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

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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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

**CIRCULAR TO UNITHOLDERS IN RELATION TO
(1) GENERAL MANDATE TO BUY BACK UNITS
(2) PROPOSED AMENDMENTS TO THE TRUST DEED TO REFLECT THE
REIT CODE AMENDMENTS AND OTHER MISCELLANEOUS AMENDMENTS
(3) PROPOSED INCREASE IN THE PROPERTY DEVELOPMENT CAP
AND
NOTICE OF ANNUAL GENERAL MEETING**

PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

Due to the outbreak of coronavirus (COVID-19) in Hong Kong, the following measures will be taken for the Annual General Meeting (“AGM”):

- **Lunch will not be served.**
- **Temperature checks will be taken prior to entry into the AGM venue.**
- **Surgical masks are to be worn at all times inside the premises of the hotel where the AGM is held including but not limited to the AGM venue. Each attendee shall provide his/her own surgical mask. No surgical mask will be provided.**
- **Submission of health declaration form before registration at the AGM venue.**

Any person who does not comply with the above precautionary measures may be denied entry into the hotel where the AGM is to be held. **The Manager reminds Unitholders that they may appoint proxies to vote on the relevant resolutions at the AGM as an alternative to attending the AGM in person.** To the extent permitted under laws, rules and regulations, the Manager reserves the right to deny any person entry into the AGM venue or require any person to leave the AGM venue in order to safeguard the health of attendees of the AGM.

A letter from the Board is set out on pages 1 to 7 of this Circular.

A notice convening the Annual General Meeting of Hui Xian REIT to be held at 12:00 noon on 11 May 2021 (Tuesday) at Harbour Grand Hong Kong, 23 Oil Street, North Point, Hong Kong is set out on pages N-1 to N-3 of this Circular. Whether or not you are able to attend and vote at the Annual General Meeting 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, at 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 Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof should you so wish.

8 April 2021

CONTENTS

	<i>Page</i>
CORPORATE INFORMATION	ii
DEFINITIONS	iii
LETTER FROM THE BOARD	1
1. GENERAL MANDATE TO BUY-BACK UNITS	2
2. PROPOSED AMENDMENTS TO THE TRUST DEED TO REFLECT THE REIT CODE AMENDMENTS AND OTHER MISCELLANEOUS AMENDMENTS, AND THE PROPOSED INCREASE IN THE PROPERTY DEVELOPMENT CAP	4
3. ANNUAL GENERAL MEETING	6
4. GENERAL	7
APPENDIX I EXPLANATORY STATEMENT	8
APPENDIX II PROPOSED AMENDMENTS TO THE TRUST DEED TO REFLECT THE REIT CODE AMENDMENTS (EXCEPT THE PROPERTY DEVELOPMENT CAP AMENDMENT)	12
APPENDIX III PROPOSED PROPERTY DEVELOPMENT CAP AMENDMENT	36
APPENDIX IV PROPOSED MISCELLANEOUS AMENDMENTS TO THE TRUST DEED	37
NOTICE OF ANNUAL GENERAL MEETING	N-1

CORPORATE INFORMATION

Hui Xian Real Estate Investment Trust	A collective investment scheme constituted as a unit trust and authorised under section 104 of the SFO
Manager	Hui Xian Asset Management Limited Unit 303, Cheung Kong Center 2 Queen's Road Central Hong Kong
Directors of the Manager	
<i>Non-executive Directors</i>	Mr. KAM Hing Lam (<i>Chairman</i>) Mr. IP Tak Chuen, Edmond Mr. LIM Hwee Chiang
<i>Executive Directors</i>	Mr. CHEUNG Ling Fung, Tom (<i>Chief Executive Officer</i>) Mr. LEE Chi Kin, Casey (<i>Chief Operating Officer</i>) Ms. LAI Wai Yin, Agnes (<i>Chief Financial Officer</i>)
<i>Independent Non-executive Directors</i>	Mr. CHENG Hoi Chuen, Vincent Professor LEE Chack Fan Dr. CHOI Koon Shum, Jonathan
Trustee	DB Trustees (Hong Kong) Limited Level 60 International Commerce Centre 1 Austin Road West Kowloon, Hong Kong
Unit Registrar	Computershare Hong Kong Investor Services Limited 17M Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong

DEFINITIONS

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

AGM or Annual General Meeting	the annual general meeting of Unitholders convened by and referred to in the notice of AGM as set out on pages N-1 to N-3 of this Circular
Announcement	the announcement of Hui Xian REIT dated 7 April 2021 made by the Manager in relation to, among other things, the proposed amendments to the Trust Deed to reflect the REIT Code amendments and other miscellaneous amendments, and the proposed increase in the Property Development Cap
Board	the board of Directors
Buy-back Mandate	the general mandate proposed to be granted to the Manager to allow the Manager to buy back on behalf of Hui Xian REIT up to 10% of the number of Units in issue as at the date of the passing of the resolution approving such mandate in accordance with the terms and conditions as set out in the notice of AGM
Circular	this circular
Director(s)	the director(s) of the Manager
Explanatory Statement	the explanatory statement set out in Appendix I to this Circular
Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China
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
Latest Practicable Date	26 March 2021, being the latest practicable date prior to the printing of this Circular for ascertaining certain information contained herein
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange as amended, supplemented and/or otherwise modified from time to time
Manager	Hui Xian Asset Management Limited 滙賢房託管理有限公司, as manager of Hui Xian REIT
Maximum Cap	bears the meaning as defined in the REIT Code
Minority-owned Properties	jointly owned properties in which Hui Xian REIT will not have majority ownership and control, including both Qualified Minority-owned Properties and Non-qualified Minority-owned Properties
Non-qualified Minority-owned Properties	bears the meaning as defined in the REIT Code

DEFINITIONS

Ordinary Resolution	a resolution passed at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed and carried by a simple majority of the votes of those Unitholders present and entitled to vote in person or by proxy and the votes shall be taken by way of poll, but with a quorum of two or more Unitholders holding not less than 10% of the Units in issue
Property Development Cap	bears the meaning as defined in the REIT Code
Property Development Cap Amendment	the proposed amendments to the Trust Deed in connection with the proposed increase in the Property Development Cap, the details of which are set out in Appendix III to this Circular, which are to be considered, and if thought fit, approved by Unitholders at the AGM
Qualified Minority-owned Properties	bears the meaning as defined in the REIT Code
Register	the register of Unitholders
REIT(s)	real estate investment trust(s)
REIT Code	Code on Real Estate Investment Trusts issued by the SFC (as amended, supplemented and/or otherwise modified from time to time)
REIT Code Amendments	the amendments to the REIT Code gazetted and effective on 4 December 2020
Relevant Investments	bears the meaning as defined in the REIT Code
SFC	Securities and Futures Commission of Hong Kong
SFC Repurchase Circular	the “Circular to Management Companies of SFC-authorized Real Estate Investment Trusts — On-market Unit Repurchases by SFC-authorized REITs”, issued by the SFC on 31 January 2008
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
Special Resolution	a resolution proposed and passed at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed and carried by 75% or more of the votes of those Unitholders present and entitled to vote in person or by proxy where the votes shall be taken by way of poll, but with a quorum of two or more Unitholders holding not less than 25% of the Units in issue
Stock Exchange	The Stock Exchange of Hong Kong Limited
Supplemental Trust Deeds	the supplemental deeds dated 24 May 2013, 16 May 2014, 28 May 2015 and 19 May 2017, all of which to amend the trust deed dated 1 April 2011 constituting Hui Xian REIT

DEFINITIONS

Takeovers Code	the Code on Takeovers and Mergers issued by the SFC as amended, supplemented and/or otherwise modified from time to time
Trust Deed	the trust deed dated 1 April 2011 constituting Hui Xian REIT, as amended by the Supplemental Trust Deeds, and as may be modified or supplemented from time to time
Trustee	DB Trustees (Hong Kong) Limited 德意志信託(香港)有限公司, 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(s)	the unit(s) of Hui Xian REIT
Unit Registrar	Computershare Hong Kong Investor Services Limited, as unit registrar of Hui Xian REIT
Unitholder(s)	any person registered as holding a Unit

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.

LETTER FROM THE BOARD



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

Registered Office:

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

Executive Directors

Mr. CHEUNG Ling Fung, Tom (*Chief Executive Officer*)
Mr. LEE Chi Kin, Casey (*Chief Operating Officer*)
Ms. LAI Wai Yin, Agnes (*Chief Financial Officer*)

Independent Non-executive Directors

Mr. CHENG Hoi Chuen, Vincent
Professor LEE Chack Fan
Dr. CHOI Koon Shum, Jonathan

8 April 2021

To: Unitholders

Dear Sir/Madam,

**CIRCULAR TO UNITHOLDERS IN RELATION TO
(1) GENERAL MANDATE TO BUY BACK UNITS
(2) PROPOSED AMENDMENTS TO THE TRUST DEED TO REFLECT THE
REIT CODE AMENDMENTS AND OTHER MISCELLANEOUS AMENDMENTS
(3) PROPOSED INCREASE IN THE PROPERTY DEVELOPMENT CAP
AND
NOTICE OF ANNUAL GENERAL MEETING**

Reference is made to (i) the SFC Repurchase Circular pursuant to which the Manager proposes to seek Unitholders' approval at the AGM to grant a general mandate to the Manager to effect on-market buy-back(s) of Units on behalf of Hui Xian REIT; and (ii) the Announcement.

The purposes of this Circular are to provide you with information with respect to (i) the grant of the Buy-back Mandate; (ii) the proposed amendments to the Trust Deed to reflect the REIT Code Amendments and other miscellaneous amendments; and (iii) the proposed increase in the Property Development Cap and the Property Development Cap Amendment; and to give you the notice of the Annual General Meeting.

LETTER FROM THE BOARD

1. GENERAL MANDATE TO BUY-BACK UNITS

1.1 Buy-back Mandate

The Manager wishes to seek the approval of the Unitholders at the AGM to grant the Buy-back Mandate to the Manager for the buy-back of Units on behalf of Hui Xian REIT pursuant to the SFC Repurchase Circular.

The Buy-back Mandate will, if granted, become effective from the date of the passing of the resolution approving the Buy-back Mandate and remain valid until the earlier of:

- (i) the conclusion of the next annual general meeting of Hui Xian REIT following the passing of the resolution to approve the grant of the Buy-back Mandate unless by Ordinary Resolution passed at that meeting the Buy-back Mandate is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the meeting referred to in (i) above is required to be held under the Trust Deed, the REIT Code or any applicable laws; and
- (iii) its revocation or variation by an Ordinary Resolution of the Unitholders passed at a general meeting of the Unitholders.

Hui Xian REIT shall comply with the restrictions and notification requirements applicable to listed companies purchasing their own shares on the Stock Exchange under Rule 10.06 of the Listing Rules, with necessary changes being made, as if the provisions therein were applicable to REITs. These include, but are not limited to, the dealing restrictions, the restrictions on subsequent issues, the reporting requirements and status of purchased shares.

1.2 Explanatory Statement

The explanatory statement in connection with the Buy-back Mandate is set out in Appendix I to this Circular, which contains further information on the Buy-back Mandate and sets out the terms and conditions on which the Manager may exercise its power under the Buy-back Mandate, if granted, to effect on-market buy-back(s) of Units on the Stock Exchange on behalf of Hui Xian REIT.

1.3 Maximum number of Units that may be bought back

Subject to the passing of the proposed Ordinary Resolution for approving the Buy-back Mandate, the number of Units which may be bought back pursuant to the Buy-back Mandate is up to 10% of the total number of Units in issue as at the date of the passing of the resolution approving the Buy-back Mandate.

1.4 Approval required

Pursuant to the SFC Repurchase Circular, the Manager proposes to seek Unitholders' approval by way of an Ordinary Resolution at the AGM to grant a general mandate to the Manager to buy back Units on the Stock Exchange on behalf of Hui Xian REIT.

LETTER FROM THE BOARD

Pursuant to Paragraph 3.3 of Schedule 1 to the Trust Deed, at any meeting a resolution put to the vote of the meeting shall be decided on a poll and the result of the poll shall be deemed to be the resolution of the meeting.

The proposed Ordinary Resolution in relation to the grant of the Buy-back Mandate to the Manager will be decided on a poll at the AGM and the result of the poll shall be deemed to be the resolution of the meeting.

1.5 Restrictions on voting

9.9(f) of the REIT Code provides that where a unitholder has a material interest in the business to be contracted at a general meeting of the unitholders, and that interest is different from the interests of all other unitholders, such unitholder shall be prohibited from voting.

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

With respect to the proposed Ordinary Resolution relating to the Buy-back Mandate, the Manager is not aware of any Unitholders that are required to abstain from voting on such Ordinary Resolution.

1.6 Opinion of the Board and Directors' recommendation

The Directors are of the opinion that the granting of the Buy-back Mandate is in the interests of Hui Xian REIT and the Unitholders as a whole and accordingly recommend the Unitholders to vote in favour of the Ordinary Resolution with respect to the Buy-back Mandate to be proposed at the AGM.

1.7 Trustee's opinion and consent

The Trustee, (i) is of the opinion that the granting of the Buy-back Mandate complies with the Trust Deed, and, (ii) subject to Unitholders' approval, has given its consent to the Manager to proceed with any proposed buy-backs pursuant to the Buy-back Mandate.

The Trustee's confirmation is being furnished for the sole purpose of complying with the requirements of the SFC Repurchase Circular and is not to be taken as a recommendation or representation by the Trustee of the merits of the Buy-back Mandate or any statements or information made or disclosed in this Circular. The Trustee has not made any assessment of the merits or impact of the Buy-back Mandate other than the purposes of fulfilling its fiduciary duties set out in the Trust Deed and the REIT Code. Accordingly, all Unitholders, including those who are in any doubt as to the merits or impact of the Buy-back Mandate, should seek their own financial or other professional advice.

LETTER FROM THE BOARD

2. PROPOSED AMENDMENTS TO THE TRUST DEED TO REFLECT THE REIT CODE AMENDMENTS AND OTHER MISCELLANEOUS AMENDMENTS, AND THE PROPOSED INCREASE IN THE PROPERTY DEVELOPMENT CAP

2.1 Background

The REIT Code was amended with effect from 4 December 2020 to provide REITs with greater flexibility in making investments, including but not limited to amendments: (i) allowing REITs to make investments in minority-owned properties subject to certain conditions; (ii) increasing the cap on REITs' investments in property development projects from 10% to 25% of the gross asset value subject to, *inter alia*, unitholders' approval; (iii) increasing the borrowing limit for REITs from 45% to 50% of the gross asset value; and (iv) broadly aligning the requirements for REITs' connected party transactions with the requirements for listed companies.

2.2 Proposed Amendments to the Trust Deed to Reflect the REIT Code Amendments and Other Miscellaneous Amendments

The Trust Deed is proposed to be amended to reflect the REIT Code Amendments. The key amendments to the Trust Deed are as follows:

- (a) to increase the Property Development Cap on investments in property development from the 10% to 25% of the gross asset value of Hui Xian REIT, subject to Unitholders' approval (the "**Property Development Cap Amendment**");
- (b) to reflect the amended requirements under the REIT Code in respect of investments in Minority-owned Properties, including in relation to the conditions of, the valuation of and the restrictions on Hui Xian REIT's investments in Minority-owned Properties, and to include the distributions received and receivable therefrom in the net income for distribution to Unitholders;
- (c) to relax the diversification limit applicable to Relevant Investments issued by any single group of companies from 5% to 10% of the gross asset value of Hui Xian REIT;
- (d) to increase the borrowing limit from 45% to 50% of the gross asset value of Hui Xian REIT;
- (e) broadly to align the requirements in respect of connected party transactions with the REIT Code and the corresponding requirements applicable to companies listed on the Stock Exchange under the Listing Rules;
- (f) to reflect other REIT Code Amendments, including without limitation:
 - (i) to revise the time limits in relation to distribution and filing of semi-annual reports and circulars to align with the requirements under the Listing Rules; and
 - (ii) to permit special purpose vehicles to be used for purposes incidental to Hui Xian REIT's investments and to remove the limitation on the number of layers of special purpose vehicles.

LETTER FROM THE BOARD

Certain miscellaneous amendments are also proposed to be made to the Trust Deed, including (i) an amendment to align the two different existing requirements in the Trust Deed for the notice period required where a Special Resolution is proposed for consideration in a general meeting, to 21 clear days; and (ii) other minor drafting changes.

Please refer to Appendix II and Appendix IV of this Circular for the details of the other proposed amendments to reflect the REIT Code Amendments and other miscellaneous amendments, respectively, and Appendix III of this Circular for details of the proposed Property Development Cap Amendments.

2.3 Proposed increase in the Property Development Cap

Under the current provisions of the Trust Deed, Hui Xian REIT is allowed to invest in property development projects up to 10% of Hui Xian REIT's gross asset value. The Manager is of the view that, following the REIT Code Amendments, allowing Hui Xian REIT to make investments in property development in excess of the existing limit of 10% of gross asset value to not more than 25% of gross asset value of Hui Xian REIT, being the proposed increase in the Property Development Cap, is beneficial to Hui Xian REIT and the Unitholders as a whole. In particular, the enhanced flexibility can provide Hui Xian REIT with more options in selecting acquisition targets and will enable the Manager to capture further investment opportunities as and when they arise.

2.4 Unitholders' Approval

The Property Development Cap Amendment and the proposed increase in the Property Development Cap are subject to Unitholders' approval pursuant to clause 26.1 of the Trust Deed and 7.2AA(a), 7.2AA(b) and 9.6 of the REIT Code. The Manager proposes to seek such approval by way of Special Resolution.

Pursuant to Paragraph 3.3 of Schedule 1 to the Trust Deed, at any meeting a resolution put to the vote of the meeting shall be decided on a poll and the result of the poll shall be deemed to be the resolution of the meeting.

9.9(f) of the REIT Code provides that where a unitholder has a material interest in the business to be contracted at a general meeting of the unitholders, and that interest is different from the interests of all other unitholders, such unitholder shall be prohibited from voting. Under paragraph 3.2 of Schedule 1 to the Trust Deed, where a Unitholder has a material interest in the business to be conducted at a general meeting of Hui Xian REIT, and that interest is different from the interests of other Unitholders, such Unitholder shall be prohibited from voting its Units at, or being counted in the quorum for, the general meeting.

With respect to the proposed Special Resolution relating to the Property Development Cap Amendment and the proposed increase in Property Development Cap, the Manager is not aware of any Unitholders that are required to abstain from voting on such Special Resolution.

No approval from Unitholders is required for the other proposed amendments to the Trust Deed to reflect the REIT Code Amendments and other miscellaneous amendments as contemplated above provided that the Trustee certifies pursuant to clause 26.1(a) of the Trust Deed and 9.6 of the REIT Code that, in its opinion, such amendments: (a) are necessary to comply with fiscal or other statutory or official requirements; or (b) do not materially prejudice Unitholders' interests, do not to any material extent release the Trustee, the Manager or any other person from any liability to Unitholders and do not increase the costs and charges payable from the properties of Hui Xian REIT; or (c) are necessary to correct a manifest error.

LETTER FROM THE BOARD

The Trustee has confirmed that it is of the opinion that the other proposed amendments to the Trust Deed to reflect the REIT Code Amendments and other miscellaneous amendments as contemplated above: (a) are necessary to comply with fiscal or other statutory or official requirements; or (b) do not materially prejudice Unitholders' interests, do not to any material extent release the Trustee, the Manager or any other person from any liability to Unitholders and do not increase the costs and charges payable from the properties of Hui Xian REIT; or (c) are necessary to correct a manifest error, and accordingly, such amendments do not require Unitholders' approval under the REIT Code or the Trust Deed. The Trustee has also confirmed that it will provide the relevant certification in the supplemental deed to be entered into by the Manager and the Trustee to make such amendments.

The supplemental deed contemplated above is expected to be entered into after the AGM and will become effective upon execution.

2.5 Recommendation

The Board considers that the Property Development Cap Amendment and the proposed increase in the Property Development Cap 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 Resolution to be proposed at the AGM.

2.6 Trustee's Opinion

Based and in sole reliance on the information and assurances provided by the Manager and having regard to the Manager's view set out in section 2.3 above and the Board's recommendation set out in section 2.5 above, and having taken into account the Trustee's duties set out in the Trust Deed and the REIT Code, the Trustee confirms for the purposes of note 2 to 10.5 of the REIT Code that: (a) it presently has no objection to the Property Development Cap Amendment and the proposed increase in the Property Development Cap ; and (b) it is satisfied that the Property Development Cap Amendment and the proposed increase in the Property Development Cap, if and when approved by the Unitholders and implemented in the manner contemplated in this Circular, will be in compliance with the REIT Code and the Trust Deed. Subject to: (a) the Unitholders approving the Special Resolution relating to the Property Development Cap Amendment and the proposed increase in the Property Development Cap at the AGM; and (b) the Property Development Cap Amendment and the proposed increase in the Property Development Cap being effected pursuant to the Trust Deed, the Trustee has agreed to provide its no-objection confirmation for the purposes of 7.2AA(c) of the REIT Code in the supplemental deed to be entered into by the Manager and the Trustee to make such amendments.

3. ANNUAL GENERAL MEETING

The AGM will be held at Harbour Grand Hong Kong, 23 Oil Street, North Point, Hong Kong on 11 May 2021 (Tuesday) at 12:00 noon, for the purpose of, among others, considering and, if thought fit, passing, with or without modifications, the Ordinary Resolution and the Special Resolution set out in the notice of AGM, which is set out on pages N-1 to N-3 of this Circular.

For the purposes of determining entitlements to attend and vote at the AGM, the Register will be closed from 6 May 2021 (Thursday) to 11 May 2021 (Tuesday), both days inclusive, during which period no transfer of Units will be effected. For those Unitholders who are not already on the Register, in order to qualify to attend and vote at the AGM, all Unit certificates accompanied by 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 5 May 2021 (Wednesday).

LETTER FROM THE BOARD

You can vote at the AGM if you are a Unitholder on 11 May 2021 (Tuesday). You will find enclosed with this Circular the notice of AGM (see pages N-1 to N-3 of this Circular) and a form of proxy for use for the AGM.

Please complete, sign and date the enclosed form of proxy, whether or not you are able to attend the AGM in person, in accordance with the instructions printed on the form of proxy, and return it to the Unit Registrar of Hui Xian REIT, 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 AGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you wish.

4. GENERAL

4.1 Material Adverse Change

As at the Latest Practicable Date, none of the Directors was aware of any material adverse change in the financial or trading position of Hui Xian REIT since 31 December 2020 (being the date to which the latest published audited financial statements of Hui Xian REIT have been made up).

4.2 Responsibility Statement

The Manager and the Directors, collectively and individually, accept full responsibility for the accuracy of the information contained in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this Circular misleading.

4.3 Trustee's interests in Units

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

4.4 Documents for Inspection

A copy of the Trust Deed and the draft supplemental deed proposed to be entered into by the Manager and the Trustee for making the proposed amendments to the Trust Deed as described in this Circular are available for inspection at the office of the Manager at Unit 303, Cheung Kong Center, 2 Queen's Road Central, Hong Kong, the place of business of the Manager, at all times during normal office hours.

4.5 Language

In case of any inconsistency between the English and Chinese versions of this Circular, the English version shall prevail.

Yours faithfully,

By order of the Board

Hui Xian Asset Management Limited

滙賢房託管理有限公司

(as Manager of Hui Xian Real Estate Investment Trust)

CHEUNG LING FUNG, TOM

Chief Executive Officer and Executive Director of the Manager

This is the explanatory statement as required by the SFC Repurchase Circular to provide requisite information to enable you to make an informed decision on whether to vote for or against the Ordinary Resolution to approve the grant of the Buy-back Mandate to the Manager.

(A) ISSUED UNITS

As at the Latest Practicable Date, 6,014,651,998 Units were in issue. Subject to the passing of the Ordinary Resolution as referred to in the Letter from the Board in this Circular and as set out in the notice of AGM in respect of the Buy-back Mandate, the Manager will be allowed under the Buy-back Mandate to buy back up to 10% of the total number of Units in issue as at the date of the resolution approving the Buy-back Mandate, which, if no additional Units will be issued prior to the AGM, would be equivalent to a maximum of 601,465,199 Units. As at the Latest Practicable Date, the Manager had no present intention to buy back Units pursuant to the Buy-back Mandate.

(B) REASONS FOR THE BUY-BACK

The Manager believes that it is in the best interests of Hui Xian REIT and the Unitholders as a whole to seek the Buy-back Mandate. Unit buy-backs may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Unit and/or earnings per Unit and will only be made when the Manager believes that such buy-back will benefit Hui Xian REIT and the Unitholders as a whole.

(C) FUNDING OF BUY-BACKS

For the purposes of any buy-backs, the Manager will only use funds legally available for such purposes in accordance with the Trust Deed, the REIT Code, the guidelines issued by the SFC from time to time and the applicable laws of Hong Kong.

If the Buy-back Mandate is exercised in full at any time during the proposed buy-back period, the proposed buy-back may have a material adverse effect on the working capital and gearing position of Hui Xian REIT as compared with the position disclosed in its most recent published audited financial statements. The Manager does not propose to exercise the Buy-back Mandate to such an extent as would, in the circumstances, have any material adverse impact on the working capital or gearing position of Hui Xian REIT (as compared with the position disclosed in its most recent published audited financial statements).

(D) UNIT PRICES

The highest and lowest prices at which the Units have traded on the Stock Exchange in each of the previous twelve months were as follows:

	Highest <i>RMB</i>	Lowest <i>RMB</i>
March 2020	3.18	1.97
April 2020	2.40	2.20
May 2020	2.28	2.10
June 2020	2.22	2.10
July 2020	2.19	1.86
August 2020	2.00	1.65
September 2020	1.75	1.36
October 2020	1.68	1.46
November 2020	1.96	1.60
December 2020	1.99	1.80
January 2021	1.83	1.72
February 2021	1.80	1.72
From 1 March 2021 up to the Latest Practicable Date	1.92	1.74

(E) UNITS BOUGHT-BACK

The Manager has not bought back any Units on behalf of Hui Xian REIT (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

(F) STATUS OF BOUGHT-BACK UNITS

The listing of all Units which are bought back by the Manager pursuant to the Buy-back Mandate shall be automatically cancelled upon such buy-back. The Manager will ensure that the documents of title of purchased Units are cancelled and destroyed as soon as reasonably practicable following settlement of any such buy-back.

(G) DIRECTORS' UNDERTAKING

The Directors have undertaken to the SFC that when the Manager exercises the power to buy-back the Units pursuant to the Buy-back Mandate, it will exercise the power in accordance with the provisions of the Trust Deed, the laws of Hong Kong, the Takeovers Code, the REIT Code and the guidelines issued by the SFC from time to time.

(H) DISCLOSURE OF INTERESTS

None of the Directors or, to the best of their knowledge, having made all reasonable enquiries, their associates (as defined in the REIT Code), have any present intention to sell to the Manager on behalf of Hui Xian REIT any of the Units if the Buy-back Mandate is approved at the AGM.

As at the Latest Practicable Date, no connected person (as defined in the REIT Code) of Hui Xian REIT has notified the Manager that he/she/it has a present intention to sell any Units nor has such connected person (as defined in the REIT Code) undertaken not to sell any of the Units held by him/her/it to the Manager on behalf of Hui Xian REIT in the event that the Buy-back Mandate is granted.

(I) TRUSTEE'S OPINION AND CONSENT

The Trustee (i) is of the opinion that the granting of the Buy-back Mandate complies with the Trust Deed, and, (ii) subject to Unitholders' approval, has given its consent to the Manager to proceed with any proposed buy-backs pursuant to the Buy-back Mandate.

The Trustee's confirmation is being furnished for the sole purpose of complying with the requirements of the SFC Repurchase Circular and is not to be taken as a recommendation or representation by the Trustee of the merits of the Buy-back Mandate or any statements or information made or disclosed in this Circular.

The Trustee has not made any assessment of the merits or impact of the Buy-back Mandate other than the purposes of fulfilling its fiduciary duties set out in the Trust Deed and the REIT Code. Accordingly, all Unitholders, including those who are in any doubt as to the merits or impact of the Buy-back Mandate, should seek their own financial or other professional advice.

(J) RULE 10.06 OF THE LISTING RULES

Hui Xian REIT shall comply with the restrictions and notification requirements applicable to listed companies purchasing their own shares on the Stock Exchange under Rule 10.06 of the Listing Rules, with necessary changes being made, as if the provisions therein were applicable to REITs. These include, but are not limited to, the dealing restrictions, the restrictions on subsequent issues, the reporting requirements and status of purchased shares.

(K) DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the granting of the Buy-back Mandate is in the interests of Hui Xian REIT and the Unitholders as a whole and accordingly recommend the Unitholders to vote in favour of the Ordinary Resolution approving the Buy-back Mandate to be proposed at the AGM.

(L) EFFECT OF TAKEOVERS CODE

If, on exercise of the power to buy back Units pursuant to the Buy-back Mandate, a Unitholder's proportionate interest in the voting rights of Hui Xian REIT increases, pursuant to Rule 6 of the Code on Share Buy-backs and Rule 32 of the Takeovers Code such increase will be treated as an acquisition of voting rights for purposes of the Takeovers Code. As a result, a Unitholder, or group of Unitholders acting in concert, could obtain or consolidate control of Hui Xian REIT and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code, unless a waiver is available.

As at the Latest Practicable Date and so far as the Manager is aware, Noblecrown Investment Limited ("Noblecrown"), directly held 1,091,083,328 Units (representing approximately 18.14% of the Units in issue). As at the same date and so far as the Manager is aware, Noblecrown together with certain parties which are acting in concert with it (including the Manager) held a total of approximately 46.92% of the Units then in issue.

Further, as at the Latest Practicable Date, the Manager (in its own capacity) held 21,797,745 Units (representing approximately 0.36% of the Units in issue).

Should the Buy-back Mandate be exercised in full, assuming that the number of Units currently held by Noblecrown and those parties which are acting in concert with it (including the Manager) remain unchanged, based on 6,014,651,998 Units in issue as at the Latest Practicable Date, the aggregate percentage unitholding of such group would be increased to approximately 52.13% and such increase will give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. In any event, the Manager does not intend to exercise the Buy-back Mandate to such extent as to give rise to an obligation to make a mandatory general offer under Rule 26 of the Takeovers Code.

**APPENDIX II PROPOSED AMENDMENTS TO THE TRUST DEED TO
REFLECT THE REIT CODE AMENDMENTS
(EXCEPT THE PROPERTY DEVELOPMENT CAP AMENDMENT)**

The full texts of or the relevant extracts from the relevant clauses of the Trust Deed which are proposed to be amended where such amendments are not subject to Unitholders' approval are reproduced in this Appendix II. The proposed insertions and deletions are indicated by, respectively, the underlined text and the strikethrough text below. Terms defined in the Trust Deed shall have the corresponding meanings when they are used in such texts or extracts.

1. The definition of "associate" under Clause 1.1 of the Trust Deed be amended as follows:

“**associate**” shall have the meaning given to it under the Code, save that, for the purpose of interpretation of this Deed, any Special Purpose Vehicle shall not be an associate of and any joint venture entity held by the Trustee, in its capacity as the trustee of the Trust only shall not be an associate of the Trustee;”

2. The definition of “associated company” under Clause 1.1 of the Trust Deed be removed.
3. The definition of “Authorised Investments” under Clause 1.1 of the Trust Deed be amended as follows:

“**Authorised Investments**” means:

...

- (f) shares in the issued share capital of, and loans to, any Special Purpose Vehicle and/or joint venture entity and any goodwill and other intangible assets acquired in relation to the acquisition of any Special Purpose Vehicle and/or joint venture entity;

...

in each case whether held by the Trustee directly or indirectly through a Special Purpose Vehicle and/or joint venture entity or otherwise pursuant to this Deed;”

4. The definition of “Charged-Out Collections” under Clause 1.1 of the Trust Deed be amended as follows:

“**Charge-Out Collections**” in relation to a Real Estate, whether directly held by the Trustee or indirectly held by the Trustee through a Special Purpose Vehicle and/or joint venture entity, and in relation to any Financial Year or part thereof, means all items of air-conditioning charges, management fees, promotional charges, land use fees, utility charges, and cleaning and other charges payable by the tenants and licensees to the Trustee or the relevant Special Purpose Vehicle and/or joint venture entity (as the case may be);”

5. A new definition of “chief executive” be inserted immediately before the definition of “collective investment scheme” under Clause 1.1 of the Trust Deed as follows:

“**chief executive**” has the same meaning ascribed to it under 8.1 of the Code;”

6. The definition of “Companies Ordinance” under Clause 1.1 of the Trust Deed be removed.

12. The definition of “Gross Revenue” under Clause 1.1 of the Trust Deed be amended as follows:

“**Gross Revenue**” in relation to a Real Estate, whether directly held by the Trustee or indirectly held by the Trustee through a Special Purpose Vehicle and/or joint venture entity, and in relation to any Financial Year or part thereof, means all income accruing or resulting from the operation of such Real Estate for that Financial Year or part thereof, including but not limited to its base rental income, turnover rent, licence fees, room sales, food and beverage sales, revenue from laundry and dry cleaning services, telephone, internet, other telecommunications services, facsimile services, Charge-Out Collections and other sums (after deduction for all rebates, refunds, credits or discounts and rebates for rent free periods) due from tenants, licensees, concessionaires, customers, guests or patrons, business interruption insurance payments, car park income, atrium income, interest income, advertising and other income attributable to the operation of such Real Estate, but shall exclude the following:

...

- (iv) all goods and services or value added taxes (whether in force at present or in the future), charged to tenants, licensees and users of the Real Estate for the sale or supply of services or goods, which taxes are accountable by the Trustee or the relevant Special Purpose Vehicle and/or joint venture entity (as the case may be) to the tax authorities;”

13. The definition of “joint venture entity” be inserted immediately after the definition of “Joint-Alternate Holders” under Clause 1.1 of the Trust Deed as follows:

“**joint venture entity**” has the same meaning ascribed to it under the Code;”

14. The definition of “JV valuer” be inserted immediately before the definition of “Liabilities” under Clause 1.1 of the Trust Deed as follows:

“**JV valuer**” has the same meaning ascribed to it under the Code;”

15. The definition of “Liabilities” under Clause 1.1 of the Trust Deed be amended as follows:

“**Liabilities**” means all the liabilities of the Trust whether incurred directly by the Trustee or indirectly through a Special Purpose Vehicle and/or joint venture entity or the Manager (including, in each case, liabilities accrued but not yet paid) and any provision which the Trustee or the Manager decides in consultation with the Auditors should be taken into account in determining the liabilities of the Trust in accordance with accounting principles generally accepted in Hong Kong;”

16. The definition of “Maximum Cap” be inserted immediately before the definition of “Minor” under Clause 1.1 of the Trust Deed as follows:

“**Maximum Cap**” has the same meaning ascribed to it in Clause 10.3.3;”

17. The definition of “Minority-owned Properties” be inserted immediately before the definition of “Net Asset Value of the Deposited Property” under Clause 1.1 of the Trust Deed as follows:

“**Minority-owned Properties**” has the same meaning ascribed to it under the Code;”

18. The definition of “Net Property Income” under Clause 1.1 of the Trust Deed be amended as follows:

“**Net Property Income**” in relation to a Real Estate, whether directly held by the Trustee or indirectly held by the Trustee through a Special Purpose Vehicle and/or joint venture entity, and in relation to any Financial Year or part thereof, means its Gross Revenue less Property Operating Expenses for such Real Estate for that Financial Year or part thereof;”

19. The definition of “Non-qualified Minority-owned Properties” be inserted immediately before the definition of “Offering Circular” under Clause 1.1 of the Trust Deed as follows:

“**Non-qualified Minority-owned Properties**” has the same meaning ascribed to it under the Code;”

20. The definition of “Operating Equipment” under Clause 1.1 of the Trust Deed be amended as follows:

“**Operating Equipment**” in relation to a Real Estate, whether directly held by the Trustee or indirectly held by the Trustee through a Special Purpose Vehicle and/or joint venture entity, means the equipment, items or things used in the operation of such Real Estate, pursuant to the approved annual business plan and budget for such Real Estate;”

21. The definition of “Property Manager” under Clause 1.1 of the Trust Deed be amended as follows:

“**Property Manager**” means the property manager to which the Manager has delegated the property management functions in respect of any Real Estate held directly by the Trustee or indirectly held by the Trustee through a Special Purpose Vehicle and/or joint venture entity;”

22. The definition of “Property Manager’s Fee” under Clause 1.1 of the Trust Deed be amended as follows:

“**Property Manager’s Fee**” means the fee periodically charged by the Property Manager from time to time in accordance with the relevant management agreement pursuant to which the Property Manager is delegated with the property management functions in respect of any Real Estate held directly by the Trustee or indirectly held by the Trustee through a Special Purpose Vehicle and/or joint venture entity;”

23. The definition of “Property Operating Expenses” under Clause 1.1 of the Trust Deed be amended as follows:

“**Property Operating Expenses**” in relation to a Real Estate, whether directly held by the Trustee or indirectly held by the Trustee through a Special Purpose Vehicle and/or joint venture entity, and in relation to any Financial Year or part thereof, means all costs and expenses incurred by the Trust or the relevant Special Purpose Vehicle and/or joint venture entity directly in the course of the operation, maintenance, management and marketing of such Real Estate, and, without limitation to the generality of the foregoing, include the following:

...

(xiv) wages, salaries, employee fringe benefits and compensation, the cost of personnel training programmes and all ancillary costs in respect of the employees of the Special Purpose Vehicles and/or joint venture entity,

...

but, shall not include the following:

...

(c) interest on loans taken up by the Trustee or the relevant Special Purpose Vehicle and/or joint venture entity;

24. The definition of “Property Values” under Clause 1.1 of the Trust Deed be amended as follows:

“**Property Values**” means the Value of all Real Estate, whether directly held by the Trustee or indirectly held by the Trustee through a Special Purpose Vehicle and/or joint venture entity provided that, where a Special Purpose Vehicle and/or joint venture entity is not wholly owned by the Trust (other than BOP), the Value of the Real Estate owned by that Special Purpose Vehicle and/or joint venture entity which is attributable to the Trust shall be the proportion of the total value of the relevant Real Estate which corresponds with the Trust’s equity interest in the Special Purpose Vehicle and/or joint venture entity;

25. The definition of “Qualified Minority-owned Property” be inserted immediately before the definition of “Real Estate” under Clause 1.1 of the Trust Deed as follows:

“**Qualified Minority-owned Property**” has the same meaning ascribed to it under the Code;”

26. The definition of “Significant Holder” under Clause 1.1 of the Trust Deed be moved to immediately before the definition of “Takeovers Code” and be amended to “Substantial Holder” as follows:

“**SignificantSubstantial Holder**” means a Holder that ~~holds~~ is entitled to exercise, or control the exercise of, 10% or more of the outstanding Units, for which purpose the following are deemed included as such Holder’s holdings: (i) the holdings of voting power at any associate general meeting of the Holder where the Holder is an individual; and (ii) the holdings of any director, senior executive, officer, controlling entity, holding company, subsidiary or associated company of the Holder where the Holder is an entity Trust or any of its subsidiaries. For the purposes of this definition, “hold” and “holding” means any legal, beneficial or equitable interest in the Units;”

27. The definition of “Special Purpose Vehicle” under Clause 1.1 of the Trust Deed be amended as follows:

“**Special Purpose Vehicle**” shall mean a special purpose vehicle that is owned and controlled by the Trust in accordance with the Code; for the avoidance of doubt, it does not include a joint venture entity minority-owned by the Trust;”

**APPENDIX II PROPOSED AMENDMENTS TO THE TRUST DEED TO
REFLECT THE REIT CODE AMENDMENTS
(EXCEPT THE PROPERTY DEVELOPMENT CAP AMENDMENT)**

34. Clause 5.1.8(i) of the Trust Deed be amended as follows:

“5.1.8 Unless expressly provided herein or otherwise pursuant to any exemption or waiver granted by the SFC, an issue of new Units and/or Convertible Instruments to a Connected Person may be made without specific prior approval of Holders by Ordinary Resolution at a meeting duly convened by the Manager and held in accordance with Schedule 1 where the following requirements are complied with:

- (i) new Units and/or that class of Convertible Instruments are issued to a Connected Person within 14 days after such Connected Person has executed an agreement to reduce its holding of Units and/or that class of Convertible Instruments by placing such Units and/or class of Convertible Instruments to a third person or third persons who is/are not its associate(s) ~~other than any Excluded Associate;~~”

35. A new Clause 5.1.12 of the Trust Deed be inserted immediately after Clause 5.1.11 as follows:

“5.1.12 Payment of the Manager’s remuneration by way of Units within the 20% threshold under 12.2 of the Code shall be exempted from strict compliance with Holders’ approval requirement provided that the aggregate number of Units issued for such purpose in respect of a Financial Year does not exceed 3% (or such other percentage as may be considered appropriate by the SFC) of the total number of Units outstanding as at the last day of the immediately preceding Financial Year plus the number of Units (if any) issued in the relevant Financial Year for the purposes of financing any acquisition of real estate by the Trust. In accordance with 12.2 of the Code where Holders’ approval is exempted under Chapter 8 of the Code for issuance of Units to Connected Persons, such issuance will also be exempted from strict compliance with Holders’ approval requirement.”

36. Clause 5.2.6 of the Trust Deed be deleted and Clause 5.2.7 be re-numbered Clause 5.2.6.

37. Clause 6.1.1 of the Trust Deed be amended as follows:

“6.1.1 (in the case of Investments falling within any paragraph of the definition of “Authorised Investment” which is not in the nature of a Real Estate and subject to Clauses 6.1.3, 6.1.4 and 6.1.5.) the Acquisition Cost thereof on its Acquisition Date, or its depreciated value as reflected in the books of the Trust or any Special Purpose Vehicle and/or joint venture entity (as applicable), whichever is the lower;”

38. Clause 6.1.2 of the Trust Deed be amended as follows:

“6.1.2 (in the case of Investments falling within any paragraph of the definition of “Authorised Investment” which is in the nature of a Real Estate, whether held directly by the Trustee or indirectly through Special Purpose Vehicles and/or joint venture entities, and subject to Clauses 6.1.3) (a) on the Trust’s acquisition of an Authorised Investment, its Acquisition Cost thereof on its Acquisition Date and (b) on a subsequent valuation by an Approved Valuer or JV valuer (as applicable) of such Authorised Investment obtained pursuant to any of the provisions of this Deed since the date of the Trust’s acquisition of such Authorised Investment, the Value of such Authorised Investment as determined by such valuation;”

39. Clause 6.2 of the Trust Deed be amended as follows:

“6.2 Appointment of Approved Valuer and JV valuer”

6.2.1 The Manager shall select and recommend one or more property valuers to the Trustee and the Trustee will appoint at its discretion a property valuer as the Approved Valuer recommended by the Manager to make a valuation of Real Estate, subject to the Code. In appointing the property valuer the Trustee shall at all times act in accordance with Clauses 17.16.2(i) and 17.16.2(v) and may exercise discretion in refusing to appoint any Approved Valuer recommended by the Manager which the Trustee considers to be insufficiently qualified or in respect of whose integrity the Trustee is not satisfied. Where any property valuer recommended by the Manager is not appointed by the Trustee in such circumstances, the Manager shall recommend an alternative property valuer subject to this Clause 6.2.1. The Manager when making such recommendations to the Trustee, shall have regard to the particular type or types of Authorised Investments, the subject of such valuation, recommendation or report, provided that in relation to an Investment which is Real Estate in the form of land, whether directly held by the Trustee or indirectly held by the Trustee through a Special Purpose Vehicle, the person so recommended shall be a property valuer that carries on the business of valuing real estate in Hong Kong, shall meet the criteria of independence as set out in the Code, and have key personnel who are fellows or members of the Hong Kong Institute of Surveyors or the Royal Institution of Chartered Surveyors (Hong Kong Branch) and who are qualified to perform property valuations in accordance with the Code. The Manager shall, upon the request by the Trustee, provide such information about the property valuer recommended by the Manager, which would assist the Trustee in exercising its discretion in the selection of property valuers under this Clause 6.2.1. The remuneration of the Approved Valuer appointed for the purposes of the Initial Public Offering shall be determined on an arm’s length basis by the Manager. Thereafter, the remuneration of the Approved Valuer (which shall be payable out of the Deposited Property) shall be determined by the Manager with the approval of the Trustee and disclosed in the annual financial statements of the Trust. The Trustee shall not be liable for the acts or omissions of such Approved Valuer provided that the Trustee has acted in good faith and without negligence or wilful default in the appointment of such Approved Valuer.

6.2.2 The Approved Valuer may appoint a competent business valuer or other qualified valuer to assist in preparing the valuation of a Minority-owned Property taking into account any impact or implications the specific ownership structure or any relevant divestment or other restrictions may have on the value of the property.

6.2.3 Valuation of a Minority-owned Property may be conducted by a JV valuer, that is, a property valuer engaged by the joint venture entity holding the property. In the case of annual valuation, the Manager may adopt the valuation issued by the JV valuer provided that it is reasonably satisfied with the JV valuer’s competence and independence having regard to its duties under the Code. In such case, the obligations on the Approved Valuer under 6.2 of the Code and Clause 6.2.1 above would not apply to such Minority-owned Properties.

6.2.4 Where the Trust proposes to invest in other listed real estate investment trusts, strict compliance with the valuation requirements in this Clause 6 and Chapter 6 of the Code may not be required, in particular where the other real estate investment trust is listed and traded on an internationally recognised stock exchange and its financial reports are prepared in accordance with comparable accounting standards.”

40. Clause 6.3 of the Trust Deed be amended as follows:

“6.3 Net Asset Value

The Manager shall determine the Net Asset Value of Deposited Property based upon the Approved Valuer’s and the JV valuer’s (JV valuer being a property valuer engaged by the joint venture entity holding the property) valuation of Real Estate (as the case may be), the Value of Cash and Cash Equivalent Items comprised in the assets of the Trust and other Deposited Property less Liabilities.”

41. Clause 6.4 of the Trust Deed be amended as follows:

“6.4 Basis of Valuation

The Manager shall ensure that all valuations made by Approved Valuers pursuant to this Clause 6 shall be carried out in good faith in accordance with market practice on such basis as the Approved Valuers respectively may determine to be appropriate, subject always to the terms of this Deed and the provisions of the Code. The valuation methodology shall follow the “HKIS Valuation Standards on Properties” published from time to time by the Hong Kong Institute of Surveyors or the International Valuation Standards issued from time to time by the International Valuation Standards Council, the Code or any applicable code of practice for asset valuations. Once adopted, the same valuation standards shall be applied consistently to all valuations of properties of the Trust.”

42. Clause 6.5 of the Trust Deed be amended as follows:

“6.5 Frequency of Valuation of Real Estate Investments

The Manager shall ensure that a full valuation of each of the Trust’s Real Estate in the form of land (whether held directly by the Trustee or indirectly through a Special Purpose Vehicle and/or joint venture entity) shall be conducted by an Approved Valuer and/or JV valuer at least once a year, and may require the Approved Valuer to carry out additional valuations or inspections at such other dates as the Manager may determine in its sole discretion, except that the next valuation of the Trust’s Real Estate in the form of land following the establishment of the Trust will be effected no later than or as at the end of the relevant Financial Year (the first valuation to be effected at the end of the Financial Year in which the Initial Public Offering is completed). The Manager shall also ensure that an Approved Valuer shall produce a valuation report (i) on Real Estate to be acquired or sold by the Trust or (ii) ~~on non-cash consideration in the nature of Real Estate which is to be received for the issue of Units in accordance with Clause 5.2.6 or~~ (iii) in any other circumstance prescribed by the Code.”

APPENDIX II **PROPOSED AMENDMENTS TO THE TRUST DEED TO
REFLECT THE REIT CODE AMENDMENTS
(EXCEPT THE PROPERTY DEVELOPMENT CAP AMENDMENT)**

46. Clause 10.3.3 of the Trust Deed be amended as follows:

“10.3.3 the combined value of the:

- (a) all Relevant Investments held by the Trust, together with other non-real estate assets of the Trust, when aggregated with;
- (b) all Non-qualified Minority-owned Properties (which must not exceed 10% (or such higher percentage as may be permitted by the Code or by the relevant authorities) of the gross asset value of the Trust at all times);
- (c) other ancillary investments of the Trust (the aggregate value of holdings in which (other than financial instruments for genuine hedging purposes and cash) shall not exceed 10% (or such higher percentage as may be permitted by the Code or by the relevant authorities) of the gross asset value of the Trust at any time); and
- (d) all of the Aggregate Development Costs;

shall not exceed 25% (or such higher percentage as may be permitted by the Code or by the relevant authorities) of the gross asset value of the Trust (“Maximum Cap”) at any time. For such purpose, hedging instruments for genuine hedging purpose as well as real estate related assets (e.g. for example, plant and equipment) included as part of the Real Estate of the Trust in its valuation and financial statements shall may be disregarded as “other non-ancillary investments” above and may be included as part and parcel of the Trust’s recurrent rental income generating real estate assets” above;”

47. Clause 10.3.4 of the Trust Deed be amended as follows:

“10.3.4 the value of the Trust’s holding of the Relevant Investments issued by any single group of companies shall not exceed 510% (or such higher percentage as may be permitted by the Code or by the relevant authorities) of the gross asset value of the Trust at any time;”

48. Clause 10.3.8 of the Trust Deed be amended as follows:

“10.3.8 the Trust shall hold each Investment (which is in the nature of a Real Estate (other than a Non-qualified Minority-owned Property) or shares in any Special Purpose Vehicle or joint venture entity holding interest in a Real Estate (other than a Non-qualified Minority-owned Property)) for a period of at least two years from the date of its acquisition, or in the case of any such Investments on which the Property Development and Related Activities have been undertaken by the Trust, for a period of at least two years from the completion of such Property Development and Related Activities, unless the Manager has clearly communicated to the Holders the rationale for disposal prior to the expiry of such period and the Holders approve the disposal of such Investment by Special Resolution at a meeting to be convened by the Manager in accordance with the Schedule 1; for the avoidance of doubt, the two-year holding period does not apply to the Trust’s holding of Relevant Investments and other ancillary investments.”

APPENDIX II **PROPOSED AMENDMENTS TO THE TRUST DEED TO
REFLECT THE REIT CODE AMENDMENTS
(EXCEPT THE PROPERTY DEVELOPMENT CAP AMENDMENT)**

49. A new Clause 10.3.9 be inserted immediately after Clause 10.3.8 of the Trust Deed as follows:

“10.3.9 There shall be deemed to be no breach of this Clause 10.3 if the Maximum Cap is exceeded on a short term basis as a result of the Trust’s holding financial instruments for genuine hedging purposes or cash.”

50. Clause 10.5 of the Trust Deed be amended as follows:

“10.5 Ownership of Special Purpose Vehicle and/or joint venture entity

10.5.1 The Trust may legally and beneficially acquire and own any Special Purpose Vehicles and/or joint venture entities in accordance with the Code if the Manager considers it necessary or desirable for the Trust to do so, in which event the Manager shall instruct the Trustee to, and the Trustee shall, accordingly establish, subscribe, or acquire by transfer, or otherwise invest in on behalf of the Trust a Special Purpose Vehicle and/or joint venture entity provided that (i) the Special Purpose Vehicle is wholly-owned by the Trust, or (ii) in the case of a non-wholly owned Special Purpose Vehicle, the Trust has majority ownership and control of such Special Purpose Vehicle and, in the case of a non-wholly owned Special Purpose Vehicle and/or a joint venture entity, there are sufficient and proper safeguards in relation to the Special Purpose Vehicle and/or joint venture entity to address the risks arising from the non-wholly owned structure, and such investment is not in conflict with this Deed, the Code and other applicable law, and to the extent required by the Code, and unless otherwise permitted generally or specifically by the SFC, such Special Purpose Vehicles shall be incorporated or domiciled in jurisdictions which, in the opinion of the Manager, have established laws and corporate governance standards which are commensurate with those observed by companies incorporated in Hong Kong. Notwithstanding the above, Special Purpose Vehicles may be used for other purposes incidental to the Trust’s investments, including, without limitation, engagement of employees (in the case of a hotel real estate investment trust), or providing services incidental to managing the Trust and its assets (in the case of internally managed trust), subject to prior consultation with the SFC. For the avoidance of doubt, BOP shall be considered as having fulfilled the requirements under this Clause.

10.5.2 ~~As and to the extent required by the Code or the SFC, the Manager shall ensure that the Trust shall incorporate or acquire no more than two layers of Special Purpose Vehicles in respect of any Investment, unless otherwise approved generally or specifically by the SFC. In the case of two or more layers of Special Purpose Vehicles, the top layer Special Purpose Vehicle shall be incorporated solely for the purpose of holding the legal and beneficial interests in one or more Special Purpose Vehicles established for the sole purpose of directly or indirectly holding Real Estate and/or arranging financing for the Trust, unless otherwise approved by the SFC. For the avoidance of doubt, the manner that BOP shall be held by the Trust through two layers of Special Purpose Vehicles shall be considered as having fulfilled the requirements under this Clause~~ 10.5.

...

- 10.5.4 As and to the extent required by the Code, the Manager shall have responsibility for the management of, and shall manage, the assets held by any such Special Purpose Vehicle, including as provided in Clause 10.5.5 and the Trustee shall, in accordance with the Manager's written instructions, exercise its powers ~~of control~~ as shareholder (or ultimate shareholder) as provided in Clause 10.5.6 subject in all cases to Clause 17.16.2. The Manager shall in writing direct the Trustee to appoint and remove the directors of any Special Purpose Vehicle and/or joint venture entity insofar as permitted by the relevant constitutive documents and to the extent the Trustee is entitled to appoint and remove such directors (or where such Special Purpose Vehicle and/or joint venture entity is indirectly held by the Trustee through another Special Purpose Vehicle, to cause the directors of such Special Purpose Vehicle and/or joint venture entity to be appointed or removed insofar as permitted by the relevant constitutive documents and to the extent that such other Special Purpose Vehicle and/or joint venture entity is entitled to appoint and remove such directors) and the Trustee, subject in all cases to Clause 10.5.6 and Clause 10.5.7, shall only act in accordance with such direction. The reasonable costs and expenses of establishing, managing and maintaining and administering such Special Purpose Vehicle and/or joint venture entity, whether incurred and/or to be incurred by the Manager or by the Trustee shall be paid from the Deposited Property.
- 10.5.5 The Manager shall be responsible for the management of the assets held by each Special Purpose Vehicle including the annual budget and the management and operation of such Special Purpose Vehicle, and generally perform the same activities in relation to the assets of such Special Purpose Vehicle as to the directly held assets of the Trust. The Trustee and the Manager shall, insofar as permitted by the relevant constitutive documents governing the Special Purpose Vehicle and/or joint venture entity, seek to procure that each Special Purpose Vehicle and/or joint venture entity shall distribute to its shareholder(s) all ~~of its~~ or its share of income (after deduction of such costs and expenses as the Manager shall determine be set against such income) as permitted by the laws and regulations of its jurisdiction of incorporation.
- 10.5.6 (i) Notwithstanding any other provisions in this Deed, the Trustee shall, directly or indirectly, only upon written instruction by the Manager but subject in all cases to Clause 17.16.2 exercise any rights as shareholder (or ultimate shareholder) ~~to control~~ of such Special Purpose Vehicle and/or joint venture entity (insofar as permitted by the relevant constitutive documents) (including, without limitation, the obligation to provide powers of attorneys or proxies as provided in Clause 13.1, the obligation to appoint or remove directors of such Special Purpose Vehicle and/or joint venture entity insofar as permitted by the relevant constitutive documents and to the extent it is entitled to appoint or remove such directors (or where such Special Purpose Vehicle and/or joint venture entity is indirectly held by the Trustee through another Special Purpose Vehicle, the obligation to cause the directors of such Special Purpose Vehicle and/or joint venture entity to be appointed or removed insofar as permitted by the relevant constitutive documents and to the extent that such other Special Purpose Vehicle and/or joint venture entity is entitled to appoint and remove such directors) and to ensure that the auditor and accounting principles and policies of any Special Purpose Vehicle and/or joint venture entity (other than minority-owned joint venture entities) are identical to those of the Trust (unless otherwise required by applicable laws and regulations).

(ii) The Manager shall monitor the actions of the directors of any Special Purpose Vehicle and/or joint venture entity appointed by the Trustee (either directly or indirectly through another Special Purpose Vehicle which holds such Special Purpose Vehicle and/or joint venture entity) and, where such actions are not consistent with the provisions of this Deed, insofar as permitted by the relevant constitutive documents and to the extent the Trustee is entitled to remove such director, shall direct the Trustee to remove the directors (or any of them) or cause such directors (or any of them) to be removed. Notwithstanding the foregoing, the Trustee shall be entitled, but shall not be obliged, at its own discretion, to exercise its power ~~of control~~ as shareholder (or ultimate shareholder) (including, without limitation, removing any of the directors of any Special Purpose Vehicles and/or joint venture entity insofar as permitted by the relevant constitutive documents and to the extent the Trustee is entitled to remove such director) if the Trustee considers such actions are necessary to comply with the Constitutive Documents or the Code or are in the best interest of the Holders.

10.5.7 The Trustee's duty to appoint directors of any Special Purpose Vehicle and/or joint venture entity as provided in Clause 10.5.6(i) shall not include finding any suitable individuals or providing any person (including any employee or other Connected Person of the Trustee) as such candidate or nominee director or directors. In appointing suitable nominees of the Manager (which the Manager shall be obliged to procure) as directors of the Special Purpose Vehicle and/or joint venture entity, the Trustee may exercise discretion in refusing to appoint any nominee which the Trustee considers being insufficiently qualified or in respect of whose integrity the Trustee is not satisfied. The Manager shall provide to the Trustee such information on the nominees, as the Trustee reasonably requests, which is necessary to assess the qualification and fitness and properness of such nominees to be appointed as directors of the Special Purpose Vehicles and/or joint venture entity. Where a person nominated by the Manager is not appointed in such circumstance, the Manager shall nominate alternative individuals, subject to this Clause."

51. Clause 10.6 of the Trust Deed be amended as follows:

"10.6 Joint Ownership

The Manager may, where it considers it to be in the interests of Holders, invest the assets of the Trust in Real Estate where the Trust has less than 100% ownership and control. The Manager shall ensure that the Trust has, at all times, ~~majority (more than 50%)~~ ownership and/or control (as the case may be) of each Real Estate constituting Deposited Property (or of the Special Purpose Vehicle and/or joint venture entity holding such Real Estate), ~~or~~ at least to the extent required by the Code. The Trust may invest in jointly owned properties via a joint venture entity. As and to the extent required by the Code, the Manager shall ensure that prior to entering any such joint ownership arrangement, it shall obtain a legal opinion in accordance with the relevant requirements of the Code satisfactory to and addressed to the Trustee stating that the Trust (or, where relevant, the relevant Special Purpose Vehicle and/or joint venture entity holding the Real Estate) will have good and marketable legal and beneficial interest in the Real Estate. For the avoidance of doubt, the Trust's interest in the Initial Property shall be considered as having fulfilled the requirements under this Clause.

The Trust may invest in Minority Owned Properties, which are, jointly owned properties in which the Trust will not have majority (more than 50%) ownership or control. Where a Minority-owned Property can satisfy the overarching principles and specific conditions (that is, a Qualified Minority-owned Property) under the REIT Code, it may be excluded from the calculation of the Maximum Cap subject to the SFC's approval.

52. Clause 10.12.2 of the Trust Deed be amended as follows:

"10.12.2 No new borrowing or money raising shall be requisitioned by the Manager under Clause 10.12.1 or made by the Trustee at the instruction or consent of the Manager under Clause 10.12.1 if upon the effecting of such borrowing or raising the amount thereof together with the aggregated amount of all other raisings or borrowings made by the Trustee at the requisition of the Manager under Clause 10.12.1 or made by the Trustee at the instruction or consent of the Manager under Clause 10.12.1 (in each case, whether directly or indirectly through a Special Purpose Vehicle), and still remaining to be repaid would thereupon in the aggregate exceed ~~45~~50% (or such other higher-or-lower percentage as may be permitted by the Code or ~~as may be specifically permitted~~ by the relevant authorities) of the total gross asset value of the Deposited Property as set out in the Trust's latest published audited accounts immediately prior to such borrowing being effected (as adjusted by (i) the amount of any distribution proposed by the Manager in such audited accounts and any distribution declared by the Manager since the publication of such accounts; and (ii) where appropriate the latest published valuation of the assets of the Trust if such valuation is published after the publication of such accounts)."

53. Clause 11.5.1 of the Trust Deed be amended as follows:

"11.5.1 For the purposes of this Clause 11, the "**Interim Distributable Income**" for a Distribution Period means the amount calculated by the Manager (based on the interim unaudited financial statements of the Trust for that Distribution Period) as representing the consolidated net profit of the Trust and the Special Purpose Vehicles and/or joint venture entities (other than minority-owned joint venture entities) (as applicable) for that Distribution Period, after provision for tax, determined in accordance with the other provisions of this Clause 11 and as adjusted to eliminate the effects of Adjustments."

54. Clause 11.5.2 of the Trust Deed be amended as follows:

"11.5.2 For the purposes of this Clause 11, the "**Annual Distributable Income**" for a Financial Year means the amount calculated by the Manager (based on the audited financial statements of the Trust for that Financial Year) as representing the consolidated audited net profit after tax of the Trust and the Special Purpose Vehicles and/or joint venture entities (other than minority-owned joint venture entities) (as applicable) for that Financial Year, determined in accordance with the other provisions of this Clause 11 and as adjusted to eliminate the effect of Adjustments."

55. Clause 11.6.3 of the Trust Deed be amended as follows:

"11.6.3 For the purpose of determining the entitlement to the Distribution Entitlement for a Distribution Period, the persons who are Holders on the Record Date for that Distribution Period have an absolute, vested and indefeasible interest in the Distributable Amount of that Distribution

Period. Notwithstanding the provision of Clause 11.2.1 and the foregoing provision of this Clause 11.6.3, in the event that the Trust does not have sufficient cashflow to meet payments of Holders' Distribution Entitlement or if a payment of Holders' Distribution Entitlement, if made, will breach the restriction on gearing level prescribed by the Code and any applicable covenants to which the Trust or any Special Purpose Vehicle and/or joint venture entity is subject, such unpaid Distribution Entitlement shall be accrued and shall be paid to the persons entitled thereto as soon as practicable after the Trust has sufficient cashflow to meet the payment obligations provided that no interest shall be paid on Holders' Distribution Entitlement accrued but not paid and that Holders be notified of the suspension of payments by way of announcement."

56. Clause 11.10.1 of the Trust Deed be amended as follows:

"11.10.1 The Trust's distribution policy as at the date of this Deed in respect of the intended holding of Special Purpose Vehicles and/or joint venture entities owning Real Estate is to distribute 100% of the Annual Distributable Income for the First Financial Year and the Financial Year ending 31 December 2012 and not less than 90% of the Annual Distributable Income for each Financial Year after the Financial Year ending 31 December 2012."

57. Clause 11.10.2 of the Trust Deed be amended as follows:

"11.10.2 To the extent so required by the Code, the Manager and the Trustee shall use their best endeavours to procure that each Special Purpose Vehicle and/or joint venture entity for the time being shall, directly or indirectly, distribute to the Trust all of such Special Purpose Vehicle's and/or joint venture entity's income attributable to the Trust for each Financial Year as permitted by its constitutive documents and the laws and regulations of its relevant jurisdiction of incorporation."

58. Clause 11.10.3 of the Trust Deed be amended as follows:

"11.10.3 The amount of profits of the Special Purpose Vehicles and/or joint venture entities which are available for distribution will be governed by their respective constitutive documents and the applicable laws and regulations in the jurisdiction in which each Special Purpose Vehicle and/or joint venture entity is incorporated or registered."

59. Clause 11.10.4 of the Trust Deed be amended as follows:

"11.10.4 In certain instances, the income subject to profits tax may be greater than or less than the profits which are available for dividend distribution according to applicable laws and regulations, including, without limitation, when there are expenses or losses which are not tax-deductible such as deficit due to the revaluation of the Real Estate in the form of land or buildings owned by the Special Purpose Vehicles and/or joint venture entities. The income subject to profits tax in this instance will be greater than the accounting income. Accordingly, the amount of dividends which may be paid out by the relevant Special Purpose Vehicle and/or joint venture entity may be restricted to the amount of accounting income."

60. Clause 11.10.5 of the Trust Deed be amended as follows:

“11.10.5 It is intended that the capital structure of each Special Purpose Vehicle and/or joint venture entity as at the date of this Deed may be structured in a manner which includes loans from the Trust catering for the possibility of the occurrence of the circumstances described above. Loans from the Trust may be structured with terms which allow the Trust to forgive an appropriate amount of such loans so as to permit the relevant Special Purpose Vehicle and/or joint venture entity to pay out, within the permissible confines of its constitutive document and applicable law and regulations, an appropriate amount of dividend to the Trust for onward distribution to the Holders in accordance with the dividend distribution policy stated in Clause 11.10.1 while still adhering to applicable law and regulations governing the Trust.”

61. A new Clause 11.10.6 be inserted immediately after Clause 11.10.5 of the Trust Deed as follows:

“11.10.6 All distributions received and receivable from Minority-owned Properties shall form part of net income for distribution to Holders pursuant to the Trust’s distribution policy.”

62. Clause 13.1 of the Trust Deed be amended as follows:

“13.1 Manager’s Right to Determine how Voting Rights are Exercised

Except as otherwise expressly provided and subject to Clause 10.5 relating to Special Purpose Vehicles and/or joint venture entities owned by the Trustee,...

63. Clause 14.1.1 of the Trust Deed be amended as follows:

“14.1.1 Base Fee

The Manager shall be entitled to receive, commencing on and from and including the date immediately after the date of completion of the Reorganisation Agreement, for its own account out of the Deposited Property in arrear the amount of the Base Fee accrued to it and remaining unpaid. The Manager shall at the end of each half-yearly period of each Financial Year compute the Base Fee for the half-yearly period, based on management accounts of the Trust (if that Real Estate is directly owned by the Trustee) or the relevant Special Purpose Vehicle and/or joint venture entity (if the Real Estate is owned by a Special Purpose Vehicle and/or joint venture entity),...”

64. Clause 14.1.2(i)(a) of the Trust Deed be amended as follows:

“(i) (a) With effect from and including the date immediately after the date of completion of the Reorganisation Agreement, the Manager shall be entitled to receive for its own account out of the Deposited Property a Variable Fee for each Financial Year in respect of each Real Estate held directly by the Trustee or indirectly held by the Trustee through a Special Purpose Vehicle and/or joint venture entity. Subject to Clause 14.1.2(i)(b), the Variable Fee payable to the Manager in respect of each Real Estate (whether held directly by the Trustee or indirectly held by the Trustee through a Special Purpose Vehicle and/or joint venture entity) shall be an annual amount equal to 3% per annum of the Net Property Income of that Real Estate (before deduction therefrom of the Variable Fee and, where the Property Manager is a subsidiary of the Manager, the Property Manager’s Fee) (the “Variable Fee Structure”);...”

and/or joint venture entity), and that each of the contracts (such as property contracts, rental agreements, joint venture or joint arrangement agreements and any other agreements) entered into on behalf of the Trust (including, where relevant, a Special Purpose Vehicle and/or joint venture entity) with respect to the Investments is legal, valid and binding and enforceable by or on behalf of the Trust (including, where relevant, a Special Purpose Vehicle and/or joint venture entity) in accordance with its terms;

...

(xvii) be responsible for the appointment of the ~~board~~ of directors of all Special Purpose Vehicles and/or joint venture entities to be appointed by the Trust and as provided in Clause 10.5 to the extent the Trustee is entitled; and

...”

74. A new Clause 17.16.4 be inserted immediately after Clause 17.16.3 of the Trust Deed as follows:

“17.16.4 The Trustee shall, in respect of Non-qualified Minority-owned Properties, exercise due care and skill to comply with the requirements under this Clause 17.16 unless such matters are not within its control.”

75. Clause 18.1 of the Trust Deed be amended as follows:

“18.1 Manager’s Duties

...

The Manager shall carry out all activities as the Manager may deem necessary for the management of the Trust and its business. Without limiting the generality of the foregoing, the Manager shall, to the extent required by the Code:

...

18.1.4 ensure that the financial and economic aspects of Deposited Property are professionally managed in the sole interest of the Holders, including:

...

(ix) procure compliance by each Special Purpose Vehicle and/or joint venture entity, mutatis mutandis, with the Constitutive Documents, the Code and applicable laws and regulations;

(xx) ensure that the Trust (including where relevant, a Special Purpose Vehicle and/or joint venture entity) has good marketable legal and beneficial title to the Real Estate owned by the Trust (including where relevant, a Special Purpose Vehicle and/or joint venture entity), and that each of the contracts (such as property contracts, rental agreements, joint venture or joint arrangement agreements and any other agreements) entered on

behalf of the Trust (including, where relevant, a Special Purpose Vehicle and/or joint venture entity) with respect to its assets is legal, valid and binding, and enforceable by or on behalf of the Trust (including, where relevant, a Special Purpose Vehicle and/or joint venture entity) in accordance with its terms;

...

(xxii) prepare and publish reports at the expense of the Trust, including: (a) annual reports and accounts to be distributed to Holders and filed with the SFC within four months of the end of the relevant Financial Year; (b) semi annual reports to be distributed to Holders and filed with the SFC within ~~two~~three months of the end of the period they cover; and (c) any other reports which the Manager considers necessary, appropriate or expedient to be distributed to Holders and filed with the SFC, in each case complying with the provisions of the Code and this Deed;

(xxiii) ensure that all Constitutive Documents (including those in relation to the listing of Units on the SEHK, but excluding such documents containing commercially sensitive information as determined at the sole discretion of the Manager) are made available for inspection by the public in Hong Kong, free of charge, at all times ~~during Business Hours~~on the website of the Trust or at the place of business of the Manager in Hong Kong during Business Hours; and ensure that copies of such documents are available upon request by any person upon the payment of a reasonable fee;

...

(xxv) ensure compliance with the licensing and authorization conditions of the Manager and the Trust and with any applicable laws, rules, codes or guidelines issued by government departments, regulatory bodies, exchanges or any other organisations regarding the activities of the Trust or its administration and the activities of the Special Purpose Vehicles and/or joint venture entities, including satisfying the SFC that internal systems, controls and procedures are in place to ensure all applicable requirements are complied with;

...

(xxxi) disclose to Holders of the name of any ~~Significant~~Substantial Holder with which it has a relationship, and the nature of such relationship.”

76. A new Clause 18.1.5 be inserted immediately after Clause 18.1.4 of the Trust Deed as follows:

“18.1.5 The Manager shall, in respect of Non-qualified Minority-owned Properties, exercise due care and skill to comply with the requirements under this Clause 18.1 unless such matters are not within its control.”

**APPENDIX II PROPOSED AMENDMENTS TO THE TRUST DEED TO
REFLECT THE REIT CODE AMENDMENTS
(EXCEPT THE PROPERTY DEVELOPMENT CAP AMENDMENT)**

77. Clause 23.4 of the Trust Deed be amended as follows:

“23.4 Circular on termination

The Manager shall serve on the Holders, within ~~21 days~~15 Business Days of the announcement referred to in Clause 23.2 (or such other period permitted under the Code), a circular, and where a general meeting is to be held, such circular shall be sent to Holders at the same time as or before the Manager gives the relevant notice of general meeting, containing the following information and that required under the Code:

...”

78. Clause 24.2 of the Trust Deed be amended as follows:

“24.2 Circular on merger

The Manager shall serve on the Holders within ~~21 days~~15 Business Days of the announcement referred to in Clause 24.1 (or such other period permitted under the Code), a circular containing the following information:

...”

79. Clause 25.2 of the Trust Deed be amended as follows:

“25.2 Approval of Announcement, Circular and Notices

All announcements, circulars and notices relating to the Trust shall be submitted to the SFC for prior approval, except where such submission is not required by the SFC or the REIT Code. Upon such approval, they shall be disseminated to Holders as soon as reasonably practicable.”

80. Clause 25.4.1 of the Trust Deed be amended as follows:

“25.4.1 The Manager shall issue a circular to Holders in respect of transactions that, pursuant to the Code (or in the reasonable opinion of the Trustee or the Manager), require Holders’ approval, including (but without limitation):

...

(ii) entering into a merger or ~~acquisition~~takeover;

(iii) entering into a disposal of Real Estate (other than a Non-qualified Minority-owned Property) within a period of less than two years from the date of its acquisition (or if the Trust engages in Property Development and Related Activities, from the date that such Property Development and Related Activities in respect of the Real Estate are completed);

(iv) changing the Manager under Clause 21 or Trustee under Clause 20 of the Trust;

...

APPENDIX II **PROPOSED AMENDMENTS TO THE TRUST DEED TO
REFLECT THE REIT CODE AMENDMENTS
(EXCEPT THE PROPERTY DEVELOPMENT CAP AMENDMENT)**

(vi) changing the level of fees and charges of the Trust only if such alteration requires the approval of Holders; and

~~(vii) entering into a Connected Party Transaction which requires Holders' approval pursuant to Clause 15; and~~

~~(viii)~~(vii) requesting the de-authorisation or de-listing of the Trust.

81. Clause 25.4.2 of the Trust Deed be amended as follows:

"25.4.2 The Manager shall issue a circular to Holders in respect of material information in relation to the Trust, including (but without limitation):

~~(i) a transaction (other than a Connected Party Transaction) the value of which exceeds 15% of the gross asset value of the Trust;~~

~~(ii) a transaction (other than a Connected Party Transaction) for services performed in relation to the Real Estate of the Trust the value of which exceeds 15% of the aggregate value that the Trust committed to spend or has spent on services relating to Real Estate of the Trust during the twelve months preceding the relevant transaction;~~

~~(iii)~~(i) a material change in the Trust's financial forecast made in any Offering Circular previously issued by the Trust; and

~~(iv) an issue of new Units (other than Units issued pursuant to a dividend reinvestment plan) that does not require Holders' approval under the Code; and~~

~~(v)~~(ii) a valuation of the Real Estate of the Trust, conducted upon request by the Trustee under Clause 17.16.2(vi)."

82. Clause 25.4.3 of the Trust Deed be amended as follows:

"25.4.3 The Manager shall send out a circular to Holders within ~~21 days~~15 Business Days after the issuance of an announcement referred to in Clause 23.2 or 24.1 (or such other period permitted under the Code). Where a general meeting is to be held, the relevant circular shall be sent to Holders: at the same time as or before the Manager gives the relevant notice of general meeting.

~~(i) 21 days prior to the day of such meeting for a Special Resolution; and~~

~~(ii) 14 days prior to the day of such meeting for an Ordinary Resolution.~~

APPENDIX III PROPOSED PROPERTY DEVELOPMENT CAP AMENDMENT

The full texts of or the relevant extracts from the relevant clauses of the Trust Deed which are proposed to be amended where such amendments (being the proposed Property Development Cap Amendment) are subject to Unitholders' approval are reproduced in this Appendix III. The proposed insertions and deletions are indicated by, respectively, the underlined text and the strikethrough text below. Terms defined in the Trust Deed shall have the corresponding meanings when they are used in such texts or extracts.

(Please refer to the Special Resolution.)

1. The definition of "10% GAV Cap" under Clause 1.1 of the Trust Deed be removed.
2. The definition of "Property Development Cap" be inserted immediately before the definition of "Trust Manager" under Clause 1.1 of the Trust Deed as follows:

"Property Development Cap" means 25% (or such higher percentage as may be permitted by the Code or by the relevant authorities) of the gross asset value of the Deposited Property, which for this purpose the gross asset value of the Deposited Property shall be calculated in accordance with Clause 10.2.3A;"

3. Clause 10.2.3 of the Trust Deed be amended as follows:

"10.2.3 the Manager may engage or participate in Property Development and Related Activities, including the acquisition of uncompleted units in a building which is unoccupied and non-income producing or in the course of substantial development, redevelopment or refurbishment, provided that the Aggregate Development Costs shall not exceed the ~~10%~~ Property Development Cap at any time;"

4. Clause 10.2.3A of the Trust Deed be amended as follows:

"10.2.3A for the purpose of calculating the denominator to be used for the purpose of the ~~10%~~ Property Development Cap, the "gross asset value of the Deposited Property" shall be determined in accordance with the following formula:"

The full texts of or the relevant extracts from the relevant clauses of the Trust Deed which are proposed to be amended where such amendments are not subject to Unitholders' approval are reproduced in this Appendix IV. The proposed insertions and deletions are indicated by, respectively, the underlined text and the strikethrough text below. Terms defined in the Trust Deed shall have the corresponding meanings when they are used in such texts or extracts.

1. The definition of "Aggregate Development Costs" under Clause 1.1 of the Trust Deed be amended as follows:

“**Aggregate Development Costs**” means the total of:

- (a) the aggregate investments in all Property Development and Related Activities undertaken by the Trust (which shall mean the total project costs borne and to be borne by the Trust in respect of Property Development and Related Activities, inclusive of the costs for the acquisition of land (if any) and the development or construction costs and financing costs); and
- (b) the aggregate contract value (which shall comprise all costs associated with the acquisition of uncompleted units pursuant to the contracts entered into for such purpose) of any uncompleted units acquired by the Trust;”

2. The definition of "Listing Agreement" be inserted immediately before the definition of "Listing Date" under Clause 1.1 of the Trust Deed as follows:

“**Listing Agreement**” means the agreement in relation to the Trust entered into between the Trustee as trustee of the Trust, the Manager (as an operator of a collective investment scheme) and SEHK;”

3. The definition of "Takeovers Code" under Clause 1.1 of the Trust Deed be amended as follows:

“**Takeovers Code**” means ~~t~~The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC (as amended from time to time);”

4. Clause 1.7 of the Trust Deed be amended as follows:

“1.7 Miscellaneous Construction

Words importing the singular number only shall include the plural and vice versa; words importing the masculine gender only shall include the feminine and neuter genders and vice versa; words importing persons include corporations; the words “**written**” or “**in writing**” include printing, engraving, lithography, or other means of visible reproduction or partly one and partly the other. References to “**Clauses**” and “**Schedules**” are to be construed as references to the Clauses of and the Schedules to, this Deed.

This Deed was made on 1 April 2011, was subsequently amended and is amended and restated on the date written on the first page of this Deed with immediate effect. Any reference herein to the date of this Deed shall be to the date on which this Deed was first made, being 1 April 2011.”

5. Clause 11.4.2 of the Trust Deed be amended as follows:

“11.4.2 The “**Distribution Amount**” for a Distribution Period ending on the last day of a Financial Year is to be determined in accordance with the following formula:

$$DA = (P \text{ of ADI}) + C - D$$

Where:

DA is the Distribution Amount for that Distribution Period;

ADI is the amount (if any) of the Annual Distributable Income (as defined in Clause 11.5.2) for that Financial Year;

P shall be a percentage determined by the Manager and shall be not less than 90% and not more than 100%;

C is any additional amount (including capital) to be distributed as determined by the Manager; and

D is the aggregate of the Distribution Amount(s) for the previous Distribution Period(s) of that Financial Year.”

6. Clause 14.1.2(c) of the Trust Deed be amended as follows:

14.1.2 Variable Fee

...

(c) in the event that the Manager makes ~~an~~ any election as provided in Clause 14.1.2(i)(b), it shall disclose the same by way of an announcement to the Holders. Any increase in the Variable Fee payable to the Manager above the rate aforesaid or any change in the Variable Fee Structure shall be subject to the approval of the Holders by a Special Resolution at a meeting of Holders, duly convened and held in accordance with the provisions of Schedule 1. For the avoidance of doubt, any election by the Manager relating to the apportionment or split of the Variable Fee is not a change in the Variable Fee Structure.”

7. Clause 26.1(a)(i) of the Trust Deed be amended as follows:

“(i) does not materially prejudice the interests of the Holders, if so required, and does not operate to release to any material extent the Trustee or the Manager from any ~~responsibility~~liability to the Holders under this Deed and does not increase the costs and charges payable from the Deposited Property (other than the costs, charges, fees and expenses incurred in connection with the supplemental deed);”

8. Paragraph 1.2 of Schedule 1 to the Trust Deed be amended as follows:

“1.2 The Trustee or the Manager may respectively (and the Manager shall at the request in writing of not less than two Holders registered as together holding not less than 10% of the Units for the time being in issue and outstanding) at any time convene a meeting of Holders at such time or place in Hong Kong (subject as hereinafter provided) as the party convening the meeting may think fit and propose resolutions for consideration at such meeting ~~Not less than 10 days’ notice, or not less than 20 day’s notice where a Special Resolution is proposed for consideration at the relevant meeting, (in each case, (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given and of Saturdays, Sundays and public holidays in Hong Kong), or not less than 21 days’ notice where a Special Resolution is proposed for consideration at the relevant meeting, (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given)~~ not less than 10 days’ notice, or not less than 20 day’s notice where a Special Resolution is proposed for consideration at the relevant meeting, (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given and of Saturdays, Sundays and public holidays in Hong Kong), or not less than 21 days’ notice where a Special Resolution is proposed for consideration at the relevant meeting, (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) in writing thereof shall be given to the Holders. The Manager shall determine the classification of the business of such meeting as special or ordinary in accordance with the Code and the following provisions of this Schedule shall apply thereto.”

9. Paragraph 3.1 of Schedule 1 to the Trust Deed be amended as follows:

“3.1 At any meeting of Holders, two or more Holders present in person or by proxy registered as holding together not less than 10% of the Units for the time being in issue and outstanding shall form a quorum for the transaction of business, except for the purpose of passing a Special Resolution. The quorum for passing a Special Resolution shall be two or more Holders present in person or by proxy registered as holding together not less than 25% of the Units for the time being in issue and outstanding. No business shall be transacted at any meeting unless the requisite quorum is present at the commencement of business. Split proxies shall, for the avoidance of doubt, be permitted. Notwithstanding the aforesaid, at any time prior to the Listing Date, if the Trust has only one Holder, the sole Holder present in person or by proxy shall be a quorum of a meeting of the Trust; and if such sole ~~Unitholder~~Holder takes any decision that may be taken by the Trust in general meeting and that has effect as if agreed by the Trust in general meeting, such sole Holder shall provide the Manager with a written record of that decision within seven days after the decision is made. The written record shall be sufficient evidence of the decision having been taken by such sole ~~Unitholder~~Holder.”

NOTICE OF ANNUAL GENERAL MEETING



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 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Annual General Meeting of the unitholders (the “**Unitholders**”) of Hui Xian Real Estate Investment Trust (“**Hui Xian REIT**”) will be held at Harbour Grand Hong Kong, 23 Oil Street, North Point, Hong Kong on Tuesday, 11 May 2021 at 12:00 noon for the following purposes:

- (A) To note the audited consolidated financial statements of Hui Xian REIT together with the Independent Auditor’s Report for the year ended 31 December 2020;
- (B) To note the appointment of the Auditor of Hui Xian REIT and the fixing of its remuneration;
- (C) To note the proposed amendments to the Trust Deed to reflect the REIT Code Amendments and other miscellaneous amendments, as set out in Appendix II and Appendix IV respectively, of the Circular;
- (D) To consider and, if thought fit, pass, with or without modification, the following resolutions, of which resolution no. (1) is proposed as an ordinary resolution, and resolution no. (2) is proposed as a special resolution:

ORDINARY RESOLUTION

- (1) “**THAT** a mandate to purchase units in Hui Xian REIT (the “**Units**”) be given to Hui Xian Asset Management Limited, as the manager of Hui Xian Real Estate Investment Trust (“**Hui Xian REIT**”) (the “**Manager**”):
 - (a) subject to the “Circular to Management Companies of SFC-authorized Real Estate Investment Trusts – On-market Unit Repurchases by SFC-authorized REITs” issued by the Securities and Futures Commission (the “**SFC**”) on 31 January 2008 and paragraph (b) below, the exercise by the Manager during the Relevant Period (as defined in paragraph (c) below) of all powers of the Manager to purchase Units on The Stock Exchange of Hong Kong Limited in accordance with the trust deed constituting Hui Xian REIT (as amended by supplemental deeds dated 24 May 2013, 16 May 2014, 28 May 2015 and 19 May 2017) (the “**Trust Deed**”), the Code on Real Estate Investment Trusts (the “**REIT Code**”), the applicable provisions of The Codes on Takeovers and Mergers and Share Buy-backs, the guidelines issued by the SFC from time to time, applicable rules and regulations and the laws of Hong Kong, be and is hereby generally and unconditionally approved;
 - (b) the aggregate number of Units which may be purchased or agreed to be purchased by the Manager pursuant to the approval in paragraph (a) above during the Relevant Period (as defined below) shall not exceed 10% of the aggregate number of Units in issue as at the date of the passing of this resolution and the authority pursuant to paragraph (a) above shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

- (c) for the purposes of this resolution, “**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the unitholders of Hui Xian REIT following the passing of this resolution;
 - (ii) the expiration of the period within which the next annual general meeting as referred to in (i) above is required to be held under the Trust Deed, the REIT Code or any applicable laws; and
 - (iii) the revocation or variation of the authority given to the Manager under this resolution by an ordinary resolution passed at a general meeting of the unitholders of Hui Xian REIT.”

SPECIAL RESOLUTION

- (2) “**THAT:**
- (a) pursuant to Clause 26.1 of the trust deed dated 1 April 2011 constituting Hui Xian Real Estate Investment Trust (“**Hui Xian REIT**”) (as amended by supplemental deeds dated 24 May 2013, 16 May 2014, 28 May 2015 and 19 May 2017) (the “**Trust Deed**”), approval be and is hereby granted for the increase in the Property Development Cap to 25% of Hui Xian REIT’s gross asset value as proposed and described in the circular of Hui Xian REIT dated 8 April 2021 (the “**Circular**”) and the related amendments to the Trust Deed as proposed and set out in Appendix III to the Circular; 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 matters referred to in paragraph (a) above.”

By order of the Board
Hui Xian Asset Management Limited
滙賢房託管理有限公司
as Manager of Hui Xian Real Estate Investment Trust
CHEUNG LING FUNG, TOM
Chief Executive Officer and Executive Director of the Manager

Hong Kong, 8 April 2021

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. Unless otherwise defined in this notice or the context requires otherwise, terms defined in the circular of Hui Xian REIT dated 8 April 2021 to the Unitholders (the “**Circular**”) shall have the same meanings when used in this notice
2. A Unitholder entitled to attend and vote at the Annual General Meeting (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 in accordance with its constitutional documents. The person appointed to act as proxy or corporate representative need not be a Unitholder.
3. 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 notarially 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 Annual General Meeting or any adjournment thereof. Delivery of an instrument appointing a proxy shall not preclude the Unitholder 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.
4. 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.
5. The Register of Unitholders of Hui Xian REIT will be closed from 6 May 2021 (Thursday) to 11 May 2021 (Tuesday), both days inclusive, during which period no transfer of Units will be effected. In order to qualify for attending and voting at the Annual General Meeting, 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 5 May 2021 (Wednesday).
6. The voting of the above resolutions at the Annual General Meeting 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 proxy shall have one vote for every Unit of which he is the Unitholder.

As at the date of this notice, the Directors of the Manager are Mr. KAM Hing Lam (Chairman and non-executive Director); Mr. CHEUNG Ling Fung, Tom, Mr. LEE Chi Kin, Casey and Ms. LAI Wai Yin, Agnes (executive Directors); Mr. IP Tak Chuen, Edmond and Mr. LIM Hwee Chiang (non-executive Directors); and Mr. CHENG Hoi Chuen, Vincent, Professor LEE Chack Fan and Dr. CHOI Koon Shum, Jonathan (independent non-executive Directors).