within the meaning of 8.11 of the REIT Code is obtained by way of an Ordinary Resolution passed in a general meeting of Unitholders;
- (b) disclosure of details of the proposal to increase the cap amounts shall be made by way of an announcement by the Manager of such proposal, and a circular and notice shall be issued to Unitholders in accordance with Chapter 10 of the REIT Code; and
- (c) the requirement referred to in paragraphs (ii) to (vii) above shall continue to apply to the relevant transactions, save that the increased annual cap amounts shall apply.

*(ix) 8.14 of the REIT Code*

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

(See Ordinary Resolution (7) in the EGM notice)

### **(III) The New Waiver**

The Manager anticipates that ordinary banking and financial services transactions may be entered into between the Hui Xian REIT Group and the China CITIC Bank Group from time to time (the “**Banking and Financial Services Transactions**”). The Manager, which is indirectly owned as to 40% by CSI, is an associated company of CSI. CITIC Group Corporation, which indirectly holds 20% of CSI, is also an associated company of CSI. Therefore, CITIC Group Corporation is regarded as an associated company of the Manager and therefore a connected person of Hui Xian REIT under the REIT Code. As China CITIC Bank Corporation Limited is a 62% non-wholly owned subsidiary of CITIC Group Corporation, the China CITIC Bank Group are also regarded as connected persons of Hui Xian REIT under the REIT Code and the transactions which may be entered into between the Hui Xian REIT Group and the China CITIC Bank Group will constitute connected party transactions under the REIT Code. The Manager proposes to seek the

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## LETTER FROM THE BOARD

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Unitholders' approval for the New Waiver so that the Banking and Financial Services Transactions will not be subject to any requirements for announcement, or Unitholders' approvals under Chapter 8 of the REIT Code and the disclosure and reporting requirements under Chapter 8 of the REIT Code with respect to the Banking and Financial Services Transactions shall be modified as described below. For this purpose, the Banking and Financial Services Transactions means:

- (i) deposits and other "banking business" (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) with a China CITIC Bank Group member which is a "licensed corporation" or "registered institution" (as defined in the SFO) or its equivalent in the Mainland China or overseas (each a **"China CITIC Bank Group intermediary"**, and together **"China CITIC Bank Group intermediaries"**) and conducted on arm's length commercial terms;
- (ii) loans extended by a China CITIC Bank Group intermediary being a transaction in the ordinary and usual course of business of the Hui Xian REIT Group and provided to, or arranged for, the Hui Xian REIT Group on arm's length commercial terms; and
- (iii) related financial services constituting regulated activities (as defined in the SFO) and other banking or financial services required in the ordinary and usual course of business by the Hui Xian REIT Group (including insurance, retirement benefit schemes under the Occupational Retirement Schemes Ordinance (Chapter 426 of the Laws of Hong Kong), mandatory provident fund schemes, credit cards, asset management and other such services).

For the avoidance of doubt, the Banking and Financial Services Transactions do not include the corporate finance transactions which mean:

- (a) underwriting, securitisation, issue of debt instruments or other securities, or other related arrangements where the China CITIC Bank Group is involved in an underwriting or arranging capacity or acts as listing agent, and/or financial adviser and/or bookrunner and/or global co-ordinator to Hui Xian REIT, provided that the primary objective of which is the offering or distribution of securities to parties outside of the China CITIC Bank Group;
- (b) lending and borrowing of funds or other related arrangements in connection with any facility agreement by which the Hui Xian REIT Group will finance the acquisition of real estate; and
- (c) "corporate advisory transactions", namely the provision of "corporate finance advice" to the Hui Xian REIT Group and excludes transactions set out in (a) and (b) above.

For the avoidance of doubt, "corporate finance advice" means advice concerning:

- (i) compliance with or in respect of the REIT Code, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, the Code on Share Repurchases or The Hong Kong Code on Takeovers and Mergers;
- (ii) (I) any offer to dispose of securities to the public, (II) any offer to acquire securities from the public, or (III) acceptance of any offer referred to in (I) or (II), but only in so far as the advice is generally given to holders of securities or a class or securities; or
- (iii) corporate restructuring in respect of securities (including the issue, cancellation or variation of any rights attaching to any securities).

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## LETTER FROM THE BOARD

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### *Waiver conditions*

The Manager has applied to the SFC for the New Waiver on the following waiver terms and conditions:

#### *Waiver general conditions and undertakings*

The INEDs will meet the following general conditions with respect to the waiver on an on-going basis:

- (i) the Banking and Financial Services Transactions will be carried out at arm's length on normal commercial terms and in the interests of the Unitholders as a whole;
- (ii) the Manager must implement internal controls and compliance procedures to ensure that the Banking and Financial Services Transactions are regularly monitored and undertaken on terms in compliance with the REIT Code;
- (iii) the INEDs will be satisfied with the Manager's internal controls and compliance procedures (such as Chinese wall procedures), to ensure that the operation of the Manager is independent of other banking, financial services and other business functions and operations of the China CITIC Bank Group; and
- (iv) the Manager incorporates provisions in the Trust Deed of Hui Xian REIT that require the Trustee to take actions or commence proceedings on behalf of Hui Xian REIT as necessary to protect the interest of Unitholders, including against the Manager or its connected persons in relation to any transaction or agreement entered into for and on behalf of the Hui Xian REIT Group with such persons.

Separately, for the purpose of the New Waiver:

- (a) CSI has given an undertaking to the SFC that its instruction to the Manager that the Manager shall act in the sole interests of Hui Xian REIT and shall disregard any other interest of, or instructions from, the CITIC Securities Group in respect of any transactions with persons who constitute "connected persons" of Hui Xian REIT by virtue of their association with the CITIC Securities Group under the REIT Code (the "**Instruction**") shall not be revoked or amended without the prior written consent of the SFC during the period in which the Units are listed on the Stock Exchange; and
- (b) the Manager has given an undertaking to the SFC that it will abide by the Instruction so long as CSI remains a controlling entity of the Manager and the Manager remains the manager of Hui Xian REIT.

The waiver is being sought on the premise that it will only apply to connected party transactions involving the persons who constitute "connected persons" of Hui Xian REIT solely by virtue of their association with CSI (and thus the Manager) under the REIT Code, and solely and so long as CSI is an associated company of the Manager, and where the Manager is in its capacity as manager of Hui Xian REIT. If connected party transactions arise as a result of other circumstances, they will be governed by Chapter 8 of the REIT Code unless they are covered by the other waivers.

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## LETTER FROM THE BOARD

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Notwithstanding the foregoing, the SFC has the right to review, revise or impose any of the conditions relating to the waivers as it deems appropriate from time to time. In the event of future amendments to the REIT Code imposing more stringent requirements than those applicable at the date of the waiver granted by the SFC on transactions of the kind to which the Banking and Financial Services Transactions belong (including, but not limited to, a requirement that such transaction be made conditional on approval by the Unitholders other than those who have a material interest in the relevant transaction within the meaning of 8.11 of the REIT Code), the Manager shall take immediate steps to ensure compliance with such requirements within a reasonable period of time.

### *Waiver specific conditions — disclosure and reporting requirements*

The above New Waiver is being sought to be granted on the following specific conditions:

- (i) a summary disclosure of the Banking and Financial Services Transactions provided by the China CITIC Bank Group to the Hui Xian REIT Group in each financial year has to be disclosed in the annual report of Hui Xian REIT. Such information shall include the nature of the transactions, types of transactions or services and identities of the connected persons of the same transactions. The INEDs shall confirm in the annual report that they have reviewed the terms of any such transactions and are satisfied that these transactions have been entered into:
  - (a) in the ordinary and usual course of business of Hui Xian REIT;
  - (b) on normal commercial terms (to the extent that there are comparable transactions) or, where there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to Hui Xian REIT than terms available to or from (as appropriate) independent third parties; and
  - (c) in accordance with the relevant agreement and the Manager's internal procedures governing them on terms that are fair and reasonable and in the interests of the Unitholders as a whole; and
- (ii) the auditors of Hui Xian REIT shall be engaged to perform certain agreed review procedures and report in the auditors' report to the Manager (and a copy of such report shall be provided to the SFC) confirming that all such transactions (a) have followed the Manager's internal procedures for such transactions and are in accordance with the terms disclosed in the offering document or circular to Unitholders (as the case may be); (b) have received the approval of the Board (including the INEDs); (c) are in accordance with the pricing policies of Hui Xian REIT; (d) have been entered into and carried out in accordance with the terms of the agreements governing the transactions; and (e) the total value in respect of which has not exceeded the respective cap amount (where applicable).

(See Ordinary Resolution (8) in the EGM notice)

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## LETTER FROM THE BOARD

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### (IV) Approvals Required

#### (1) Approval by Ordinary Resolutions

Pursuant to the Existing Waivers, the Manager is required to issue an announcement and to issue a circular and notice to Unitholders in relation to the Modified and Extended Waivers in accordance with Chapter 10 of the REIT Code, and to seek approval from the Unitholders other than those who have a material interest in the relevant transaction within the meaning of 8.11 of the REIT Code for the relevant Modified and Extended Waiver(s) which shall be in respect of a period expiring not later than the third full financial year-end date of Hui Xian REIT after the date on which the approval by the Unitholders other than those who have a material interest in the relevant transaction within the meaning of 8.11 of the REIT Code for the relevant Modified and Extended Waiver(s) is obtained. Pursuant to the REIT Code, the Manager is required to issue an announcement and to issue a circular and notice to Unitholders in relation to the New Waiver in accordance with Chapter 10 of the REIT Code, and to seek approval from the Unitholders other than those who have a material interest in the relevant transaction within the meaning of 8.11 of the REIT Code for the New Waiver. Accordingly, the Manager wishes to obtain the approval of the Unitholders other than those who have a material interest in the relevant transaction within the meaning of 8.11 of the REIT Code for the relevant Modified and Extended Waiver(s) (and the Modified and Extended Annual Caps thereunder) and/or the New Waiver by way of Ordinary Resolutions at the EGM.

#### (2) Restrictions on Voting

The note to paragraph 8.11 of the REIT Code provides that where a unitholder has a material interest in the transaction tabled for approval, and that interest is different from that of all other unitholders, such unitholder shall abstain from voting at the general meeting.

Further, under paragraph 3.2 of Schedule 1 to the Trust Deed, where a Unitholder has a material interest in the business conducted at a meeting of Unitholders, and that interest is different from the interests of other Unitholders, such Unitholder shall be prohibited from voting his Units at, or being counted in the quorum for, such meeting.

Pursuant to the REIT Code and the Trust Deed, by virtue of their material interest in the relevant Modified and Extended Waiver(s) (including the Modified and Extended Annual Caps thereunder) or the New Waiver, (i) the BOC Connected Persons Group shall abstain from voting on the Ordinary Resolution to approve the Modified and Extended BOC Waiver; (ii) the China Life Connected Persons Group shall abstain from voting on the Ordinary Resolution to approve the Extended China Life Waiver; (iii) the OOIL Connected Persons Group shall abstain from voting on the Ordinary Resolution to approve the Modified and Extended OOIL Waiver; and (iv) the China CITIC Bank Group and CITIC Group Corporation shall abstain from voting on the Ordinary Resolution to approve the New Waiver.

So far as the Manager is aware, as at the Latest Practicable Date, holdings of Units of Bank of China Limited, China Life Insurance (Group) Company, Orient Overseas (International) Limited, CSI and their respective subsidiaries were as follows:

Entities	Number of Units held	Approximate Percentage of Unit holding
Bank of China Limited or its subsidiaries	148,125,000	2.914%
China Life Insurance (Group) Company or its subsidiaries	269,504,000	5.302%
Orient Overseas (International) Limited or its subsidiaries	59,250,000	1.166%
CSI or its subsidiaries	4,919,652	0.097%

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, to the best of the Manager's knowledge, information and belief after having made reasonable enquiries, save as disclosed above, the Manager is not aware of any Unitholder who is required to abstain from voting on the Ordinary Resolutions to approve the Modified and Extended Waivers (including the Modified and Extended Annual Caps thereunder) and/or the New Waiver.

### **(V) Opinion of the Independent Financial Adviser**

Hercules Capital Limited, being the Independent Financial Adviser, has been appointed as independent financial adviser to provide its opinion on the Modified and Extended Waivers (including the Modified and Extended Annual Caps thereunder) and the New Waiver to the Independent Board Committee, the Independent Unitholders and the Trustee. Your attention is drawn to the "Letter from the Independent Financial Adviser in relation to the Modified and Extended Waivers and the New Waiver" set out in this Circular. The Independent Financial Adviser confirms that it is of the view that having considered the principal factors and reasons stated in its above letter, (i) the transactions under the Modified and Extended Waivers are conducted in the ordinary and usual course of business of Hui Xian REIT and the terms of which are at arm's length and on normal commercial terms; (ii) the Modified and Extended Waivers and the Modified and Extended Annual Caps (and the basis of the Modified and Extended Annual Caps) are fair and reasonable so far as the Independent Unitholders are concerned, and are in the interests of Hui Xian REIT and the Independent Unitholders as a whole; (iii) the transactions under the New Waiver are conducted in the ordinary and usual course of business of Hui Xian REIT and the terms of which are at arm's length and on normal commercial terms; and (iv) the New Waiver is fair and reasonable so far as the Independent Unitholders are concerned and in the interests of Hui Xian REIT and the Independent Unitholders as a whole.

### **(VI) Opinion of the Independent Board Committee**

The Independent Board Committee has been established by the Board to advise the Independent Unitholders on the Modified and Extended Waivers (including the Modified and Extended Annual Caps thereunder) and the New Waiver. Your attention is drawn to the "Letter from the Independent Board Committee in relation to the Modified and Extended Waivers and the New Waiver" set out in this Circular. Having taken into account the opinion of and the principal factors and reasons considered by the Independent Financial Adviser, the Independent Board Committee considers that (i) the transactions under the Modified and Extended Waivers are conducted in the ordinary and usual course of business of Hui Xian REIT and the terms of which are at arm's length and on normal commercial terms; and (ii) the Modified and Extended Waivers and the Modified and Extended Annual Caps (and the basis of the Modified and Extended Annual Caps) are fair and reasonable so far as the Independent Unitholders are concerned, and are in the interests of Hui Xian REIT and the Independent Unitholders as a whole; (iii) the transactions under the New Waiver are conducted in the ordinary and usual course of business of Hui Xian REIT and the terms of which are at arm's length and on normal commercial terms; and (iv) the New Waiver is fair and reasonable so far as the Independent Unitholders are concerned and in the interests of Hui Xian REIT and the Independent Unitholders as a whole.

The Independent Board Committee therefore recommends the Independent Unitholders to vote at the EGM in favour of the Ordinary Resolutions to approve the Modified and Extended Waivers (including the Modified and Extended Annual Caps thereunder) and the New Waiver.



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## LETTER FROM THE BOARD

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### (VII) Recommendation of the Board

Having regard to the reasons for, the scope of and the waiver terms and conditions for the Modified and Extended Waivers and the Modified and Extended Annual Caps, the Board considers that:

- (a) the Modified and Extended Waivers and the Modified and Extended Annual Caps (and the basis of the Modified and Extended Annual Caps) are fair and reasonable so far as the Independent Unitholders are concerned, and are in the interest of Hui Xian REIT and the Independent Unitholders as a whole;
- (b) for those Connected Party Transactions which were subsisting as at the Latest Practicable Date, each such transaction has been entered into: (i) in the ordinary and usual course of business of Hui Xian REIT (or its predecessors, as the case may be); and (ii) at arm's length and on normal commercial terms and are fair and reasonable so far as the Independent Unitholders are concerned and in the interest of Hui Xian REIT and the Independent Unitholders as a whole; and
- (c) for those Connected Party Transactions which will be entered into after the Latest Practicable Date, each such transaction will be (i) in the ordinary and usual course of business of Hui Xian REIT; and (ii) at arm's length and on normal commercial terms and are fair and reasonable so far as the Independent Unitholders are concerned and in the interests of Hui Xian REIT and the Independent Unitholders as a whole.

Having regard to the reasons for, the scope of and the waiver terms and conditions for the New Waiver, the Board confirms that:

- (a) the New Waiver is fair and reasonable so far as the Independent Unitholders are concerned and in the interests of the Unitholders and the Independent Unitholders as a whole;
- (b) it is satisfied with the internal control procedures of the Manager with respect to the independence of the Manager's operation vis-à-vis the other functions and activities of the China CITIC Bank Group; and
- (c) each Banking and Financial Services Transaction shall be entered into in the ordinary course of business of Hui Xian REIT, on normal commercial terms at arm's length and in the interests of the Unitholders and the Independent Unitholders as a whole.

The Board therefore recommends that the Independent Unitholders vote at the EGM in favour of the Ordinary Resolutions to approve the Modified and Extended Waivers (including the Modified and Extended Annual Caps thereunder) and the New Waiver.

Based on (1) the information and assurances provided by the Manager; (2) the opinion of the Independent Financial Adviser; and (3) the "Letter from the Independent Board Committee in relation to the Modified and Extended Waivers and the New Waiver" set out in this Circular, the Trustee, having taken into account its duties set out in the Trust Deed and the REIT Code, is of the view that the Modified and Extended Waivers, the Modified and Extended Annual Caps (and the basis of the Modified and Extended Annual Caps) and the New Waiver are fair and reasonable so far as the Independent Unitholders are concerned and in the interests of Hui Xian REIT and the Independent Unitholders as a whole.

Unitholders who are in any doubt as to the merits or impact of the Modified and Extended Waivers (including the Modified and Extended Annual Caps thereunder) and the New Waiver should seek their own financial or other professional advice.



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## LETTER FROM THE BOARD

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### (C) EXTRAORDINARY GENERAL MEETING

The EGM will be held at 12:15 p.m. on Tuesday, 7 May 2013 at the Ballroom, 1st Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Whampoa Garden, Hung Hom, Kowloon, Hong Kong (or so soon thereafter as the annual general meeting of the Unitholders convened to be held at 12:00 noon on the same date and at the same place shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing with or without modifications, the Special Resolutions and the Ordinary Resolutions set out in the notice of the EGM, which are set out on pages 43 to 46 of this Circular.

For the purpose of determining which Unitholders are entitled to attend and vote at the AGM and the EGM, the Unit Register will be closed from Thursday, 2 May 2013 to Tuesday, 7 May 2013, both days inclusive, during which period no transfers of Units will be effected. In order to qualify to attend and vote at the AGM and the EGM, all transfers of Units accompanied by the relevant Unit certificates and the duly completed transfer forms must be lodged with the Unit Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 30 April 2013.

If you are a Unitholder on the Unit Register on Tuesday, 7 May 2013 (being the date fixed for the purposes of determining Unitholders' entitlement to vote at the AGM and the EGM), you can vote at the AGM and the EGM. You will find enclosed with this Circular the notice of the EGM and a form of proxy for use for the purpose of the EGM.

Please complete, sign and date the enclosed form of proxy, whether or not you plan to attend the EGM in person, in accordance with the instructions printed thereon, and return it to the Unit Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. The form of proxy should be completed and returned as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

### (D) GENERAL

So far as the Manager is aware, as at the Latest Practicable Date, none of the directors, senior executives and officers of the Trustee and their associates were beneficially interested in any Units.

A copy of the Trust Deed is available for inspection at Unit 303, Cheung Kong Center, 2 Queen's Road Central, Hong Kong, the place of business of the Manager, at all times during 9:00 a.m. to 5:00 p.m. (Hong Kong time) ("**Business Hours**") on any day (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning no. 8 or above or a "black" rainstorm warning signal is in effect in Hong Kong at any time during Business Hours) on which licensed banks are open for general business in Hong Kong.

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## LETTER FROM THE BOARD

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The Manager and the Directors, collectively and individually, accept full responsibility for the accuracy of the information given in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this Circular by the Directors have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement in this Circular misleading.

By order of the Board of Directors of  
**Hui Xian Asset Management Limited**  
(as the manager of Hui Xian Real Estate Investment Trust)  
**Kam Hing Lam**  
*Chairman of the Manager*

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# LETTER FROM THE INDEPENDENT BOARD COMMITTEE IN RELATION TO THE MODIFIED AND EXTENDED WAIVERS AND THE NEW WAIVER

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**HUI XIAN** REIT  
匯賢產業信託

## Hui Xian Real Estate Investment Trust

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

**(Stock Code: 87001)**

**Managed by Hui Xian Asset Management Limited**

12 April 2013

*To the Independent Unitholders*

Dear Sir or Madam,

### **MODIFIED AND EXTENDED WAIVERS AND NEW WAIVER IN RESPECT OF CERTAIN CONTINUING CONNECTED PARTY TRANSACTIONS**

We have been appointed as members of the Independent Board Committee to advise you in respect of the Modified and Extended Waivers (and the Modified and Extended Annual Caps thereunder) and the New Waiver, details of which are set out in the “Letter from the Board” in the circular dated 12 April 2013 from the Manager to the Unitholders (the “**Circular**”), of which this letter forms a part. Terms defined in the Circular shall have the same meanings when used in this letter unless the context otherwise requires.

Hercules Capital Limited has been appointed by the Manager to advise us, the Independent Unitholders and the Trustee in connection with the Modified and Extended Waivers (and the Modified and Extended Annual Caps thereunder), in particular as to (1) whether the transactions under the Modified and Extended Waivers are conducted in the ordinary and usual course of business and whether the terms of which are at arm’s length and on normal commercial terms, and (2) whether the Modified and Extended Waivers and the Modified and Extended Annual Caps (and the basis of the Modified and Extended Annual Caps) are fair and reasonable so far as the Independent Unitholders are concerned and in the interests of Hui Xian REIT and the Independent Unitholders as a whole. Hercules Capital Limited has also been appointed by the Manager to advise us, the Independent Unitholders and the Trustee in connection with the New Waiver, in particular as to (1) whether the transactions under the New Waiver are conducted in the ordinary and usual course of business of Hui Xian REIT and the terms of which are at arm’s length and on normal commercial terms, and (2) whether the New Waiver is fair and reasonable so far as the Independent Unitholders are concerned and in the interests of Hui Xian REIT and the Independent Unitholders as a whole. Details of their opinion, together with the principal factors and reasons taken into consideration, and assumptions and qualifications in arriving at such opinion, are set out in the “Letter from the Independent Financial Adviser in relation to the Modified and Extended Waivers and the New Waiver”, the text of which is contained in the Circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE IN RELATION TO THE MODIFIED AND EXTENDED WAIVERS AND THE NEW WAIVER

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Having taken into account the opinion of and the principal factors and reasons considered by Hercules Capital Limited, we consider that (i) the transactions under the Modified and Extended Waivers are conducted in the ordinary and usual course of business of Hui Xian REIT and the terms of which are at arm's length and on normal commercial terms; and (ii) the Modified and Extended Waivers and the Modified and Extended Annual Caps (and the basis of the Modified and Extended Annual Caps) are fair and reasonable so far as the Independent Unitholders are concerned, and are in the interest of Hui Xian REIT and the Independent Unitholders as a whole; (iii) the transactions under the New Waiver are conducted in the ordinary and usual course of business of Hui Xian REIT and the terms of which are at arm's length and on normal commercial terms; and (iv) the New Waiver is fair and reasonable so far as the Independent Unitholders are concerned and in the interests of Hui Xian REIT and the Independent Unitholders as a whole.

Accordingly, we recommend that the Independent Unitholders vote in favour of the Ordinary Resolutions to approve the Modified and Extended Waivers (including the Modified and Extended Annual Caps thereunder) and the New Waiver.

Yours faithfully,

Independent Board Committee

**Hui Xian Asset Management Limited**

**(as the manager of Hui Xian Real Estate Investment Trust)**

**Cheng Hoi Chuen, Vincent**

**Lee Chack Fan**

**Choi Koon Shum, Jonathan**

*Independent non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE MODIFIED AND EXTENDED WAIVERS AND THE NEW WAIVER

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*The following is the text of a letter of advice from the Independent Financial Adviser prepared for the purpose of inclusion in this Circular, setting out its advice to the Independent Board Committee, the Independent Unitholders and the Trustee in respect of the Modified and Extended Waivers (including the Modified and Extended Annual Caps thereunder) and the New Waiver.*

### ***Hercules*** **Hercules Capital Limited**

1503 Ruttonjee House  
11 Duddell Street  
Central  
Hong Kong

12 April 2013

*To the Independent Board Committee,  
the Independent Unitholders and the Trustee*

Dear Sirs,

### **MODIFIED AND EXTENDED WAIVERS AND NEW WAIVER IN RESPECT OF CERTAIN CONTINUING CONNECTED PARTY TRANSACTIONS**

#### **INTRODUCTION**

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee, the Independent Unitholders and the Trustee with respect to the Modified and Extended Waivers (including the Modified and Extended Annual Caps thereunder) and the New Waiver, details of which are set out in the Letter from the Board contained in the circular dated 12 April 2013 to the Unitholders (the “**Circular**”), of which this letter forms part. Capitalized terms used in this letter have the same meanings as those defined elsewhere in the Circular unless the context requires otherwise.

At the time of authorization of Hui Xian REIT under section 104 of the SFO in April 2011, a number of waivers were granted by the SFC in relation to certain continuing connected party transactions of Hui Xian REIT, including the Existing Waivers for a period up to and including 31 December 2013. The Manager expects such continuing connected party transactions shall continue in the future and thus proposes to extend the Existing Waivers for a further term of three years up to and including 31 December 2016.

Moreover, as Oriental Plaza was the only landed property in which Hui Xian REIT was interested at the time of the first listing of the Units on the Stock Exchange, the Existing BOC Waiver and the Existing OOIL Waiver in relation to the leasing and licensing transactions between the Hui Xian REIT Group on the one hand and the BOC Connected Persons Group or the OOIL Connected Persons Group on the other hand, cover transactions and arrangements in respect of Oriental Plaza and BOP, which holds the land use rights and building ownership rights of Oriental Plaza, only and do not include transactions in respect of the Shenyang Property which was acquired by the Hui Xian REIT Group subsequent to its obtaining of the Existing BOC Waiver and the Existing OOIL Waiver. Accordingly, the Manager proposes for the

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE MODIFIED AND EXTENDED WAIVERS AND THE NEW WAIVER

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modification of the Existing BOC Waiver and the Existing OOIL Waiver so that the leasing and licensing transactions under which will cover transactions in respect of any property in which Hui Xian REIT may directly or indirectly be interested. Furthermore, in view of the new leasing and licensing arrangements expected to be entered into between the Hui Xian REIT Group on the one hand and the BOC Connected Persons Group or the OOIL Connected Persons Group on the other hand and the growth in rentals, the annual cap amounts in respect of the leasing and licensing transactions under the Existing BOC Waiver and the Existing OOIL Waiver for the year ending 31 December 2013 are proposed to be increased. As the Existing BOC Waiver in relation to the insurance transactions between the Hui Xian REIT Group and the BOC Connected Persons Group covers all properties of the Hui Xian REIT Group, the Manager proposes to seek only an extension of the Existing BOC Waiver relating to insurance transactions for a further period of three years, but not a modification of the caps under the Existing BOC Waiver. As the Existing China Life Waiver only covers insurance transactions and does not cover any leasing and licensing transactions and it already covers insurance transactions in respect of all properties of the Hui Xian REIT Group, the Manager proposes to seek only an extension of the Existing China Life Waiver for a further period of three years, but not a modification of the caps under the Existing China Life Waiver.

The Manager anticipates that general banking and financial services transactions may be conducted between the Hui Xian REIT Group and the China CITIC Bank Group from time to time. Therefore, the Manager also proposes to seek the Unitholders' approval for the New Waiver.

By virtue of the material interests of the BOC Connected Persons Group, the China Life Connected Persons Group, the OOIL Connected Persons Group, the China CITIC Bank Group and CITIC Group Corporation in the relevant Modified and Extended Waivers or the New Waiver, (i) the BOC Connected Persons Group shall abstain from voting on the Ordinary Resolution to approve the Modified and Extended BOC Waiver; (ii) the China Life Connected Persons Group shall abstain from voting on the Ordinary Resolution to approve the Extended China Life Waiver; (iii) the OOIL Connected Persons Group shall abstain from voting on the Ordinary Resolution to approve the Modified and Extended OOIL Waiver; and (iv) the China CITIC Bank Group and CITIC Group Corporation shall abstain from voting on the Ordinary Resolution to approve the New Waiver, in accordance with the REIT Code and the Trust Deed.

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Cheng Hoi Chuen, Vincent, Professor Lee Chack Fan and Dr. Choi Koon Shum, Jonathan, has been established to advise the Independent Unitholders in respect of the Modified and Extended Waivers (including the Modified and Extended Annual Caps thereunder) and the New Waiver. We, Hercules Capital Limited, have been appointed, with the approval of the Independent Board Committee, to advise the Independent Board Committee, the Independent Unitholders and the Trustee in connection with the Modified and Extended Waivers (including the Modified and Extended Annual Caps thereunder) and the New Waiver, in particular as to whether the transactions under the Modified and Extended Waivers and the New Waiver are conducted in the ordinary and usual course of business of Hui Xian REIT and whether the terms of which are at arm's length and on normal commercial terms, and whether the Modified and Extended Waivers, the Modified and Extended Annual Caps (and the basis of the Modified and Extended Annual Caps) and the New Waiver are fair and reasonable so far as the Independent Unitholders are concerned and in the interests of Hui Xian REIT and the Independent Unitholders as a whole.

Hercules Capital Limited is independent of (i) the Hui Xian REIT Group; (ii) the Trustee; (iii) the Manager; (iv) the BOC Connected Persons Group; (v) the China Life Connected Persons Group; (vi) the OOIL Connected Persons Group; (vii) the China CITIC Bank Group; (viii) CITIC Group Corporation; and (ix) the significant Unitholders, and their respective associates. Apart from normal professional fees

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payable to us in connection with this appointment, no arrangements exist whereby we will receive any fee or benefit from the aforementioned parties.

### **BASIS OF OUR OPINION**

In formulating our opinion and recommendation, we have relied on the information and representations supplied, and the opinions expressed, by the Manager and have assumed that such information and statements, and representations made to us or referred to in the Circular are true, accurate and complete in all material respects as of the date hereof and will continue as such at the date of the EGM. The Manager and the Directors, collectively and individually, accepted full responsibility for the accuracy of the information given in the Circular and confirmed, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular by the Directors have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement in the Circular misleading.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. The documents we have reviewed include, among others, the Offering Circular, the latest interim and annual reports of Hui Xian REIT, agreements/insurance policies entered into between the Hui Xian REIT Group and the BOC Connected Persons Group, the China Life Connected Persons Group and the OOIL Connected Persons Group (as the case may be) in relation to the Connected Party Transactions, agreements/insurance policies entered into with independent third parties in respect of transactions similar to the Connected Party Transactions, credit facility entered into between the Hui Xian REIT Group and connected persons of the Hui Xian REIT Group and independent third parties, bank statements issued by connected persons of the Hui Xian REIT Group and independent third parties, the published documents of other listed real estate investment trusts, standard interest rates published by the People's Bank of China and other market information. We have no reasons to suspect that any material information has been withheld by the Manager, or is misleading, untrue or inaccurate, and consider that they may be relied upon in formulating our opinion. We have not, however, for the purpose of this exercise, conducted any independent investigation or audit into the businesses or affairs or future prospects of the Hui Xian REIT Group, the Manager and parties to the transactions under the Modified and Extended Waivers and the New Waiver. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion regarding the Modified and Extended Waivers (including the Modified and Extended Annual Caps thereunder) and the New Waiver, we have considered the following principal factors and reasons:

#### **1. Background of and reasons for the transactions under the Modified and Extended Waivers and the New Waiver**

##### ***(a) Leasing and Licensing Transactions***

Hui Xian REIT is a real estate investment trust formed to own and invest in high quality commercial properties in the PRC with the objectives of producing stable and sustainable distributions to the Unitholders and achieving long term growth in its net asset value per unit.



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BOC is one of the major banks in the PRC and the BOC Connected Persons Group provides a full range of financial services such as commercial banking services, investment banking services, insurance services, fund management services, direct investment and investment management services and aircraft leasing services. OOIL is principally engaged in the provision of container transportation and logistics services.

As at the Latest Practicable Date, certain properties, including offices and retail shops, of the Hui Xian REIT Group were leased to the members of the BOC Connected Persons Group and the OOIL Connected Persons Group. Although certain existing leasing contracts shall expire in the near future, the Manager expects that the leasing and licensing transactions between the Hui Xian REIT Group on the one hand and the members of the BOC Connected Persons Group or the OOIL Connected Persons Group (as the case may be) on the other hand (the “**Leasing and Licensing Transactions**”) shall continue in the future. Given that leasing of properties is one of the core businesses and major source of income of the Hui Xian REIT Group and the leasing and licensing of properties to the BOC Connected Persons Group and the OOIL Connected Persons Group shall contribute a stable and reliable income to the Hui Xian REIT Group, we are of the opinion that the Leasing and Licensing Transactions are commercial transactions conducted in the ordinary and usual course of business of the Hui Xian REIT Group and it is fair and reasonable and in the interests of Hui Xian REIT and the Unitholders as a whole to conduct such transactions.

### **(b) Insurance Transactions**

China Life Insurance (Group) Company is a large state-owned financial and insurance company with business covering life insurance, property and casualty insurance, pension plans, asset management, industrial investment and overseas operations.

During its ordinary course of business, the Hui Xian REIT Group has the practical needs of insurance services in respect of its properties and operations. The members of the BOC Connected Persons Group and the China Life Connected Persons Group have been providing insurance services to the Hui Xian REIT Group (the “**Insurance Transactions**”) from time to time and the Hui Xian REIT Group is satisfied with their quality of services. Given that the BOC Connected Persons Group and the China Life Connected Persons Group have solid experiences and expertise in providing insurance services, which is one of their core businesses, we consider that it is fair and reasonable and in the interests of the Hui Xian REIT Group to continue the Insurance Transactions and such transactions are commercial transactions conducted in the ordinary and usual course of business of the Hui Xian REIT Group.

### **(c) Banking and Financial Services Transactions**

China CITIC Bank Group is a bank providing corporate and retail banking services, treasury and capital market services, investment banking services, financing services, custody services and credit card services.

To facilitate its daily operations, the Hui Xian REIT Group has a continuous demand on various types of banking and financial services. Currently, the Hui Xian REIT Group is using banking and financial services from various service providers, including both connected parties and independent third parties. Being a licensed bank providing a full range of banking and financial services in the PRC, the China CITIC Bank Group is able to provide general banking and financial services to the Hui Xian REIT Group in relation to (i) deposits and other “banking business” (as defined in the Banking



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Ordinance (Chapter 155 of the Laws of Hong Kong)) in the Mainland China or overseas; (ii) loans provided to, or arranged for, any member of the Hui Xian REIT Group; and (iii) related financial services constituting regulated activities (as defined in the SFO) and other banking or financial services required in the ordinary and usual course of business of the Hui Xian REIT Group (including insurance, retirement benefit schemes under the Occupational Retirement Scheme Ordinance (Chapter 426 of the Laws of Hong Kong), mandatory provident fund schemes, credit cards, asset management and other such services) (collectively, the “**Banking and Financial Services Transactions**”).

Having considered that (i) the China CITIC Bank Group is a licensed bank providing general banking and financial services in its ordinary course of business; (ii) the Hui Xian REIT Group has the practical need to use banking and financial services in its daily operations; and (iii) the Hui Xian REIT Group shall have a greater flexibility in its operations if it is allowed to select the banking and financial services from the China CITIC Bank Group as and when appropriate, we consider that the Banking and Financial Services Transactions are commercial transactions conducted in the ordinary and usual course of business of the Hui Xian REIT Group and it is fair and reasonable and in the interests of Hui Xian REIT and the Unitholders as a whole to conduct the Banking and Financial Services Transactions with the China CITIC Bank Group.

### **2. Major terms of the transactions under the Modified and Extended Waivers and the New Waiver**

According to the Modified and Extended Waivers being sought by Hui Xian REIT, the waiver terms and conditions of which are similar to the conditions for the Existing Waivers. The transactions under the Modified and Extended Waivers and the New Waiver should be conducted in the ordinary and usual course of business of the Hui Xian REIT Group and the terms of such transactions should be on normal commercial terms (to the extent that there are sufficient comparable transactions) or, where there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Hui Xian REIT Group than terms readily available to or from, as appropriate, independent third parties. Moreover, an independent valuation shall be conducted for each of the Leasing and Licensing Transactions first entered into or renewed on or after the date on which the Modified and Extended BOC Waiver and the Modified and Extended OOIL Waiver (as the case may be) become effective except where they are conducted on standard or published rates.

#### ***(a) Leasing and Licensing Transactions***

As at the Latest Practicable Date, certain rentable areas of properties in Oriental Plaza were leased to the BOC Connected Persons Group and the OOIL Connected Persons Group. The Manager confirmed that the Leasing and Licensing Transactions were and would be conducted in the ordinary and usual course of business of the Hui Xian REIT Group and the terms of such transactions were and would be determined on normal commercial terms.

We have reviewed samples of tenancy agreements entered into between the Hui Xian REIT Group and the BOC Connected Persons Group and the OOIL Connected Persons Group and compared their terms with those of tenancy agreements entered into between the Hui Xian REIT Group and independent third parties in respect of similar properties and noted that the major terms such as rentals, building management fees and rental deposit offered to the BOC Connected Persons Group and the OOIL Connected Persons Group were comparable to those for the independent third parties.

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In view of the above, we consider that the terms of the Leasing and Licensing Transactions carried out in the past were on normal commercial terms, at arm's length and fair and reasonable so far as the Independent Unitholders are concerned. We believe that the terms of the Leasing and Licensing Transactions to be carried out in the future would also be on normal commercial terms, at arm's length and fair and reasonable to the Independent Unitholders if the same principles are consistently applied by the management of Hui Xian REIT in determination of the terms of such transactions.

### ***(b) Insurance Transactions***

The BOC Connected Persons Group and the China Life Connected Persons Group have been providing insurance services to the Hui Xian REIT Group since 2008 and 2007 respectively. The Manager confirmed that the Insurance Transactions were and would be conducted in the ordinary and usual course of business of the Hui Xian REIT Group and the terms of such transactions were and would be determined on normal commercial terms.

We have reviewed the existing insurance policies relating to the properties and operations of the Hui Xian REIT Group in Beijing and Shenyang and noted that the BOC Connected Persons Group and the China Life Connected Persons Group are providing insurance services to the Hui Xian REIT Group in respect of its properties and operations in Beijing jointly with other independent third party insurers. The BOC Connected Persons Group and the China Life Connected Persons Group shared 10% and 35% of the risk of the insurance respectively while other insurers shared the remaining 55% of the risk of the insurance. The insurance policies in respect of properties and operations of the Hui Xian REIT Group in Shenyang are provided by an independent third party.

As the location, nature and scale of the Hui Xian REIT Group's properties and operations in Beijing, which involve a commercial complex comprising shopping mall, office towers, serviced apartments and hotel, are significantly different from that in Shenyang, which involve a hotel comprising mainly hotel rooms and retail shops, we consider that the terms of two insurance policies are not directly comparable. Having taken into account that (i) the insurance policies were entered into between the Hui Xian REIT Group and the BOC Connected Persons Group and the China Life Connected Persons Group together with other independent third party insurers with the same terms and conditions; and (ii) all insurers of the insurance policies share the same benefits of the insurance policies in accordance with their respective sharing of risks, we consider that the terms of the Insurance Transactions carried out in the past were fair and reasonable so far as the Independent Unitholders are concerned. We believe that the terms of the Insurance Transactions to be carried out in the future would also be on normal commercial terms, at arm's length and fair and reasonable to the Independent Unitholders if the same principles are consistently applied by the management of Hui Xian REIT in determination of the terms of such transactions.

### ***(c) Banking and Financial Services Transactions***

We understand from the Manager that no Banking and Financial Services Transactions have been provided by the China CITIC Bank Group to the Hui Xian REIT Group up to the Latest Practicable Date. However, the Hui Xian REIT Group has been using the general banking and financial services, including bank deposits and loan arrangement for its daily operations, provided by its connected persons and independent third parties. The Manager confirmed that the existing banking and financial services transactions carried out with connected persons of the Hui Xian REIT Group were conducted in the ordinary and usual course of business of the Hui Xian REIT Group and

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the terms of such transactions were determined on normal commercial terms. The Manager further confirmed that the same principles would be applied by the Hui Xian REIT Group in determination of the terms of the Banking and Financial Services Transactions.

We have reviewed samples of statements issued by a connected person of the Hui Xian REIT Group and independent third parties in respect of the Hui Xian REIT Group's deposits with them and noted that the interest rates offered by the Hui Xian REIT Group's connected person in respect of its deposits were comparable to those offered by independent third parties and were the same or higher than the relevant standard deposit rates published by the People's Bank of China for similar type of deposits.

As at the Latest Practicable Date, the Hui Xian REIT Group had two outstanding loans, one of which was a revolving credit facility denominated in RMB provided by a connected person of the Hui Xian REIT Group while another was a syndicated bank loan denominated in HK\$ provided by the BOC Connected Persons Group jointly with independent third parties, in which the BOC Connected Persons Group share one-third of the loan amount. As the Hui Xian REIT Group has not obtained any credit facility or loan solely from independent third parties so far, we were unable to compare the terms of the loans from connected persons with those offered by independent third parties. However, we noted that the interest rates of the credit facility offered to the Hui Xian REIT Group by the connected person was lower than the standard interest rate published by the People's Bank of China for similar type of loan.

Based on the above and given that the syndicated bank loan was provided by connected person of the Hui Xian REIT Group together with independent third party bankers with the same terms and conditions and all lenders of the syndicated bank loan share the same benefits of the loan in accordance with their respective sharing of risks in the loan, we consider that the banking and financial services transactions carried out with other connected parties of the Hui Xian REIT Group in the past were fair and reasonable so far as the Independent Unitholders are concerned. We believe that the terms of the Banking and Financial Services Transactions to be carried out with the China CITIC Bank Group in the future would also be on normal commercial terms, at arm's length and fair and reasonable to the Independent Unitholders if the same principles are consistently applied by the management of Hui Xian REIT in determination of the terms of the Banking and Financial Services transactions.

Given all the factors mentioned above, we consider that the transactions under the Modified and Extended Waivers and the New Waiver are conducted in the ordinary and usual course of business of Hui Xian REIT and the terms of which are at arm's length and on normal commercial terms, and the Modified and Extended Waivers and the New Waiver are fair and reasonable so far as the Independent Unitholders are concerned and in the interests of Hui Xian REIT and the Unitholders as a whole.

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## 3. Bases of the Modified and Extended Annual Caps

The historical transaction amounts and the Modified and Extended Annual Caps for each of the Connected Party Transactions are summarized as follows:

**Table 1 — Historical transaction amounts and Modified and Extended Annual Caps for the Connected Party Transactions**

	Historical transaction amounts			Modified and Extended Annual Caps			
	For the period from 29 April 2011 (the date of first listing of the Units on the Stock Exchange) to 31 December 2011 <i>RMB'000</i>	For the year ended 31 December 2012 <i>RMB'000</i>	For the two months ended 28 February 2013 <i>RMB'000</i>	For the year ending 31 December			
				2013	2014	2015	2016
				<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Leasing and Licensing Transactions</b>							
— the BOC Connected Persons Group	13,002	19,820	3,404	28,000	32,000	35,000	38,000
— the OOIL Connected Persons Group	254	987	165	1,300	1,800	3,000	3,000
<b>Insurance Transactions</b>							
— the BOC Connected Persons Group	306	500	79	<i>Note</i> N/A	1,400	1,400	1,400
— the China Life Connected Persons Group	1,173	1,749	276	<i>Note</i> N/A	5,000	5,000	5,000

Note: The annual caps of the Insurance Transactions in respect of the BOC Connected Persons Group and the China Life Connected Persons Group for the year ending 31 December 2013 amounting to RMB1.4 million and RMB5 million respectively are covered by the Existing Waivers previously granted by the SFC.

### (a) *Leasing and Licensing Transactions*

#### (i) *Transactions with the BOC Connected Persons Group*

The Modified and Extended Annual Caps for the Leasing and Licensing Transactions with the BOC Connected Persons Group mainly comprise the rental and building management fee receivable from the BOC Connected Persons Group. According to the Manager, the Modified and Extended Annual Caps for the Leasing and Licensing Transactions in respect of the BOC Connected Persons Group were determined with general reference to the historical transaction amounts and based on the anticipated aggregate value of such transactions during the relevant financial years, taking into account the possible growth in rentals, possible new leasing and licensing of the properties of Hui Xian REIT which the Hui Xian REIT Group may enter into with the BOC Connected Persons Group during the relevant financial periods and a buffer of approximately 15% for contingencies such as unforeseeable market fluctuations for the three years ending 31 December 2016.

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Revised annual cap for the year ending 31 December 2013

We noted that the Modified and Extended Annual Caps of the Leasing and Licensing Transactions in respect of the BOC Connected Persons Group for the year ending 31 December 2013 was proposed to be revised to HK\$28.0 million, which is approximately 41.3% higher than the actual transaction amount for the year ended 31 December 2012 and approximately 33.3% higher than the original annual cap for the year ending 31 December 2013 of RMB21.0 million. The Manager explained to us that the substantial increase in the annual cap for the year ending 31 December 2013 was mainly attributable to the potential additional lease of properties to the BOC Connected Persons Group in respect of Oriental Plaza and the increase in rental rate. The Manager does not expect any Leasing and Licensing Transactions in respect of Shenyang Lido to be conducted during the year ending 31 December 2013.

We have reviewed the existing tenancy agreements entered into between the Hui Xian REIT Group and the BOC Connected Persons Group and noted that all of them would expire in the second and the third quarters of 2013. We were advised by the Manager that additional space in the mall might be leased to the BOC Connected Persons Group for temporary use should renovation take place after the lease renewal of retail units in the mall in 2013. In view of the substantial rises in rental for offices and retail properties in Beijing in the past few years and the prime location of the retail units leased to the BOC Connected Persons Group in the mall, the Manager expects that the rental rates for the properties to be leased to the BOC Connected Persons Group shall also increase by approximately 20% to 35% as compared to the existing rental rates which were determined by reference to the prevailing market rates in 2011 and 2012.

According to the Asia Pacific Property Digest Fourth Quarter 2012 (the “**JLL Report**”) issued by Jones Lang LaSalle in February 2013, the overall market vacancy for offices in Beijing decreased in every quarter during 2012, falling from 9.1% at the end of 2011 to 5.1% in the fourth quarter of 2012. The overall average office rents, based on gross floor area, in Beijing for the fourth quarter of 2012 is RMB343 per square meter per month, representing a year-on-year (“**y-o-y**”) increase of 17.1%. Given the relatively stable demand for office space and the solid macroeconomic growth in the PRC, Jones Lang LaSalle expected that the new supply of office space was unlikely to apply much pressure to the overall vacancy. DTZ, an independent research company focuses on real estate markets worldwide, also indicated in its report titled “Property Times” and issued in February 2013 that the office rents in Beijing were expected to further increase by 10.5% in 2013.

For the retail property market in Beijing, the JLL Report revealed that the vacancy in the urban retail market decreased by 2.1% to 10.6% at the end of 2012 as retailers maintained a strong pace of expansion throughout 2012. At the end of 2012, the average retail rent, based on net leasable area, in the Beijing urban market reached RMB762 per square meter per month, representing a y-o-y increase of 8.7%. The y-o-y growth rate for the core market in Beijing even reached 10.1% in 2012. Jones Lang LaSalle anticipated that the retail sales in 2013 would rebound in light of improving macro-economic data, decreasing credit card fees and lower tariffs on imported goods and the average net effective rents would continue to grow at a similar rate as of 2012.

We have reviewed a newly renewed tenancy agreement entered into between the Hui Xian REIT Group and an independent third party in respect of the leasing of an office unit in Oriental Plaza and noted that the renewed rental of the office unit was approximately 18.8% higher than

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the original rental. We have also reviewed two newly renewed tenancy agreements entered into between the Hui Xian REIT Group and independent third parties in respect of the leasing of retail units, which are located on the same floor and in location comparable to the retail unit currently leased to the BOC Connected Persons Group. We noted that the renewed rental of these retail units were on average approximately 42.9% higher than the original rentals.

Based on the above, we consider that the Modified and Extended Annual Cap (and the basis of the Modified and Extended Annual Cap) in respect of the Leasing and Licensing Transactions with the BOC Connected Persons Group for the year ending 31 December 2013 is fair and reasonable so far as the Independent Unitholders are concerned.

Annual caps for the three years ending 31 December 2016

In determination of the Modified and Extended Annual Caps in respect of the Leasing and Licensing Transactions with the BOC Connected Persons Group for the three years ending 31 December 2016, the Manager has taken into account the possible increase in rental in the three years ending 31 December 2016 and a buffer of approximately 15% for contingencies such as unforeseeable market fluctuations. It is anticipated that the transaction amount in respect of the Leasing and Licensing Transactions with the BOC Connected Persons Group for the year ending 31 December 2014 would increase by approximately 14.3% as compared to that of the year ending 31 December 2013 and increase at a compound annual growth rate of approximately 9.0% for the three years ending 31 December 2016.

We understand from the Manager that the rentals from the Leasing and Licensing Transactions with the BOC Connected Persons Group for the year ending 31 December 2014 are expected to be similar to those for the year ending 31 December 2013 and the anticipated increment of approximately 14.3% was mainly attributable to the inclusion of a buffer of 15% for contingencies for the three years ending 31 December 2016. We have conducted a research on the buffer for annual caps of transactions in similar nature of other listed real estate investment trusts and noted that a buffer in a range of 15% to 20% is normally adopted by other listed real estate investment trusts. Given that the buffer rate of 15% proposed by the Manager falls within the range of other listed real estate investment trusts, we are of the opinion that the buffer rate of 15% proposed by Hui Xian REIT is reasonable. Having considered the rental market in Beijing as set out in the above paragraph, we consider that the compound annual growth rate of the Modified and Extended Annual Caps in respect of the Leasing and Licensing Transactions with the BOC Connected Persons Group for the three years ending 31 December 2016 of approximately 9.0% is justifiable and the Modified and Extended Annual Caps (and the basis of the Modified and Extended Annual Caps) for the Leasing and Licensing Transactions with the BOC Connected Persons Group for the three years ending 31 December 2016 are fair and reasonable so far as the Independent Unitholders are concerned.

*(ii) Transactions with the OOIL Connected Persons Group*

The Modified and Extended Annual Caps for the Leasing and Licensing Transactions with the OOIL Connected Persons Group mainly comprise the rental and building management fee receivable from the OOIL Connected Persons Group. Such Modified and Extended Annual Caps for the Leasing and Licensing Transactions were determined with general reference to the historical transaction amounts and based on the anticipated aggregate value of such transactions during the relevant financial years, taking into account the possible growth in rentals and



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possible new leasing and licensing transactions of the properties of Hui Xian REIT which the Hui Xian REIT Group may enter into with the OOIL Connected Persons Group during the relevant financial periods.

Revised annual cap for the year ending 31 December 2013

We noted that the Modified and Extended Annual Caps of the Leasing and Licensing Transactions in respect of the OOIL Connected Persons Group for the year ending 31 December 2013 was proposed to be revised to HK\$1.3 million, which is approximately 31.7% higher than the actual transaction amount for the year ended 31 December 2012 and approximately 30.0% higher than the original annual cap for the year ending 31 December 2013 of RMB1.0 million. We understand from the Manager that a higher annual cap is required for the year ending 31 December 2013 as there was a possibility for a potential increase in area of properties to be leased to the OOIL Connected Persons Group and the prevailing market rate, which is substantially higher than the rental rate under the current lease which was set in 2009, shall be applied for the new lease term. Having taken into account the prevailing average office rent in Beijing and the potential increase in area subject to the leases, we consider that the Modified and Extended Annual Cap (and the basis of the Modified and Extended Annual Cap) for the Leasing and Licensing Transactions with the OOIL Connected Persons Group for the year ending 31 December 2013 is fair and reasonable so far as the Independent Unitholders are concerned.

Annual caps for the three years ending 31 December 2016

In determination of the Modified and Extended Annual Caps in respect of the Leasing and Licensing Transactions with the OOIL Connected Persons Group for the three years ending 31 December 2016, the Manager has taken into account the historical transaction amounts and the possible increase in rental in the three years ending 31 December 2016, and anticipated that the transaction amount in respect of the Leasing and Licensing Transactions with the OOIL Connected Persons Group for the year ending 31 December 2014, 2015 and 2016 will be RMB1.8 million, RMB3.0 million and RMB3.0 million respectively, representing an annual growth rate of approximately 38.5%, 66.7% and 0.0% as compared to the respective previous corresponding year. No buffers have been applied in determination of the Modified and Extended Annual Caps in respect of the Leasing and Licensing Transactions with the OOIL Connected Persons Group for the three years ending 31 December 2016 as the chance of having unexpected transactions with the OOIL Connected Persons Group during the relevant period is considered to be relatively remote.

We have reviewed the existing tenancy agreements entered into between the Hui Xian REIT Group and the OOIL Connected Persons Group and noted that such agreements were entered into in 2009 and they would expire in November 2014. Given the increasing trend in market rental rate, the Manager expected that such tenancy agreements would be renewed with an approximately 130% increase in rentals as compared to the existing rentals which were set in 2009 and the rental rate would remain substantially the same throughout the term of the agreements.

According to the Asia Pacific Property Digest Fourth Quarter 2010, the Asia Pacific Property Digest Fourth Quarter 2011 and the JLL Report issued by Jones Lang LaSalle, the overall office rents in Beijing for the year 2010, 2011 and 2012 increased at an annual rate of approximately 25.2%, 41.4% and 17.1% respectively. Having considered the continuous

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE MODIFIED AND EXTENDED WAIVERS AND THE NEW WAIVER

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rise in rental rate as shown above, we consider that the expected incremental rate of 130% on existing tenancy agreements is commercially justifiable. As the rental for the lease with the OOIL Connected Persons Group shall revise only after November 2014, a large proportion of the annual cap for the year ending 31 December 2014 was calculated based on the existing rental rate. Therefore, the Modified and Extended Annual Caps in respect of the Leasing and Licensing Transactions with the OOIL Connected Persons Group for the year ending 31 December 2014 is only approximately 38.5% higher than that for the previous year although a rental increase of 130% is assumed. On the other hand, as the Modified and Extended Annual Caps in respect of the Leasing and Licensing Transactions with the OOIL Connected Persons Group for the year ending 31 December 2014 is relatively small since it was calculated mainly based on existing rental rate, the Modified and Extended Annual Caps in respect of the Leasing and Licensing Transactions with the OOIL Connected Persons Group for the year ending 31 December 2015 is approximately 66.7% higher than that of the previous year although it is assumed that there will be no substantial change in rental area and rental rate in 2015. Based on the above analysis, we consider that the Modified and Extended Annual Caps (and the basis of the Modified and Extended Annual Caps) for the Leasing and Licensing Transactions with the OOIL Connected Persons Group for the three years ending 31 December 2016 are fair and reasonable so far as the Independent Unitholders are concerned.

### ***(b) Insurance Transactions***

The Modified and Extended Annual Caps for the Insurance Transactions with the BOC Connected Persons Group and the China Life Connected Persons Group were determined with general reference to the historical transaction amounts for the insurance transactions and the amount of insurance services required by the Hui Xian REIT Group from the BOC Connected Persons Group and the China Life Connected Persons Group.

The Modified and Extended Annual Caps of the Insurance Transactions in respect of the BOC Connected Persons Group and the China Life Connected Persons Group for the three years ending 31 December 2016 are estimated to be the same as the annual caps granted for the year ending 31 December 2013 under the Existing Waivers. According to the Manager, the existing insurance policies entered into between the Hui Xian REIT Group and the BOC Connected Persons Group and the China Life Connected Persons Group will expire in 2013. In view of the potential increases in the premium of the insurance policies and the possible changes in benefits and risks sharing ratios attributable to the BOC Connected Persons Group and the China Life Connected Persons Group in the future, the Manager considers that a cap of RMB1.4 million for the BOC Connected Persons Group and a cap of RMB5.0 million for the China Life Connected Persons Group for the three years ending 31 December 2016, which represent the annual caps for the year ending 31 December 2013 under the Existing Waivers in respect of the Insurance Transactions, should be maintained although the actual transaction amounts for the BOC Connected Persons Group and the China Life Connected Persons Group only amounted to approximately RMB0.5 million and RMB1.7 million respectively in 2012. Having considered the reasons explained by the Manager for the possible increase in transaction amount for the Insurance Transactions and the possible changes in the coverage of insurance required by the Hui Xian REIT Group in the future, we consider that the Modified and Extended Annual Caps (and the basis of the Modified and Extended Annual Caps) for Insurance Transactions are fair and reasonable so far as the Independent Unitholders are concerned.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE MODIFIED AND EXTENDED WAIVERS AND THE NEW WAIVER

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Having taken into account the above analysis, we are of the view that the Modified and Extended Annual Caps (and the basis of the Modified and Extended Annual Caps) of each of the Connected Party Transactions proposed by the Board are fair and reasonable so far as the Independent Unitholders are concerned.

#### 4. Waiver conditions

According to the waivers being sought by Hui Xian REIT, the transactions under the Modified and Extended Waivers and the New Waiver are subject to certain review requirements, the details of which are set out in the Letter from the Board contained in the Circular. We are of the view that those review requirements can provide appropriate measures to govern the Manager in carrying out the relevant transactions and safeguard the interests of the Independent Unitholders.

#### RECOMMENDATION

Having considered the abovementioned principal factors and reasons, we consider that (i) the transactions under the Modified and Extended Waivers and the New Waiver are conducted in the ordinary and usual course of business of the Hui Xian REIT Group and the terms of which are at arm's length and on normal commercial terms; and (ii) the Modified and Extended Waivers, the Modified and Extended Annual Caps (and the basis of the Modified and Extended Annual Caps thereunder) and the New Waiver are fair and reasonable so far as the Independent Unitholders are concerned and in the interests of Hui Xian REIT and the Independent Unitholders as a whole. We therefore recommend the Independent Board Committee to advise the Independent Unitholders, and we ourselves also recommend the Independent Unitholders, to vote in favour of the Ordinary Resolutions to approve the Modified and Extended Waivers (and the Modified and Extended Annual Caps thereunder) and the New Waiver at the upcoming EGM.

Yours faithfully,  
For and on behalf of  
**Hercules Capital Limited**

**Louis Koo**  
*Managing Director*

**Amilia Tsang**  
*Director*

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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**HUI XIAN** REIT  
匯賢產業信託

### Hui Xian Real Estate Investment Trust

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

(Stock Code: 87001)

Managed by Hui Xian Asset Management Limited

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting (the “EGM”) of the unitholders (the “**Unitholders**”) of Hui Xian Real Estate Investment Trust (“**Hui Xian REIT**”) will be held at the Ballroom, 1st Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Whampoa Garden, Hunghom, Kowloon, Hong Kong on Tuesday, 7 May 2013 at 12:15 p.m. (or so soon thereafter as the annual general meeting of the Unitholders convened to be held at 12:00 noon on the same date and at the same place shall have been concluded or adjourned) for considering and, if thought fit, passing, with or without modification, the following resolutions, of which resolution nos. (1) to (4) are intended to be proposed as special resolutions, and resolutions nos. (5) to (8) are intended to be proposed as ordinary resolutions:

### SPECIAL RESOLUTIONS

(1) “**THAT:**

(a) Pursuant to Clause 26.1 of the trust deed dated 1 April 2011 constituting Hui Xian REIT (the “**Trust Deed**”), approval be and is hereby granted for:

- (i) the amendment of paragraph (viii) of Clause 11.5.3 of the Trust Deed, by replacing the words “depreciation and amortization” with the words “Distributable Depreciation and Amortization”; and
- (ii) the amendment of Clause 11.5.3 of the Trust Deed, by adding a new paragraph at the end of Clause 11.5.3 as follows:

“For the purposes of this Clause 11.5.3, “**Distributable Depreciation and Amortization**” means depreciation and amortization to the extent of: (i) amount which can be repatriated to Hong Kong as far as PRC laws permit, less (ii) any sum determined by the Manager as appropriate for repayment of loan principal (if any) and for capital expenditures.”; and

- (b) Hui Xian Asset Management Limited as the manager of Hui Xian REIT (the “**Manager**”), any director of the Manager and DB Trustees (Hong Kong) Limited as the trustee of Hui Xian REIT (the “**Trustee**”) each be and is hereby authorised to do or procure to be done all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or the Trustee (as the case may be) may consider desirable, expedient, necessary or in the interest of Hui Xian REIT to implement or give effect to the amendments of the Trust Deed referred to in paragraph (a) above.”

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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(2) **“THAT:**

- (a) Pursuant to Clause 26.1 of the Trust Deed, approval be and is hereby granted for:
  - (i) the amendment of the first paragraph of Clause 14.1.1 of the Trust Deed, by replacing the word “quarter” with the words “half-yearly period”;
  - (ii) the amendment of the second paragraph of Clause 14.1.1 of the Trust Deed, by replacing the word “quarterly” with the words “semi-annually”;
  - (iii) the amendment of paragraph (iv) of Clause 14.1.2 of the Trust Deed, by replacing the word “quarter” with the words “half-yearly period”; and
  - (iv) the amendment of Clause 14.1.6 of the Trust Deed, by replacing the word “quarter” with the words “half-yearly period”, and by deleting the last sentence of Clause 14.1.6 in its entirety; and
- (b) the Manager, any director of the Manager and the Trustee each be and is hereby authorised to do or procure to be done all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or the Trustee (as the case may be) may consider desirable, expedient, necessary or in the interest of Hui Xian REIT to implement or give effect to the amendments of the Trust Deed referred to in paragraph (a) above.”

(3) **“THAT:**

- (a) Pursuant to Clause 26.1 of the Trust Deed, approval be and is hereby granted for the amendment of Clause 10.15 of the Trust Deed, by adding the words “of good repute” immediately after the words “a person or firm of solicitors” and deleting the words “and approved by the Trustee”; and
- (b) the Manager, any director of the Manager and the Trustee each be and is hereby authorised to do or procure to be done all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or the Trustee (as the case may be) may consider desirable, expedient, necessary or in the interest of Hui Xian REIT to implement or give effect to the amendments of the Trust Deed referred to in paragraph (a) above.”

(4) **“THAT:**

- (a) Pursuant to clause 26.1 of the Trust Deed, approval be and is hereby granted for the amendment of Clause 4.5.5 of the Trust Deed, by replacing the word “changed” with the word “charged”; and
- (b) the Manager, any director of the Manager and the Trustee each be and is hereby authorised to do or procure to be done all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or the Trustee (as the case may be) may consider desirable, expedient, necessary or in the interest of Hui Xian REIT to implement or give effect to the amendments of the Trust Deed referred to in paragraph (a) above.”

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### ORDINARY RESOLUTIONS

(5) **“THAT:**

- (a) the Modified and Extended BOC Waiver and the Modified and Extended Annual Caps thereunder (each as defined and described in the circular of Hui Xian REIT dated 12 April 2013 (the **“Circular”**)) be and are hereby approved; and
- (b) the Manager, any director of the Manager and the Trustee each be and is hereby authorised to do or procure to be done all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or the Trustee (as the case may be) may consider desirable, expedient, necessary or in the interest of Hui Xian REIT to implement or give effect to the matters resolved upon in paragraph (a) above.”

(6) **“THAT:**

- (a) the Extended China Life Waiver and the Modified and Extended Annual Caps thereunder (each as defined and described in the Circular) be and are hereby approved; and
- (b) the Manager, any director of the Manager and the Trustee each be and is hereby authorised to do or procure to be done all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or the Trustee (as the case may be) may consider desirable, expedient, necessary or in the interest of Hui Xian REIT to implement or give effect to the matters resolved upon in paragraph (a) above.”

(7) **“THAT:**

- (a) the Modified and Extended OOIL Waiver and the Modified and Extended Annual Caps thereunder (each as defined and described in the Circular) be and are hereby approved; and
- (b) the Manager, any director of the Manager and the Trustee each be and is hereby authorised to do or procure to be done all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or the Trustee (as the case may be) may consider desirable, expedient, necessary or in the interest of Hui Xian REIT to implement or give effect to the matters resolved upon in paragraph (a) above.”

(8) **“THAT:**

- (a) the New Waiver (as defined and described in the Circular) be and is hereby approved; and

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (b) the Manager, any director of the Manager and the Trustee each be and is hereby authorised to do or procure to be done all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or the Trustee (as the case may be) may consider desirable, expedient, necessary or in the interest of Hui Xian REIT to implement or give effect to the matters resolved upon in paragraph (a) above.”

By order of the Board of Directors of  
**Hui Xian Asset Management Limited**  
(as the manager of Hui Xian Real Estate Investment Trust)  
**Kam Hing Lam**  
*Chairman of the Manager*

Hong Kong, 12 April 2013

*Notes:*

1. A Unitholder entitled to attend and vote at the EGM (or at any adjournment thereof) is entitled to appoint a proxy to attend in its/his/her stead. Any Unitholder being a corporation may by resolution of its directors (or other governing body) authorise any person to act as its representative at any meeting of Unitholders and a person so authorised shall at such meeting be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise as if it were an individual Unitholder. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney duly authorised. The person appointed to act as proxy or corporate representative need not be a Unitholder.
2. In order to be valid, an instrument of proxy, together with any power of attorney or other authority, if any, under which it is signed or a notorially certified copy of such power of attorney or authority, must be deposited at Hui Xian REIT's Unit Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Delivery of an instrument appointing a proxy shall not preclude you from attending and voting at the meeting or any adjourned meeting (as the case may be) and, in such event, the instrument appointing the proxy shall be deemed to be revoked.
3. Where there are joint registered Unitholders of a Unit, the vote of the senior who tenders a vote (whether in person or by proxy) shall be accepted to the exclusion of the votes of the other joint registered Unitholders and for this purpose, seniority shall be determined by the order in which the name stands in the Register of Unitholders in respect of such Unit.
4. For the purpose of determining which Unitholders are entitled to attend and vote at the EGM and the annual general meeting of Hui Xian REIT to be held on 7 May 2013, the Register of Unitholders of Hui Xian REIT will be closed from 2 May 2013 (Thursday) to 7 May 2013 (Tuesday), both days inclusive, during which period no transfer of Units will be effected. In order to qualify for attending and voting at the EGM, all unit certificates with completed transfer forms must be lodged with Hui Xian REIT's Unit Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 30 April 2013 (Tuesday).
5. The voting of the above special resolutions and the above ordinary resolutions at the EGM will be taken by way of poll. On a poll votes may be given either personally or by proxy and every Unitholder who is present in person, by corporate representative or by proxy shall have one vote for every Unit of which he is the Unitholder.

*As at the date of this notice, the board of directors of the Manager are Mr. Kam Hing Lam (Chairman and non-executive Director); Mr. Cheung Ling Fung, Tom and Mr. Lee Chi Kin, Casey (executive Directors); Mr. Ip Tak Chuen, Edmond, Mr. Lim Hwee Chiang and Mr. Yin Ke (with Mr. Pang Shuen Wai, Nichols being his alternate director)(non-executive Directors); and Mr. Cheng Hoi Chuen, Vincent, Professor Lee Chack Fan and Dr. Choi Koon Shum, Jonathan (independent non-executive Directors).*