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

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

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

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

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**HUI XIAN** REIT  
匯賢產業信託

**Hui Xian Real Estate Investment Trust**

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

**(Stock Code: 87001)**

**Managed by Hui Xian Asset Management Limited**

**CIRCULAR TO UNITHOLDERS IN RELATION TO  
(1) GENERAL MANDATE TO BUY BACK UNITS  
(2) RE-APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS  
WHO HAVE SERVED THE BOARD FOR NINE YEARS  
(3) 2019 EXTENDED WAIVERS AND CITIC SECURITIES CORPORATE  
FINANCE WAIVER IN RESPECT OF  
CERTAIN CONTINUING CONNECTED PARTY TRANSACTIONS  
AND  
(4) NOTICE OF ANNUAL GENERAL MEETING**

**Independent Financial Adviser to  
the Independent Board Committee, the Independent Unitholders and the Trustee**



**Crescendo Capital Limited**

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A letter from the Board is set out on pages 1 to 28 of this circular.

A notice convening the Annual General Meeting of Hui Xian REIT to be held at Grand Ballroom, 1/F, Harbour Grand Hong Kong, 23 Oil Street, North Point, Hong Kong on Tuesday, 14 May 2019 at 12:00 noon is set out on pages N-1 to N-4 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 meeting or any adjourned meeting (as the case may be). 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.

3 April 2019

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## CORPORATE INFORMATION

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<b>Hui Xian Real Estate Investment Trust</b>	A collective investment scheme constituted as a unit trust and authorised under section 104 of the SFO
<b>Manager</b>	Hui Xian Asset Management Limited Unit 303, Cheung Kong Center 2 Queen's Road Central Hong Kong
<b>Directors of the Manager</b>	
<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 Mr. LEE Chi Kin, Casey Ms. LAI Wai Yin, Agnes
<i>Independent Non-executive Directors</i>	Mr. CHENG Hoi Chuen, Vincent Professor LEE Chack Fan Dr. CHOI Koon Shum, Jonathan
<b>Trustee</b>	DB Trustees (Hong Kong) Limited Level 52 International Commerce Centre 1 Austin Road West Kowloon, Hong Kong
<b>Unit Registrar</b>	Computershare Hong Kong Investor Services Limited 17M Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong

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## DEFINITIONS

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

<b>“2016 Waiver Circular and Poll Results Announcement”</b>	collectively, (a) the circular of Hui Xian REIT dated 19 April 2016 in relation to, among other things, the modified and extended waivers in respect of certain continuing connected party transactions (including, <i>inter alia</i> , the Existing BOC Leasing and Licensing and Insurance Waiver, the Existing China Life Insurance Waiver and the Existing BOC Corporate Finance Waiver); and (b) the announcement of Hui Xian REIT dated 6 May 2016 in relation to the poll results of the extraordinary general meeting of the Unitholders held on 6 May 2016
<b>“2019 Extended Waivers”</b>	collectively, the following waivers for the three years ending 31 December 2022: (a) the Extended BOC Leasing and Licensing and Insurance Waiver; (b) the Extended China Life Insurance Waiver; and (c) the Extended BOC Corporate Finance Waiver
<b>“AGM or Annual General Meeting”</b>	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-4 of this circular
<b>“Announcement”</b>	the announcement of Hui Xian REIT dated 2 April 2019 in relation to, among other things, the 2019 Extended Waivers and the CITIC Securities Corporate Finance Waiver
<b>“Board”</b>	the board of Directors
<b>“BOC”</b>	Bank of China Limited
<b>“BOC Connected Persons Group”</b>	BOC and entities or persons which are connected persons of Hui Xian REIT as a result of their connection with BOC
<b>“BOC Group”</b>	BOC and its subsidiaries
<b>“BOC Corporate Finance Transactions”</b>	the corporate finance transactions conducted by the Hui Xian REIT Group on the one hand and BOC Group on the other hand as described in the section headed “3.1.7(A) <i>Scope of BOC Corporate Finance Transactions</i> ” in this circular
<b>“BOC Leasing and Licensing and Insurance Transactions”</b>	the leasing and licensing and insurance transactions conducted with the BOC Connected Persons Group as described in the section headed “3.1.5(A) <i>Scope of BOC Leasing and Licensing and Insurance Transactions</i> ” in this circular
<b>“Buy-back Mandate”</b>	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 total 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

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## DEFINITIONS

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<b>“China Life”</b>	China Life Insurance (Group) Company
<b>“China Life Connected Persons Group”</b>	China Life and entities or persons which are connected persons of Hui Xian REIT as a result of their connection with China Life
<b>“China Life Insurance Transactions”</b>	the insurance transactions conducted by the Hui Xian REIT Group on the one hand and China Life Connected Persons Group on the other hand as described in the section headed “ <i>3.1.6(A) Scope of China Life Insurance Transactions</i> ” in this circular
<b>“CITIC Securities Connected Persons Group”</b>	CSC and those of its subsidiaries which are connected persons of Hui Xian REIT because a director of China Life Insurance (Overseas) Company Limited and/or Po Lian Enterprises Limited, each of which is a significant holder of Units, is also a director of CSC and/or those of its subsidiaries
<b>“CITIC Securities Corporate Finance Transactions”</b>	the corporate finance transactions conducted by the Hui Xian REIT Group on the one hand and the CITIC Securities Connected Persons Group on the other hand as described in the section headed “ <i>3.2.1 Scope of the CITIC Securities Corporate Finance Transactions</i> ” in this circular
<b>“CITIC Securities Corporate Finance Waiver”</b>	the proposed waiver for certain corporate finance transactions between the Hui Xian REIT Group and the CITIC Securities Connected Persons Group as described in the section headed “ <i>3.2 CITIC Securities Corporate Finance Waiver</i> ” in this circular
<b>“Compliance Manual”</b>	the compliance manual adopted by the Manager governing the management and operations of Hui Xian REIT, as amended, supplemented and/or otherwise modified from time to time
<b>“connected person”</b>	has the meaning ascribed to it under the REIT Code
<b>“CSC”</b>	CITIC Securities Company Limited
<b>“Director(s)”</b>	the director(s) of the Manager
<b>“Existing BOC Corporate Finance Waiver”</b>	the waiver granted by the SFC on 6 May 2016 in relation to certain corporate finance transactions between the Hui Xian REIT Group and the BOC Group for a period up to and including 31 December 2019 (the terms and conditions of such waiver are set out in the 2016 Waiver Circular and Poll Results Announcement)
<b>“Existing BOC Leasing and Licensing and Insurance Waiver”</b>	the waiver granted by the SFC on 6 May 2016 in relation to certain leasing and licensing, and insurance transactions between the Hui Xian REIT Group and the BOC Connected Persons Group for a period up to and including 31 December 2019 (the terms and conditions of such waiver are set out in the 2016 Waiver Circular and Poll Results Announcement)

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## DEFINITIONS

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<b>“Existing China Life Insurance Waiver”</b>	the waiver granted by the SFC on 6 May 2016 in relation to certain insurance transactions between the Hui Xian REIT Group and the China Life Connected Persons Group for a period up to and including 31 December 2019 (the terms and conditions of such waiver are set out in the 2016 Waiver Circular and Poll Results Announcement)
<b>“Existing Waivers”</b>	collectively, (a) the Existing BOC Leasing and Licensing and Insurance Waiver; (b) the Existing China Life Insurance Waiver; and (c) the Existing BOC Corporate Finance Waiver
<b>“Explanatory Statement”</b>	the explanatory statement set out in the appendix to this circular
<b>“Extended BOC Corporate Finance Waiver”</b>	the proposed extension of the Existing BOC Corporate Finance Waiver for a further period up to and including 31 December 2022, as described in the section headed “3.1.7 <i>Extended BOC Corporate Finance Waiver</i> ” in this circular
<b>“Extended BOC Leasing and Licensing and Insurance Waiver”</b>	the proposed extension of the Existing BOC Leasing and Licensing and Insurance Waiver for a further period up to and including 31 December 2022, as described in the section headed “3.1.5 <i>Extended BOC Leasing and Licensing and Insurance Waiver</i> ” in this circular
<b>“Extended China Life Insurance Waiver”</b>	the proposed extension of the Existing China Life Insurance Waiver for a further period up to and including 31 December 2022, as described in the section headed “3.1.6 <i>Extended China Life Insurance Waiver</i> ” in this circular
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China
<b>“Hui Xian REIT”</b>	Hui Xian Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorised under section 104 of the SFO
<b>“Hui Xian REIT Group”</b>	Hui Xian REIT and other companies or entities held or controlled by Hui Xian REIT
<b>“Independent Board Committee”</b>	the independent committee of the Board established to advise the Independent Unitholders on the 2019 Extended Waivers (including the New Annual Caps), comprising all the INEDs, namely, Mr. CHENG Hoi Chuen, Vincent, Professor LEE Chack Fan, and Dr. CHOI Koon Shum, Jonathan
<b>“Independent Financial Adviser”</b>	Crescendo Capital Limited, which is licensed by the SFC to carry out type 6 (advising on corporate finance) regulated activities under the SFO
<b>“Independent Unitholders”</b>	Unitholders other than those Unitholders who have a material interest in the relevant waiver within the meaning of paragraph 8.11 of the REIT Code

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## DEFINITIONS

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<b>“INEDs”</b>	the independent non-executive Directors
<b>“Latest Practicable Date”</b>	20 March 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented and/or otherwise modified from time to time
<b>“Manager”</b>	Hui Xian Asset Management Limited 滙賢房託管理有限公司, as manager of Hui Xian REIT
<b>“NAV”</b>	net asset value
<b>“New Annual Caps”</b>	collectively, the (i) Proposed Annual Caps for BOC Leasing and Licensing and Insurance Transactions; and (ii) Proposed Annual Caps for China Life Insurance Transactions
<b>“Ordinary Resolution”</b>	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 a simple majority of the votes of those Unitholders present and entitled to vote in person or by proxy
<b>“Oriental Plaza”</b>	the composite development known as Oriental Plaza (東方廣場) situated at No. 1 East Chang An Avenue, Dong Cheng District, Beijing, the PRC
<b>“Proposed Annual Caps for BOC Leasing and Licensing and Insurance Transactions”</b>	the proposed annual caps for the BOC Leasing and Licensing and Insurance Transactions for the years ending 31 December 2020, 2021 and 2022, as set out in this circular
<b>“Proposed Annual Caps for China Life Insurance Transactions”</b>	the proposed annual caps for the China Life Insurance Transactions for the years ending 31 December 2020, 2021 and 2022, as set out in this circular
<b>“Real Estate”</b>	any land, and any interest, option or other right in or over any land. For the purpose of this definition, “land” includes land of any tenure, whether or not held apart from the surface, and buildings or parts thereof (whether completed or otherwise and whether divided horizontally, vertically or in any other manner) and tenements and hereditaments, corporeal and incorporeal, and any estate or interest therein
<b>“Register”</b>	the register of Unitholders
<b>“REIT(s)”</b>	real estate investment trust(s)
<b>“REIT Code”</b>	Code on Real Estate Investment Trusts issued by the SFC (as amended, supplemented and/or otherwise modified from time to time)
<b>“SFC”</b>	Securities and Futures Commission of Hong Kong

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## DEFINITIONS

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<b>“SFC Repurchase Circular”</b>	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
<b>“SFO”</b>	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented and/or otherwise modified from time to time
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Takeovers Code”</b>	the Codes on Takeovers and Mergers and Share Buy-Backs issued by the SFC as amended, supplemented and/or otherwise modified from time to time
<b>“Trust Deed”</b>	the trust deed dated 1 April 2011 constituting Hui Xian REIT (as amended by supplemental deeds dated 24 May 2013, 16 May 2014, 28 May 2015 and 19 May 2017 respectively), and as may be further amended, modified or supplemented from time to time
<b>“Trustee”</b>	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
<b>“Unit(s)”</b>	the unit(s) of Hui Xian REIT
<b>“Unit Registrar”</b>	Computershare Hong Kong Investor Services Limited, as unit registrar of Hui Xian REIT
<b>“Unitholder(s)”</b>	any person(s) 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.



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LETTER FROM THE BOARD

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**HUI XIAN** REIT  
匯賢產業信託

**Hui Xian Real Estate Investment Trust**

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

**(Stock Code: 87001)**

**Managed by Hui Xian Asset Management Limited**

***Directors of the Manager:***

*Non-executive Directors*

Mr. KAM Hing Lam (*Chairman*)  
Mr. IP Tak Chuen, Edmond  
Mr. LIM Hwee Chiang

***Registered Office:***

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

*Executive Directors*

Mr. CHEUNG Ling Fung, Tom  
Mr. LEE Chi Kin, Casey  
Ms. LAI Wai Yin, Agnes

*Independent Non-executive Directors*

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

3 April 2019

*To: Unitholders*

Dear Sir/Madam,

**CIRCULAR TO UNITHOLDERS IN RELATION TO  
(1) GENERAL MANDATE TO BUY BACK UNITS  
(2) RE-APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS  
WHO HAVE SERVED THE BOARD FOR NINE YEARS  
(3) 2019 EXTENDED WAIVERS AND CITIC SECURITIES CORPORATE  
FINANCE WAIVER IN RESPECT OF  
CERTAIN CONTINUING CONNECTED PARTY TRANSACTIONS  
AND  
(4) 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 buyback(s) of Units on behalf of Hui Xian REIT and (ii) the Announcement disclosing, *inter alia*, that the Manager has applied to the SFC for an extension of the Existing Waivers as well as the CITIC Securities Corporate Finance Waiver from strict compliance with the requirements under the REIT Code.

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## LETTER FROM THE BOARD

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The purposes of this circular are to:

- (1) provide you with the AGM notice and further information on the Ordinary Resolutions to be proposed at the AGM to approve (i) the grant of the Buy-back Mandate; (ii) the re-appointment of INEDs who will have served more than nine years on the Board on 3 April 2020; and (iii) the 2019 Extended Waivers;
- (2) set out the recommendations of the Independent Board Committee to the Independent Unitholders, and the advice of the Independent Financial Adviser to the Independent Board Committee, the Independent Unitholders and the Trustee, in relation to the 2019 Extended Waivers; and
- (3) set out the particulars of the 2019 Extended Waivers and the CITIC Securities Corporate Finance Waiver.

### **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 the Appendix 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.

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## LETTER FROM THE BOARD

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### **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.

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**

Paragraph 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 unaware 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**

DB Trustees (Hong Kong) Limited, the Trustee of Hui Xian REIT, (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.

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## LETTER FROM THE BOARD

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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.

### **2. RE-APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS WHO HAVE SERVED THE BOARD FOR NINE YEARS**

Each of Mr. CHENG Hoi Chuen, Vincent ("**Mr. CHENG**"), Professor LEE Chack Fan ("**Professor LEE**") and Dr. CHOI Koon Shum, Jonathan ("**Dr. CHOI**") has been appointed as an INED since 4 April 2011 and will have served the Board for nine years by 3 April 2020. Each of Mr. CHENG, Professor LEE and Dr. CHOI has offered himself for re-appointment as an INED for a further term of three years commencing from 4 April 2020.

In accordance with the Compliance Manual, the appointment of an INED serving more than nine years should be subject to a separate resolution to be approved by Unitholders at a general meeting. Accordingly, resolutions are proposed at the AGM to approve the re-appointment of each of Mr. CHENG, Professor LEE and Dr. CHOI for a further term of three years commencing from 4 April 2020. If the resolution for approving the re-appointment of any such INED as set out in the notice of the AGM is passed by Unitholders, such INED shall continue to hold office for a term of three years commencing from 4 April 2020.

The Manager has received from each of Mr. CHENG, Professor LEE and Dr. CHOI a written confirmation of independence in accordance with the Compliance Manual.

Since their appointment as INEDs in 2011, Mr. CHENG, Professor LEE and Dr. CHOI have not been involved in any executive management and operation of the Manager and Hui Xian REIT. Having acted as INEDs and held designated positions in the Audit Committee and/or the Disclosures Committee, and/or the Designated (Finance) Committee of the Manager, each of Mr. CHENG, Professor LEE and Dr. CHOI had expressed independent views and provided valuable and objective advice and guidance at Board meetings and Board committees meetings. They had also contributed to the Board's diversity with their relevant expertise and experience, in particular, Mr. CHENG has possessed substantial experience in the financial and banking industries, Professor LEE is an expert in geotechnical engineering and has served as a consultant and technical adviser to numerous infrastructure projects in Hong Kong, mainland China and overseas, and Dr. CHOI has extensive experience in the financial services business, food industry, real estate development, international trade and technology.

As at the Latest Practicable Date, other than the current directorship at the Board, Mr. CHENG holds a total of six Hong Kong listed company directorships. Mr. CHENG is serving as an independent non-executive director in each of the other six listed companies and does not participate in the day-to-day management of such companies. As Mr. CHENG has been appointed as an INED and the Chairman of the Audit Committee of the Manager since 2011, he has an abundance of knowledge and experience in discharging his duties in both positions. Mr. CHENG had been holding at least six Hong Kong listed company directorships in addition to his directorship at the Board for several years. Nevertheless, he had actively participated in the meetings of both the Board and the Audit Committee of the Manager. For the past eight years, Mr. CHENG had not been absent in all such meetings as well as all general meetings of Hui Xian REIT. In light of the above, the Board considers that Mr. CHENG can devote sufficient time and effort to the Board.

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## LETTER FROM THE BOARD

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Notwithstanding that Mr. CHENG, Professor LEE and Dr. CHOI have served on the Board since 2011, the Board is of the view that they are considered to be independent with reference to the factors set out in the Compliance Manual (which are no less exacting than those set out in Rule 3.13 of the Listing Rules, to the extent that they may be applicable to REITs) and demonstrate complete independence in character and judgment both as board members and in their designated roles in the board committees. The Manager had also received annual confirmation from each of Mr. CHENG, Professor LEE and Dr. CHOI regarding their independence by reference to such factors set out in the Compliance Manual. The Board also believes that they will continue to bring independent and objective views on the affairs of Hui Xian REIT to the Board, and their in-depth knowledge of the business of Hui Xian REIT and their extensive and professional experience will continue to provide invaluable contribution to the Board.

In relation to the proposed re-appointments of Mr. CHENG, Professor LEE and Dr. CHOI as INEDs, the Board has considered the participation, responsiveness and other contributions from Mr. CHENG, Professor LEE and Dr. CHOI in addition to their experience and other factors stated above, and believes that the lengths of service of each of Mr. CHENG, Professor LEE and Dr. CHOI has not, in any way, diminished their independence, and that each of them is still independent notwithstanding that each of them would have served on the Board for more than nine years by 3 April 2020. The Board believes that each of Mr. CHENG, Professor LEE and Dr. CHOI possesses the required character, integrity and experience to continue fulfilling their respective roles as INEDs and their continuous service on the Board will continue to bring valuable insights and expertise to the Board. As such, the Board is of the view that each of Mr. CHENG, Professor LEE and Dr. CHOI should be re-appointed for a further term of three years commencing from 4 April 2020, and that their re-appointments as INEDs are in the best interests of Hui Xian REIT and the Unitholders as a whole. Each of Mr. CHENG, Professor LEE and Dr. CHOI had abstained from discussions in relation to the proposed re-appointments and voting on the relevant board resolution for approving each of their own re-appointment. Accordingly, the Board recommends the Unitholders to vote in favour of the proposed Ordinary Resolutions approving the re-appointment of such INEDs for a further term of three years commencing from 4 April 2020 at the AGM.

Biographical details of Mr. CHENG, Professor LEE and Dr. CHOI are set out in Appendix II to this circular.

### 3. WAIVERS IN RESPECT OF CERTAIN CONTINUING CONNECTED PARTY TRANSACTIONS

The Manager has applied to the SFC, in respect of certain connected party transactions to be conducted by the Hui Xian REIT Group, for:-

- (a) an extension of the following waivers from strict compliance with the requirements under the REIT Code (and, where relevant, to set new annual caps relating thereto) for a further period up to and including 31 December 2022:
  - (i) the Existing BOC Leasing and Licensing and Insurance Waiver (including the annual caps relating thereto);
  - (ii) the Existing China Life Insurance Waiver (including the annual caps relating thereto);
  - (iii) the Existing BOC Corporate Finance Waiver(collectively, the “Existing Waivers”); and

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- (b) the CITIC Securities Corporate Finance Waiver.

The Manager will seek Independent Unitholders' approval of the 2019 Extended Waivers (and, where relevant, the annual caps relating thereto), the details of which are set out in the section headed "3.1 2019 Extended Waivers" below.

### 3.1 2019 Extended Waivers

#### 3.1.1 Background

A brief summary of the backgrounds of the Existing Waivers and the relationship between Hui Xian REIT and certain connected persons of Hui Xian REIT is set out below.

#### 3.1.2 Connected person of Hui Xian REIT in respect of the Existing Waivers

The connected persons of Hui Xian REIT include, among others:

- (a) BOC and entities or persons which are connected persons of Hui Xian REIT as a result of their connection with BOC (collectively, the "**BOC Connected Persons Group**"), as BOC is an associated company of a significant holder (within the meaning of the REIT Code) of Hui Xian REIT, namely Noblecrown Investment Limited ("**Noblecrown**", which is a wholly-owned subsidiary of CK Asset Holdings Limited, a significant holder (within the meaning of the REIT Code) of Hui Xian REIT), by virtue that each of Lucky Star International Holdings Inc. (a wholly-owned subsidiary of BOC) and Noblecrown owns 20% or more of the voting rights of the same company, namely Hui Xian Holdings Limited; and
- (b) China Life and entities or persons which are connected persons of Hui Xian REIT as a result of their connection with China Life (collectively, the "**China Life Connected Persons Group**"), as China Life is a significant holder (within the meaning of the REIT Code) of Hui Xian REIT.

Two members of the BOC Connected Persons Group, namely BOC Hong Kong (Holdings) Limited and Bank of China (Hong Kong) Limited (which are also members of the BOC Group), are connected persons of Hui Xian REIT because Dr. CHOI, an INED, is also an independent non-executive director of such companies.

#### 3.1.3 Existing Waivers

Before the first listing of the Units on the Stock Exchange, at the time of authorisation of Hui Xian REIT under section 104 of the SFO in April 2011, a number of waivers from strict compliance with the REIT Code were granted by the SFC in relation to certain connected party transactions conducted between the Hui Xian REIT Group on the one hand, and (i) the BOC Group or the BOC Connected Persons Group or (ii) the China Life Connected Persons Group (as the case maybe) on the other hand (each waiver hereinafter referred to as an "**Initial Waiver**").

- (a) *Transactions with the BOC Group or the BOC Connected Persons Group*

The Manager applied for, and the SFC granted, the Initial Waiver from strict compliance with the disclosure and Unitholders' approval requirements under Chapter 8 of the REIT Code for a period up to and including 31 December 2013, in respect of (a) certain leasing and licensing transactions with the BOC Connected Persons Group in respect of

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Oriental Plaza; and (b) the insurance policies with the BOC Connected Persons Group as insurer which the Hui Xian REIT Group had or might from time to time take out in relation to the properties and business of Hui Xian REIT Group. In 2013, the Manager applied for, and the SFC granted, an extension and modification of such Initial Waiver to (a) extend (with new annual caps relating thereto) such Initial Waiver for a period up to and including 31 December 2016, and (b) modify such Initial Waiver to cover leasing and licensing transactions in respect of any properties in which Hui Xian REIT may directly or indirectly be interested (the “**2013 BOC Leasing and Licensing and Insurance Waiver**”).

The Manager also applied for, and the SFC granted, another Initial Waiver from strict compliance with the requirement under 8.9 and 8.11 of the REIT Code to seek Unitholders’ prior approval and to make announcements and circulars (in accordance with Chapter 10 of the REIT Code) for a period up to and including 31 December 2013 in respect of certain “corporate finance transactions” (the description of which was set out on pages 262 to 263 of the offering circular of Hui Xian REIT dated 11 April 2011) between Hui Xian REIT Group and the BOC Group. In addition, the disclosure and reporting requirements under Chapter 8 of the REIT Code with respect to such transactions was modified in accordance with the conditions of such waiver. In 2014, the Manager applied for, and the SFC granted, an extension and modification of such Initial Waiver to (a) extend such Initial Waiver for a period up to and including 31 December 2016 and (b) modify such Initial Waiver to expand its scope so that such waiver will also cover financial advisory services concerning investments or proposed investments of the Hui Xian REIT Group (the “**2014 BOC Corporate Finance Waiver**”).

In 2016, the Manager further applied for, and the SFC further granted, the Existing BOC Leasing and Licensing and Insurance Waiver and the Existing BOC Corporate Finance Waiver to extend the 2013 BOC Leasing and Licensing and Insurance Waiver and the 2014 BOC Corporate Finance Waiver (with new annual caps relating thereto) for a period up to and including 31 December 2019.

*(b) Transactions with the China Life Connected Persons Group*

The Manager applied for, and the SFC granted, the Initial Waiver from strict compliance with the disclosure and Unitholders’ approval requirements under Chapter 8 of the REIT Code, for a period up to and including 31 December 2013 in respect of the insurance policies with the China Life Connected Persons Group as insurer which the Hui Xian REIT Group had or might from time to time take out in relation to the properties and business of Hui Xian REIT Group. In 2013, the Manager applied for, and the SFC granted, an extension of such Initial Waiver (with new annual caps relating thereto) for a period up to and including 31 December 2016 (the “**2013 China Life Insurance Waiver**”).

In 2016, the Manager further applied for, and the SFC further granted, the Existing China Life Insurance Waiver to extend the 2013 China Life Insurance Waiver (with new annual caps relating thereto) for a period up to and including 31 December 2019.

Please refer to the 2016 Waiver Circular and Poll Results Announcement for details of the Existing Waivers.



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### ***3.1.4 Proposed extension of the Existing Waivers***

Each of the Existing Waivers will expire on 31 December 2019. In accordance with the waiver conditions of each of the Existing Waivers, each of them may be extended beyond 31 December 2019, provided that:

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

The Manager proposes to seek Independent Unitholders' approval, by way of Ordinary Resolutions at the AGM, to extend each of the following Existing Waivers for a further period up to and including 31 December 2022:

- (a) the Existing BOC Leasing and Licensing and Insurance Waiver;
- (b) the Existing China Life Insurance Waiver; and
- (c) the Existing BOC Corporate Finance Waiver.

The Manager also proposes to seek Independent Unitholders' approval, by way of Ordinary Resolutions at the AGM, to set the new annual caps for the three years ending 31 December 2022 for (i) the transactions under the Existing BOC Leasing and Licensing and Insurance Waiver (as extended by the Extended BOC Leasing and Licensing and Insurance Waiver) and (ii) the transactions under the Existing China Life Insurance Waiver (as extended by the Extended China Life Insurance Waiver), respectively.

### ***3.1.5 Extended BOC Leasing and Licensing and Insurance Waiver***

#### ***(A) Scope of BOC Leasing and Licensing and Insurance Transactions***

The scope and nature of the leasing and licensing transactions and insurance transactions proposed to be covered by the Extended BOC Leasing and Licensing and Insurance Waiver will be the same as those covered by the Existing BOC Leasing and Licensing and Insurance Waiver. For the purpose of the Extended BOC Leasing and Licensing and Insurance Waiver, the transactions covered thereunder will be:

- (a) the leases or licences with the BOC Connected Persons Group in respect of any properties in which Hui Xian REIT may directly or indirectly be interested; and



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- (b) the insurance policies which have been or may be taken out by the Hui Xian REIT Group with the BOC Connected Persons Group as insurer in relation to the properties and business of Hui Xian REIT Group.

(collectively, the “**BOC Leasing and Licensing and Insurance Transactions**”)

*(B) Historical transaction amounts with respect to transactions under the Existing BOC Leasing and Licensing and Insurance Waiver*

The approximate aggregate sums (a) paid to the Hui Xian REIT Group by the BOC Connected Persons Group in respect of the leasing and licensing transactions (exclusive of refundable deposits) and (b) paid by the Hui Xian REIT Group to the BOC Connected Persons Group in respect of the insurance transactions, for the two years ended 31 December 2017 and 2018 and the two months ended 28 February 2019 were as follows:

<b>Transactions under the Existing BOC Leasing and Licensing and Insurance Waiver</b>	<b>Financial year ended 31 December 2017 RMB'000</b>	<b>Financial year ended 31 December 2018 RMB'000</b>	<b>Two months ended 28 February 2019 RMB'000</b>
(a) BOC Leasing and Licensing Transactions	28,060	29,299	4,950
<i>Annual caps</i>	39,000	41,000	43,000 <sup>(Note)</sup>
<i>Utilisation rate</i>	71.9%	71.5%	N.A.
(b) BOC Insurance Transactions	404	397	62
<i>Annual caps</i>	1,800	1,900	2,000 <sup>(Note)</sup>
<i>Utilisation rate</i>	22.5%	20.9%	N.A.

*Note:* The figure represents the annual cap for the year ending 31 December 2019.

*(C) Proposed Annual Caps for BOC Leasing and Licensing and Insurance Transactions*

The Manager proposes that the aggregate annual sums (a) to be paid to the Hui Xian REIT Group by the BOC Connected Persons Group in respect of the leasing and licensing transactions (exclusive of refundable deposits) and (b) to be paid by the Hui Xian REIT Group to the BOC Connected Persons Group in respect of the insurance transactions, under the Extended BOC Leasing and Licensing and Insurance Waiver for the three years ending 31 December 2020, 2021 and 2022, are not to exceed the respective proposed annual cap amounts as follows:

<b>Transactions under the Extended BOC Leasing and Licensing and Insurance Waiver</b>	<b>Financial year ending 31 December 2020 RMB'000</b>	<b>Financial year ending 31 December 2021 RMB'000</b>	<b>Financial year ending 31 December 2022 RMB'000</b>
(a) BOC Leasing and Licensing Transactions	42,000	44,000	46,000
(b) BOC Insurance Transactions	1,800	1,900	2,000

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*(D) Basis for the Proposed Annual Caps for BOC Leasing and Licensing and Insurance Transactions*

The above Proposed Annual Caps for BOC Leasing and Licensing and Insurance Transactions with respect to leasing and licensing transactions mainly comprise the rental and building management fee receivable from the BOC Connected Persons Group. Such annual caps are determined with general reference to the historical transaction amounts and based on the anticipated aggregate value of such transactions during the relevant financial years taking into account the possible growth in rentals during the relevant financial periods, and a contingency buffer of approximately 25% was added so as to cope with unforeseeable fluctuations resulting from any change in rental or other market conditions, possible additional leases of properties by the members of the BOC Connected Persons Group and possible acquisitions of properties where the members of the BOC Connected Persons Group was the leasee of the properties to be acquired by the Hui Xian REIT Group in the future.

The above Proposed Annual Caps for BOC Leasing and Licensing and Insurance Transactions with respect to insurance transactions are determined with general reference to the historical transaction amounts for the insurance transactions and the amount of insurance services required by the Hui Xian REIT Group from the BOC Connected Persons Group.

*(E) Waiver conditions for the Extended BOC Leasing and Licensing and Insurance Waiver*

(i) Due approval by Unitholders

Due approval by Independent Unitholders and adoption of the Ordinary Resolution to approve the Extended BOC Leasing and Licensing and Insurance Waiver and the annual caps relating thereto set out in the notice of AGM dated 3 April 2019, without any material amendment thereto.

(ii) Extensions or modifications

The Extended BOC Leasing and Licensing and Insurance Waiver shall be for a period to expire on 31 December 2022 and may be extended beyond 31 December 2022, and/or the terms and conditions of the Extended BOC Leasing and Licensing and Insurance Waiver may be modified from time to time, provided that:

- (a) the approval of Independent Unitholders is obtained by way of an Ordinary Resolution passed in a general meeting of Unitholders;
- (b) disclosure of details of the proposed extension and/or modification (as the case may be) shall be made by way of an announcement by the Manager of such proposal, and a circular and notice shall be issued to Unitholders in accordance with Chapter 10 of the REIT Code; and
- (c) any extension of the period of the Extended BOC Leasing and Licensing and Insurance Waiver shall, on each occasion of such extension, be for a period which shall expire not later than the third full financial year-end date of Hui Xian REIT after the date on which the approval referred to in (a) above is obtained.

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For the avoidance of doubt, any material change to the transactions covered by the Extended BOC Leasing and Licensing and Insurance Waiver (including without limitation the scope or nature of the transactions) as set out in this circular based on which the waiver is sought and granted must be approved by Independent Unitholders as referred to in (a) above and details of the proposed changes shall be disclosed in the manner as referred to in (b) above.

(iii) Annual caps

The annual value of the connected party transactions under the Extended BOC Leasing and Licensing and Insurance Waiver shall not exceed the respective annual cap amounts set out in the following table:

<b>Transactions under the Extended BOC Leasing and Licensing and Insurance Waiver</b>	<b>Financial year ending 31 December 2020 RMB'000</b>	<b>Financial year ending 31 December 2021 RMB'000</b>	<b>Financial year ending 31 December 2022 RMB'000</b>
(a) BOC Leasing and Licensing Transactions	42,000	44,000	46,000
(b) BOC Insurance Transactions	1,800	1,900	2,000

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

(iv) Disclosure in semi-annual and annual reports

Details of the connected party transactions under the Extended BOC Leasing and Licensing and Insurance Waiver shall be disclosed in the semi-annual and annual report of Hui Xian REIT as required under 8.14 of the REIT Code.

(v) Auditors' review procedures

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

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

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(vi) Review by the INEDs

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

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

(vii) Auditors' access to books and records

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

(viii) Notification to the SFC

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

(ix) Subsequent increase in annual caps with Independent Unitholders' approval

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

- (a) the approval of Independent Unitholders is obtained by way of an Ordinary Resolution passed in a general meeting of Unitholders;
- (b) disclosure of details of the proposal to increase the cap amounts shall be made by way of an announcement by the Manager of such proposal, and a circular and notice shall be issued to Unitholders in accordance with Chapter 10 of the REIT Code; and
- (c) the requirements referred to in paragraphs (iii) to (viii) above shall continue to apply to the relevant transactions, save that the increased annual cap amounts shall apply.

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(x) 8.14 of the REIT Code

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

### **3.1.6 Extended China Life Insurance Waiver**

#### *(A) Scope of China Life Insurance Transactions*

The scope and nature of the insurance transactions proposed to be covered by the Extended China Life Insurance Waiver will be the same as those covered by the Existing China Life Insurance Waiver. The China Life Insurance Waiver will cover the insurance policies which have been or may be taken out by the Hui Xian REIT Group with the China Life Connected Persons Group as insurer in relation to the properties and business of Hui Xian REIT Group (the "**China Life Insurance Transactions**").

#### *(B) Historical transaction amounts with respect to transactions under the Existing China Life Insurance Waiver*

The approximate aggregate sums paid by the Hui Xian REIT Group to the China Life Connected Persons Group in respect of the insurance transactions under the Existing China Life Insurance Waiver for the two financial years ended 31 December 2017 and 2018, and the two months ended 28 February 2019 were as follows:

	<b>Financial year ended 31 December 2017 RMB'000</b>	<b>Financial year ended 31 December 2018 RMB'000</b>	<b>Two months ended 28 February 2019 RMB'000</b>
<b>Transactions under the Existing China Life Insurance Waiver</b>			
China Life Insurance Transactions	1,674	1,580	250
<i>Annual cap</i>	6,000	6,300	6,600 <sup>(Note)</sup>
<i>Utilisation rate</i>	27.9%	25.1%	N.A.

*Note:* The figure represents the annual cap for the year ending 31 December 2019.

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*(C) Proposed Annual Caps for China Life Insurance Transactions*

The Manager proposes that for the financial years ending 31 December 2020, 2021 and 2022, the aggregate annual value payable by the Hui Xian REIT Group to the China Life Connected Persons Group in respect of the China Life Insurance Transactions for the three years ending 31 December 2020, 2021 and 2022 are not to exceed the respective proposed annual cap amounts as follows:

	<b>Financial year ending 31 December 2020 RMB'000</b>	<b>Financial year ending 31 December 2021 RMB'000</b>	<b>Financial year ending 31 December 2022 RMB'000</b>
<b>Transactions under the Extended China Life Insurance Waiver</b>			
China Life Insurance Transactions	5,900	6,200	6,500

*(D) Basis for the Proposed Annual Caps for China Life Insurance Transactions*

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

*(E) Waiver conditions for the Extended China Life Insurance Waiver*

(i) Due approval by Unitholders

Due approval by Independent Unitholders and adoption of the Ordinary Resolution to approve the Extended China Life Insurance Waiver and the annual caps relating thereto set out in the notice of AGM dated 3 April 2019, without any material amendment thereto.

(ii) Extensions or modifications

The Extended China Life Insurance Waiver shall be for a period to expire on 31 December 2022 and may be extended beyond 31 December 2022, and/or the terms and conditions of the Extended China Life Insurance Waiver may be modified from time to time, provided that:

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

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For the avoidance of doubt, any material change to the transactions covered by the Extended China Life Insurance Waiver (including without limitation the scope or nature of the transactions) as set out in this circular based on which the waiver is sought and granted must be approved by Independent Unitholders as referred to in (a) above and details of the proposed changes shall be disclosed in the manner as referred to in (b) above.

(iii) Annual caps

The annual value of the connected party transactions under the Extended China Life Insurance Waiver shall not exceed the respective annual cap amounts set out in the following table:

<b>Transactions under the Extended China Life Insurance Waiver</b>	<b>Financial year ending 31 December 2020 <i>RMB'000</i></b>	<b>Financial year ending 31 December 2021 <i>RMB'000</i></b>	<b>Financial year ending 31 December 2022 <i>RMB'000</i></b>
China Life Insurance Transactions	5,900	6,200	6,500

(iv) Disclosure in semi-annual and annual reports

Details of the connected party transactions under the Extended China Life Insurance Waiver shall be disclosed in the semi-annual and annual report of Hui Xian REIT as required under 8.14 of the REIT Code.

(v) Auditors' review procedures

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

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

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(vi) Review by the INEDs

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

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

(vii) Auditors' access to books and records

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

(viii) Notification to the SFC

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

(ix) Subsequent increase in annual caps with Independent Unitholders' approval

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

- (a) the approval of Independent Unitholders is obtained by way of an Ordinary Resolution passed in a general meeting of Unitholders;
- (b) disclosure of details of the proposal to increase the cap amounts shall be made by way of an announcement by the Manager of such proposal, and a circular and notice shall be issued to Unitholders in accordance with Chapter 10 of the REIT Code; and
- (c) the requirements referred to in paragraphs (iii) to (viii) above shall continue to apply to the relevant transactions, save that the increased annual cap amounts shall apply.



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(x) 8.14 of the REIT Code

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

### ***3.1.7 Extended BOC Corporate Finance Waiver***

*(A) Scope of BOC Corporate Finance Transactions*

The scope and nature of the corporate finance transactions conducted between the Hui Xian REIT Group and BOC and its subsidiaries (the "**BOC Group**"), proposed to be covered by the Extended BOC Corporate Finance Waiver will be the same as those covered by the Existing BOC Corporate Finance Waiver. For the purpose of the Extended BOC Corporate Finance Waiver, the "**BOC Corporate Finance Transactions**" means:

- (i) underwriting, securitisation, issue of debt instruments or other securities, or other related arrangements where the BOC Group is involved in an underwriting or arranging capacity or acts as listing agent and/or financial adviser and/or bookrunner and/or global coordinator to Hui Xian REIT, provided that these transactions are carried out at arm's length, on normal commercial terms, the primary objective of which is the offering or distribution of securities to parties outside of the BOC Group;
- (ii) lending and borrowing of funds or other related arrangements in connection with any facility agreement by which the Hui Xian REIT Group will finance the acquisition of Real Estate;
- (iii) "**financial advisory transactions**", namely the provision of financial advisory services to the Hui Xian REIT Group relating to investments or proposed investments of the Hui Xian REIT Group from time to time, including without limitation, any direct or indirect acquisition or disposal or proposed direct or indirect acquisition or disposal of Real Estate and excludes transactions set out in (i) and (ii) above, provided that the aggregate fees that the BOC Group derived from all "financial advisory transactions" and "corporate advisory transactions" (as described in (iv) below) conducted for the Hui Xian REIT Group during a financial year shall be capped at 1.0% of the latest published NAV of Hui Xian REIT; and
- (iv) "**corporate advisory transactions**", namely the provision of "corporate finance advice" to the Hui Xian REIT Group and excludes transactions set out in (i) and (ii) above, provided that the aggregate fees that the BOC Group derived from all "corporate advisory transactions" and "financial advisory transactions" (as described in (iii) above) conducted for the Hui Xian REIT Group during a financial year shall be capped at 1.0% of the latest published NAV of Hui Xian REIT.

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## LETTER FROM THE BOARD

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For the avoidance of doubt, “**corporate finance advice**” means advice concerning:

- (a) compliance with or in respect of the Main Board and GEM Listing Rules, the REIT Code, The Hong Kong Code on Share Buy-backs or The Hong Kong Code on Takeovers and Mergers;
- (b) (I) any offer to dispose of securities to the public, (II) any offer to acquire securities from the public, or (III) acceptance of any offer referred to in (I) or (II), but only in so far as the advice is generally given to holders of securities or a class or securities; or
- (c) corporate restructuring in respect of securities (including the issue, cancellation or variation of any rights attaching to any securities).

*(B) Waiver Conditions for Extended BOC Corporate Finance Waiver*

The Manager has applied for the Extended BOC Corporate Finance Waiver on the following waiver conditions which are, save for the waiver period, consistent with the conditions for the Existing BOC Corporate Finance Waiver:

- (i) due approval by the Independent Unitholders and adoption of the Ordinary Resolution to approve the Extended BOC Corporate Finance Waiver, without any material amendment thereto;
- (ii) the waiver shall be for a period to expire on 31 December 2022 and may be extended beyond 31 December 2022 and/or the terms and conditions of the waiver as set out in (iii) to (vii) below may be modified from time to time, provided that:
  - (a) the approval of the Independent Unitholders is obtained by way of an Ordinary Resolution passed in a general meeting of Unitholders;
  - (b) disclosure of details of the proposed extension and/or modification (as the case may be) shall be made by way of an announcement by the Manager of such proposal, and a circular and notice shall be issued to Unitholders in accordance with Chapter 10 of the REIT Code; and
  - (c) any extension of the period of the waiver shall, on each occasion of such extension, be for a period which shall expire not later than the third full financial year-end date of Hui Xian REIT after the date on which the approval referred to in (a) above is obtained.

For the avoidance of doubt, any material change to the transactions covered by the Extended BOC Corporate Finance Waiver (including without limitation the scope or nature of the transactions) as set out in this circular based on which the waiver is sought and granted must be approved by Independent Unitholders as referred to in (a) above and details of the proposed changes shall be disclosed in the manner as referred to in (b) above;

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## LETTER FROM THE BOARD

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- (iii) the offering document and any circular for Hui Xian REIT involving the BOC Corporate Finance Transactions includes upfront disclosure of the Extended BOC Corporate Finance Waiver and, with respect to those corporate finance transactions under categories (i) and (ii) of the definition of “BOC Corporate Finance Transaction” (as set out in the section headed “3.1.7(A) *Scope of the BOC Corporate Finance Transactions*” in this circular), full disclosure of the material terms of the relevant agreements;
- (iv) the annual report includes disclosure of the aggregate fees paid to the BOC Group in respect of the BOC Corporate Finance Transactions conducted for Hui Xian REIT Group in the financial year;
- (v) the annual report includes disclosure in respect of any BOC Corporate Finance Transaction whose fees exceed HK\$1 million: (a) the occurrence and nature of the transaction, (b) the parties to the transaction, and (c) the date of the transaction;
- (vi) the annual report includes a confirmation by the INEDs that they have reviewed the terms of such transactions and are satisfied that they have been entered into:
  - (a) in the ordinary and usual course of business of Hui Xian REIT;
  - (b) on normal commercial terms (to extent that there are sufficient comparable transactions) or, where there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to Hui Xian REIT than terms available to or from (as appropriate) independent third parties; and
  - (c) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Unitholders as a whole; and
- (vii) the auditors’ report in respect of Hui Xian REIT shall cover all the relevant BOC Corporate Finance Transactions.

Notwithstanding the Extended BOC Corporate Finance Waiver, in the case where the aggregate fees that the BOC Group generates from all “financial advisory transactions” and “corporate advisory transactions” (both as defined under the section headed “3.1.7(A) *Scope of BOC Corporate Finance Transactions*” in this circular) conducted for Hui Xian REIT Group during the financial year exceed 1.0% of the latest NAV of Hui Xian REIT as disclosed in the latest published audited accounts of Hui Xian REIT, the requirements in respect of connected party transactions as set out in Chapter 8 of the REIT Code shall apply. Further, for the avoidance of doubt, where by virtue of the nature of the transaction, other than the involvement of the BOC Group in its capacity as described in section 3.1.7(A) (*Scope of BOC Corporate Finance Transactions*) in this circular, an announcement has to be made pursuant to the REIT Code (and is not exempt under any waiver(s) from announcements under the REIT Code granted by the SFC), such announcement shall disclose the role of the BOC Group and the relevant terms of engagement in accordance with the relevant provisions of the REIT Code.

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## LETTER FROM THE BOARD

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### 3.2 CITIC Securities Corporate Finance Waiver

#### 3.2.1 Background

According to the REIT Code, Hui Xian REIT's "connected persons" will include, among other, the directors, senior executives and officers of a significant holder, and their respective "associates" within the meaning of the REIT Code. The associates of such persons include, among others, other companies of which they are directors. In this connection, CSC is a connected person of Hui Xian REIT because Mr. KUANG Tao, a director of both China Life Insurance (Overseas) Company Limited and Po Lian Enterprises Limited (both companies being subsidiaries of China Life Insurance (Group) Company) which are significant holders (within the meaning of the REIT Code) of Hui Xian REIT, is also a non-executive director of CSC. As such, the CITIC Securities Corporate Finance Transactions as described below, if entered into between Hui Xian REIT Group and CSC, will constitute connected party transactions of Hui Xian REIT under the REIT Code. The Manager has therefore applied to the SFC for a waiver from strict compliance with the disclosure and Unitholders' approval requirements under Chapter 8 of the REIT Code in respect of the CITIC Securities Corporate Finance Transactions which are connected party transactions of Hui Xian REIT solely as a result of and for so long as Mr. KUANG Tao is a director of China Life Insurance (Overseas) Company Limited and/or Po Lian Enterprises Limited, each of which is a significant holder of Hui Xian REIT within the meaning of the REIT Code.

#### *Scope of the CITIC Securities Corporate Finance Transactions*

The Manager may from time to time engage the CITIC Securities Connected Persons Group to provide corporate finance services to the Hui Xian REIT Group, being:

- (i) underwriting, securitisation, issue of debt instruments or other securities, or other related arrangements where the CITIC Securities Connected Persons Group is involved in an underwriting or arranging capacity or acts as listing agent, placing agent, stabilising manager and/or financial adviser and/or global co-ordinator to Hui Xian REIT, provided that these transactions are carried out at arm's length on normal commercial terms, the primary objective of which is the offering or distribution of securities to parties outside of the CITIC Securities Connected Persons Group;
- (ii) lending and borrowing of funds or other related arrangements in connection with any facility agreement by which the Hui Xian REIT Group will finance the acquisition of Real Estate;
- (iii) "**financial advisory transactions**", namely the provision of financial advisory services to the Hui Xian REIT Group relating to investments or proposed investments of the Hui Xian REIT Group from time to time, including without limitation, any direct or indirect acquisition or disposal or proposed direct or indirect acquisition or disposal of Real Estate and excludes transactions set out in (i) and (ii) above, provided that the aggregate fees that the CITIC Securities Connected Persons Group derived from all "financial advisory transactions" and "corporate advisory transactions" (as described in (iv) below) conducted for the Hui Xian REIT Group during a financial year shall be capped at 1.0% of the latest published NAV of Hui Xian REIT; and

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## LETTER FROM THE BOARD

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- (iv) “**corporate advisory transactions**”, namely the provision of “corporate finance advice” to the Hui Xian REIT Group and excludes transactions set out in (i) and (ii) above, provided that the aggregate fees that the CITIC Securities Connected Persons Group derived from all “corporate advisory transactions” and “financial advisory transactions” (as described in (iii) above) conducted for the Hui Xian REIT Group during a financial year shall be capped at 1.0% of the latest published NAV of Hui Xian REIT.

For the avoidance of doubt, “**corporate finance advice**” means advice concerning:

- (a) compliance with or in respect of the Main Board and GEM Listing Rules, the REIT Code, the Code on Share Buy-backs or The Hong Kong Code on Takeovers and Mergers;
- (b) (I) any offer to dispose of securities to the public, (II) any offer to acquire securities from the public, or (III) acceptance of any offer referred to in (I) or (II), but only in so far as the advice is generally given to holders of securities or a class or securities; or
- (c) corporate restructuring in respect of securities (including the issue, cancellation or variation of any rights attaching to any securities).

### **3.2.2 Waiver sought and conditions**

Given the nature of and time constraint for the CITIC Securities Corporate Finance Transactions, strict compliance with the relevant announcement and/or Unitholders’ approval requirements under Chapter 8 of the REIT Code in relation to such transactions will (in most cases) likely involve the disclosure of price sensitive information in relation to Hui Xian REIT, and therefore it is impracticable (if not impossible) for Hui Xian REIT to comply with the relevant announcement or Unitholders’ approval requirements. The Manager has therefore applied to the SFC for a waiver from strict compliance with the requirement under 8.9 and 8.11 of the REIT Code to seek Unitholders’ prior approval and to make announcements and circulars (in accordance with Chapter 10 of the REIT Code) in respect of the CITIC Securities Corporate Finance Transactions. In addition, the disclosure and reporting requirements under Chapter 8 of the REIT Code in respect of the CITIC Securities Corporate Finance Transactions shall be modified as described in the specific conditions as set out in sub-section “(B) *Waiver specific conditions — disclosure and reporting requirements*” below.

#### *(A) Waiver general conditions and undertakings*

In support of the application for the waiver request, the Manager has undertaken with the SFC to meet certain conditions, including the following general conditions on an on-going basis:

- (i) the CITIC Securities Corporate Finance Transactions will be carried out at arm’s length on normal commercial terms and in the interests of the Unitholders as a whole;
- (ii) the Manager must implement internal controls and compliance procedures to ensure that the CITIC Securities Corporate Finance Transactions are regularly monitored and undertaken on terms in compliance with the REIT Code;

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## LETTER FROM THE BOARD

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- (iii) the CITIC Securities Corporate Finance Waiver will be given on the basis that it only applies to connected party transactions which arise solely as a result of and for so long as Mr. KUANG Tao is a director of China Life Insurance (Overseas) Company Limited and/or Po Lian Enterprises Limited, each of which is a significant holder of Hui Xian REIT within the meaning of the REIT Code. If other connected party transactions arise as a result of other circumstances, these will be governed by Chapter 8 of the REIT Code in the normal way; and
- (iv) the CITIC Securities Corporate Finance Waiver does not need to be renewed on a regular basis, provided that: (i) the SFC reserves its right to review or revise the terms of such waiver or impose any conditions as it deems appropriate from time to time; and (ii) the full Board (including the INEDs) considers that it is fair and reasonable and in the best interests of the Unitholders to continue with such waiver granted without Unitholders' approval and disclose such confirmation in the annual report of Hui Xian REIT. In addition, the audit committee of the Manager ("**Audit Committee**") will make a statement in the annual report of Hui Xian REIT that it has reviewed the terms of the CITIC Securities Corporate Finance Waiver and is satisfied that (on the basis of the terms of such waiver and the internal controls and procedures in place) it is fair and reasonable that such waiver be continued without Unitholders' approval.

Notwithstanding the foregoing, the SFC has the right to review, revise or impose any of the conditions relating to the CITIC Securities Corporate Finance Waiver as it deems appropriate from time to time.

In the event of future amendments to the REIT Code imposing more stringent requirements than those applicable at the date of grant of the CITIC Securities Corporate Finance Waiver by the SFC on transactions of the kind to which the CITIC Securities Corporate Finance Transactions belong (including, but not limited to, a requirement that such transaction be made conditional on approval by the Independent Unitholders), the Manager will take immediate steps to ensure compliance with such requirements within a reasonable period of time.

*(B) Waiver specific conditions — disclosure and reporting requirements*

The CITIC Securities Corporate Finance Waiver is being sought to be granted on the following specific conditions:

- (i) each CITIC Securities Corporate Finance Transaction is carried out on normal commercial terms;
- (ii) this circular and any circular for Hui Xian REIT involving the CITIC Securities Corporate Finance Transactions includes clear disclosure of this CITIC Securities Corporate Finance Waiver and, with respect to those corporate finance transactions under categories (i) and (ii) of the definition of "CITIC Securities Corporate Finance Transaction" (as set out in the section headed "3.2.1 Scope of the CITIC Securities Corporate Finance Transactions" above), full disclosure of the material terms of the relevant agreements;
- (iii) the annual report of Hui Xian REIT includes disclosure of the aggregate fees paid to the CITIC Securities Connected Persons Group in respect of the CITIC Securities Corporate Finance Transactions conducted for the Hui Xian REIT Group in the relevant financial year;

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- (iv) the annual report of Hui Xian REIT includes disclosure in respect of any CITIC Securities Corporate Finance Transaction whose fees exceed HK\$1 million: (a) the occurrence and nature of the transaction; (b) the parties to the transaction and (c) the date of the transaction;
- (v) the Manager will confirm in the annual report that item (i) above and the general conditions as set out in the section headed “A. Waiver general conditions and undertakings” above have been complied with in respect of the CITIC Securities Corporate Finance Transactions;
- (vi) the annual report of Hui Xian REIT includes a statement by the Audit Committee that it has reviewed the terms of CITIC Securities Corporate Finance Transactions and are satisfied that they have been entered into:
  - (a) in the ordinary and usual course of business of Hui Xian REIT;
  - (b) on normal commercial terms (to extent that there are sufficient comparable transactions) or, where there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to Hui Xian REIT than terms available to or from (as appropriate) independent third parties;
  - (c) in accordance with the relevant agreement and the Manager’s internal procedures governing them on terms that are fair and reasonable and in the interests of the Unitholders as a whole; and
- (vii) underwriting or other related agreements are to be in respect of a particular transaction carried out at arm’s length on normal commercial terms, the primary objective of which is the offering or distribution of securities to parties outside of the CITIC Securities Connected Persons Group;
- (viii) the aggregate fees that the CITIC Securities Connected Persons Group generates from all “financial advisory transactions” and “corporate advisory transactions” conducted for Hui Xian REIT Group during the financial year shall be capped at 1.0% of the latest net asset value of Hui Xian REIT as disclosed in the latest published audited accounts of Hui Xian REIT. If the aggregate fees that the CITIC Securities Connected Persons Group generates from the financial advisory transactions and corporate advisory transactions during the financial year exceed the above cap, the requirements in respect of connected party transactions as set out in Chapter 8 of the REIT Code (including obtaining Unitholders’ approval) will apply;
- (ix) where a transaction involving the CITIC Securities Connected Persons Group is required to be announced pursuant to the provisions of the REIT Code and to which the waivers granted by the SFC in respect of connected party transactions do not apply, then disclosure of the role played by the CITIC Securities Connected Persons Group and the relevant terms of engagement shall be made in the relevant announcement in accordance with normal market practice and the requirements of the REIT Code; and



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## LETTER FROM THE BOARD

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- (x) the auditors of Hui Xian REIT shall be engaged to perform certain agreed review procedures and report in the auditors' report to the Manager (and a copy of such report shall be provided to the SFC) confirming that:
  - (a) the transactions have received the approval of the Board (including the INEDs) and have followed the Manager's internal procedures for such transactions;
  - (b) the transactions have been entered into and carried out in accordance with the terms of the agreements governing the transactions; and
  - (c) the aggregate fees that the CITIC Securities Connected Persons Group generates from all corporate advisory transactions and financial advisory transactions conducted for Hui Xian REIT Group during the relevant financial year do not exceed the cap as described above.

Further, for the avoidance of doubt, where by virtue of the nature of the transaction, other than the involvement of the CITIC Securities Connected Persons Group in its capacity as described above under the CITIC Securities Corporate Finance Transactions, an announcement has to be made pursuant to the REIT Code (and is not exempted by any waivers from announcements under the REIT Code granted by the SFC) such announcement shall disclose the role of the CITIC Securities Connected Persons Group and the relevant terms of engagement in accordance with the relevant provisions of the REIT Code.

### 3.3 Approvals required

As mentioned in the sub-section headed "3.1.4 Proposed extension of the Existing Waivers" above, pursuant to the conditions of each of the Existing Waivers, each of the Existing Waivers may be extended beyond 31 December 2019 provided that, among other things, the approval of the Independent Unitholders is obtained by way of an Ordinary Resolution passed in a general meeting of Unitholders.

Accordingly, the Manager wishes to obtain the approval of the Independent Unitholders for the following 2019 Extended Waivers, each by way of a separate Ordinary Resolution at the AGM:

- (i) the Extended BOC Leasing and Licensing and Insurance Waiver (including the Proposed Annual Caps for BOC Leasing and Licensing and Insurance Transactions), which, if approved, will extend the Existing BOC Leasing and Licensing and Insurance Waiver for a further period up to and including 31 December 2022 with new annual caps for the BOC Leasing and Licensing and Insurance Transactions for the three years ending 31 December 2022 (see Ordinary Resolution (5) contained in the AGM notice);
- (ii) the Extended China Life Insurance Waiver (including the Proposed Annual Caps for China Life Insurance Transactions), which, if approved, will extend the Existing China Life Insurance Waiver for a further period up to and including 31 December 2022 with new annual caps for the China Life Insurance Transactions for the three years ending 31 December 2022 (see Ordinary Resolution (6) contained in the AGM notice); and



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## LETTER FROM THE BOARD

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- (iii) the Extended BOC Corporate Finance Waiver, which, if approved, will extend the Existing BOC Corporate Finance Waiver for a further period up to and including 31 December 2022 (see Ordinary Resolution (7) contained in the AGM notice).

### 3.3.1 Restrictions on voting

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

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

Pursuant to the REIT Code and the Trust Deed, by virtue of their material interest in the relevant 2019 Extended Waiver(s), (i) members of the China Life Connected Persons Group shall abstain from voting on the Ordinary Resolution to approve the Extended China Life Insurance Waiver; and (ii) members of the BOC Connected Persons Group shall abstain from voting on the Ordinary Resolutions to approve the Extended BOC Leasing and Licensing and Insurance Waiver and the Extended BOC Corporate Finance Waiver respectively.

So far as the Manager is aware, as at the Latest Practicable Date, the BOC Connected Persons Group did not hold any Units and the holdings of Units of the China Life Connected Persons Group were as follows:

Entities	Number of Units held	Approximate Percentage of Unit holding
Subsidiaries of China Life <sup>Note</sup>	865,406,000	15.03%

*Note:* The subsidiaries being Po Lian Enterprises Limited, which held 248,125,000 Units, and China Life Insurance (Overseas) Co. Ltd, which directly and through its subsidiary SinoRock High Dividend Yield Investment Limited Partnership held 617,281,000 Units in total as at the Latest Practicable Date.

As at the Latest Practicable Date, to the best of the Manager's knowledge, information and belief after having made reasonable enquiries, save as disclosed above, the Manager is not aware of any Unitholder who is required to abstain from voting on the Ordinary Resolutions to approve the 2019 Extended Waiver(s).

### 3.4 Opinion of the Independent Financial Adviser

Crescendo Capital Limited has been appointed as the independent financial adviser to provide its opinion on the 2019 Extended Waivers (including the New Annual Caps) to the Independent Board Committee, the Independent Unitholders and the Trustee. Your attention is drawn to the "Letter from the Independent Financial Adviser" set out in this circular.

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## LETTER FROM THE BOARD

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The Independent Financial Adviser confirms that it is of the view that having considered the principal factors and reasons stated in its above letter, (i) the connected party transactions under the 2019 Extended Waivers are conducted in the ordinary and usual course of business of Hui Xian REIT and the terms of which are at arm's length and on normal commercial terms; and (ii) the 2019 Extended Waivers and the New Annual Caps (and their basis) are fair and reasonable so far as the Independent Unitholders are concerned, and are in the interests of Hui Xian REIT and the Independent Unitholders as a whole. The Independent Financial Adviser recommends the Independent Board Committee to advise the Independent Unitholders, and Independent Financial Adviser also recommends the Independent Unitholders, to vote in favour of the Ordinary Resolutions to approve the 2019 Extended Waivers (and the New Annual Caps) at the upcoming AGM.

### **3.5 Opinion of the Independent Board Committee**

The Independent Board Committee has been established by the Board to advise the Independent Unitholders on the 2019 Extended Waivers (including the New Annual Caps). Your attention is drawn to the "Letter from the Independent Board Committee" set out in this circular.

Having taken into account the opinion of, and the principal factors and reasons considered by, the Independent Financial Adviser, the Independent Board Committee considers that (i) the connected party transactions under the 2019 Extended Waivers are conducted in the ordinary and usual course of business of Hui Xian REIT and the terms of which are at arm's length and on normal commercial terms; and (ii) the 2019 Extended Waivers and the New Annual Caps (and their basis) are fair and reasonable so far as the Independent Unitholders are concerned, and are in the interests of Hui Xian REIT and the Independent Unitholders as a whole.

The Independent Board Committee therefore recommends that the Independent Unitholders to vote at the AGM in favour of all the Ordinary Resolutions to approve the 2019 Extended Waivers (including the New Annual Caps).

### **3.6 Recommendation of the Board**

Having regard to the reasons for, the scope of and the waiver terms and conditions for the 2019 Extended Waivers, the Board considers that:

- (a) the 2019 Extended Waivers and the New Annual Caps (and their basis) are fair and reasonable so far as the Independent Unitholders are concerned, and are in the interest of Hui Xian REIT and the Independent Unitholders as a whole;
- (b) for those relevant connected party transactions subsisting as at the Latest Practicable Date, each such transaction has been entered into: (i) in the ordinary and usual course of business of Hui Xian REIT; and (ii) at arm's length and on normal commercial terms and are fair and reasonable so far as the Independent Unitholders are concerned and in the interests of Hui Xian REIT and the Independent Unitholders as a whole; and
- (c) for those relevant connected party transactions to be entered into after the Latest Practicable Date, each such transaction will be: (i) in the ordinary and usual course of business of Hui Xian REIT; and (ii) at arm's length and on normal commercial terms and are fair and reasonable so far as the Independent Unitholders are concerned and in the interests of Hui Xian REIT and the Independent Unitholders as a whole.

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## LETTER FROM THE BOARD

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The Board therefore recommends that the Independent Unitholders to vote at the AGM in favour of all the Ordinary Resolutions to approve the 2019 Extended Waivers (including the New Annual Caps).

### 3.7 Opinion of the Trustee

Based on (i) the information and assurances provided by the Manager; (ii) the opinion of the Independent Financial Adviser; and (iii) the “Letter from the Independent Board Committee” set out in this circular, the Trustee, having taken into account its duties set out in the Trust Deed and the REIT Code, is of the view that the 2019 Extended Waivers and the New Annual Caps (and their basis) are fair and reasonable so far as the Independent Unitholders are concerned and in the interests of Hui Xian REIT and the Independent Unitholders as a whole.

The Trustee’s view is not to be taken as a recommendation or representation by the Trustee of the merits of the 2019 Extended Waivers and the New Annual Caps. The Trustee has not made any assessment of the merits or impact of the 2019 Extended Waivers and the New Annual Caps, other than for the purposes of fulfilling its fiduciary duties set out in the Trust Deed and the REIT Code.

Unitholders who are in any doubt as to the merits or impact of the 2019 Extended Waivers (including the New Annual Caps) should seek their own financial or other professional advice.

## 4. ANNUAL GENERAL MEETING

The AGM will be held at Grand Ballroom, 1/F, Harbour Grand Hong Kong, 23 Oil Street, North Point, Hong Kong on Tuesday, 14 May 2019 at 12:00 noon, for the purpose of, among others, considering and, if thought fit, passing, with or without modifications, the Ordinary Resolutions set out in the notice of AGM, which is set out on pages N-1 to N-4 of this circular.

For the purposes of determining the entitlements of Unitholders to attend and vote at the AGM, the Register will be closed from Wednesday, 8 May 2019 to Tuesday, 14 May 2019, 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 Tuesday, 7 May 2019.

You can vote at the AGM if you are a Unitholder on Tuesday, 14 May 2019. You will find enclosed with this circular the notice of AGM (see pages N-1 to N-4 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 the holding of the meeting or any adjourned meeting (as the case may be). 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.

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## LETTER FROM THE BOARD

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### 5. GENERAL

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

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 2018 (being the date to which the latest published audited financial statements of Hui Xian REIT have been made up).

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.

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)  
**H L KAM**  
*Chairman of the Manager*



**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**

3 April 2019

*To the Independent Unitholders of Hui Xian REIT*

Dear Sir/Madam,

**2019 EXTENDED WAIVERS IN RESPECT OF  
CERTAIN CONTINUING CONNECTED PARTY TRANSACTIONS**

We have been appointed as members of the Independent Board Committee to advise you in respect of the 2019 Extended Waivers (and the New Annual Caps), details of which are set out in the “Letter from the Board” in the circular dated 3 April 2019 from the Manager to the Unitholders (the “**Circular**”), of which this letter forms a part. Terms defined in the Circular shall have the same meanings when used in this letter unless the context otherwise requires.

Crescendo Capital Limited has been appointed by the Manager to advise us, the Independent Unitholders and the Trustee in connection with the 2019 Extended Waivers (and the New Annual Caps), in particular as to (i) whether the transactions under the 2019 Extended Waivers are conducted in the ordinary and usual course of business and whether the terms of which are at arm’s length and on normal commercial terms, and (ii) whether the 2019 Extended Waivers and the New Annual Caps (and their basis) are fair and reasonable so far as the Independent Unitholders are concerned and in the interests of Hui Xian REIT and the Independent Unitholders as a whole.

Details of their opinion, together with the principal factors and reasons taken into consideration, and assumptions and qualifications in arriving at such opinion, are set out in the “Letter from the Independent Financial Adviser”, the text of which is contained in the Circular.

Having taken into account the opinion of and the principal factors and reasons considered by Crescendo Capital Limited, we consider that (i) the connected party transactions under the 2019 Extended Waivers are conducted in the ordinary and usual course of business of Hui Xian REIT and the terms of which are at arm’s length and on normal commercial terms; and (ii) the 2019 Extended Waivers and the New Annual Caps (and their basis) are fair and reasonable so far as the Independent Unitholders are concerned, and are in the interests of Hui Xian REIT and the Independent Unitholders as a whole.

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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Accordingly, we recommend that the Independent Unitholders vote in favour of the Ordinary Resolutions to approve the 2019 Extended Waivers (including the New Annual Caps).

Yours faithfully,

*Independent Board Committee*

**Hui Xian Asset Management Limited**

**滙賢房託管理有限公司**

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

**CHENG Hoi Chuen, Vincent**

**LEE Chack Fan**

**CHOI Koon Shum, Jonathan**

*Independent non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of a letter of advice from the Independent Financial Adviser prepared for the purpose of inclusion in this circular, setting out its advice to the Independent Board Committee, the Independent Unitholders and the Trustee in respect of the 2019 Extended Waivers and the New Annual Caps.*



1506 Tai Tung Building  
8 Fleming Road  
Wanchai, Hong Kong

3 April 2019

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

Dear Sirs,

### **2019 EXTENDED WAIVERS IN RESPECT OF CERTAIN CONTINUING CONNECTED PARTY TRANSACTIONS**

#### **INTRODUCTION**

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee, the Independent Unitholders and the Trustee with respect to the 2019 Extended Waivers (and the New Annual Caps), details of which are set out in the Letter from the Board contained in the circular dated 3 April 2019 to the Unitholders (the “**Circular**”), of which this letter forms part. Capitalized terms used in this letter have the same meanings as those defined elsewhere in the Circular unless the context requires otherwise.

At the time of authorization of Hui Xian REIT under section 104 of the SFO in April 2011 before the first listing of the Units on the Stock Exchange, the Manager applied for, and the SFC granted, a number of waivers from strict compliance with the REIT Code in relation to certain continuing connected party transactions conducted between the Hui Xian REIT Group on the one hand, and (i) the BOC Group or the BOC Connected Persons Group or (ii) the China Life Connected Persons Group (as the case maybe) on the other hand. Such initial waivers were subsequently extended and/or modified and the Existing BOC Leasing and Licensing and Insurance Waiver (including the annual caps thereunder), the Existing China Life Insurance Waiver (including the annual caps thereunder) and the Existing BOC Corporate Finance Waiver were granted for a period up to and including 31 December 2019. The Manager expects such continuing connected party transactions shall continue in the future and thus proposes to extend the Existing Waivers for a further term of three years up to and including 31 December 2022.

By virtue of their material interest in the relevant 2019 Extended Waiver(s), (i) members of the BOC Connected Persons Group shall abstain from voting on the Ordinary Resolutions to approve the Extended BOC Leasing and Licensing and Insurance Waiver and the Extended BOC Corporate Finance Waiver; and (ii) members of the China Life Connected Persons Group shall abstain from voting on the Ordinary

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Resolution to approve the Extended China Life Insurance Waiver respectively, in accordance with the REIT Code and the Trust Deed.

The Independent Board Committee, comprising all INEDs, namely Mr. Cheng Hoi Chuen, Vincent, Professor Lee Chack Fan and Dr. Choi Koon Shum, Jonathan, has been established to advise the Independent Unitholders in respect of the 2019 Extended Waivers (and the New Annual Caps). We, Crescendo Capital Limited, have been appointed to advise the Independent Board Committee, the Independent Unitholders and the Trustee in connection with the 2019 Extended Waivers (and the New Annual Caps), in particular as to whether the transactions under the 2019 Extended Waivers are conducted in the ordinary and usual course of business of Hui Xian REIT and whether the terms of which are at arm's length and on normal commercial terms, and whether the 2019 Extended Waivers and the New Annual Caps (and their basis) are fair and reasonable so far as the Independent Unitholders are concerned and in the interests of Hui Xian REIT and the Independent Unitholders as a whole.

Crescendo Capital Limited is independent of (i) the Hui Xian REIT Group; (ii) Trustee; (iii) the Manager; (iv) BOC Connected Persons Group; (v) the China Life Connected Persons Group; and (vi) each of the significant holders of Hui Xian REIT and their respective associates and does not have any shareholding in any member of the Hui Xian REIT Group or right (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, securities in any member of the Hui Xian REIT Group. Save for acting as an independent financial adviser in this appointment and the involvement of our directors, under their employment in another firm, in the engagement as an independent financial adviser for providing advice to Hui Xian REIT on the occasion as detailed in the circular of Hui Xian REIT dated 21 April 2017, we have not acted as a financial adviser or an independent financial adviser to Hui Xian REIT and its associates in the past two years. Apart from normal professional fees payable to us in connection with this appointment, no arrangements exist whereby we will receive any fee or benefit from each of the above mentioned entities or persons. We were not aware of any relationship or interest between us and Hui Xian REIT or any other parties that would be reasonably considered to affect our independence to act as an independent financial adviser to the Independent Board Committee, the Independent Unitholders and the Trustee.

### **BASIS OF OUR OPINION**

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

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. The documents we have reviewed include, among others, the 2016 Waiver Circular and Poll Results Announcement, the Circular, the latest interim and annual reports of Hui Xian REIT, agreements/insurance policies entered into between the Hui Xian REIT Group and the BOC Connected Persons Group and the China Life Connected Persons Group (as the case may be) in relation to the connected party transactions, agreements/insurance policies entered into with independent third parties in respect of transactions similar to the connected party transactions, the internal controls and



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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compliance procedures contained in the compliance manual of the Manager for governing the connected party transactions, the published documents of other listed real estate investment trusts and other market information. We have no reasons to suspect that any material information has been withheld by the Manager, or is misleading, untrue or inaccurate, and consider that they may be relied upon in formulating our opinion. We have not, however, for the purpose of this exercise, conducted any independent investigation or audit into the businesses or affairs or future prospects of the Hui Xian REIT Group, the Manager and the related subjects of, and parties to, the transactions under the 2019 Extended Waivers. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the 2019 Extended Waivers (and the New Annual Caps), we have considered the following principal factors and reasons:

#### 1. Background of the transactions under the 2019 Extended Waivers

At the time of authorization of Hui Xian REIT under section 104 of the SFO in April 2011 before the first listing of the Units on the Stock Exchange, the Manager applied for, and the SFC granted, a number of waivers from strict compliance with the REIT Code in relation to certain continuing connected party transactions conducted between the Hui Xian REIT Group on the one hand, and (i) the BOC Group or the BOC Connected Persons Group or (ii) the China Life Connected Persons Group (as the case may be) on the other hand.

In 2013, Hui Xian REIT obtained (i) a waiver in relation to the BOC Leasing and Licensing and Insurance Transactions, which extended (with new annual caps relating thereto) the initial waiver for a period of up to and including 31 December 2016 and modified the initial waiver to cover leasing and licensing transactions in respect of any properties in which Hui Xian REIT may directly or indirectly be interested; and (ii) a waiver in relation to the China Life Insurance Transactions, which extended (with new annual caps relating thereto) the initial waiver for a period of up to and including 31 December 2016. In 2014, Hui Xian REIT further obtained a waiver in relation to the BOC Corporate Finance Transactions, which extended the initial waiver for a period of up to and including 31 December 2016 and modified the initial waiver to expand the scope so that such waiver will also cover financial advisory services concerning investments or proposed investments of the Hui Xian REIT Group. In 2016, Hui Xian REIT obtained the Existing BOC Leasing and Licensing and Insurance Waiver (including the annual caps relating thereto), the Existing China Life Insurance Waiver (including the annual caps relating thereto) and the Existing BOC Corporate Finance Waiver with waiver period up to, and including 31 December 2019.

The Existing Waivers will expire on 31 December 2019. The Manager expects that the continuing connected party transactions under the Existing Waivers may be conducted from time to time in the future and thus has made a submission to the SFC, and proposes to seek the approval from the Independent Unitholders to extend the Existing Waivers for a further period of three years up to and including 31 December 2022, and to set the New Annual Caps for the BOC Leasing and Licensing and Insurance Transactions and the China Life Insurance Transactions under such extended waivers.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The scope and nature of transactions under the 2019 Extended Waivers are set out in the Circular and summarized as follows:

*(a) BOC Leasing and Licensing Transactions*

BOC leasing and licensing transactions cover the leases or licences with the BOC Connected Persons Group in respect of any property in which Hui Xian REIT may directly or indirectly be interested (the “**BOC Leasing and Licensing Transactions**”).

*(b) BOC Insurance Transactions and China Life Insurance Transactions*

BOC insurance transactions cover the insurance policies which have been or may be taken out by the Hui Xian REIT Group with the BOC Connected Persons Group as insurer in relation to the properties and business of the Hui Xian REIT Group (the “**BOC Insurance Transactions**”) while China Life Insurance Transactions cover the insurance policies which have been or may be taken out by the Hui Xian REIT Group with the China Life Connected Persons Group as insurer in relation to the properties and business of the Hui Xian REIT Group.

*(c) BOC Corporate Finance Transactions*

The BOC Corporate Finance Transactions include:

- (i) underwriting, securitization, issue of debt instruments or other securities, or other related arrangements where the BOC Group is involved in an underwriting or arranging capacity or acts as listing agent and/or financial adviser and/or bookrunner and/or global coordinator to Hui Xian REIT, provided that these transactions are carried out at arm’s length, on normal commercial terms, the primary objective of which is the offering or distribution of securities to parties outside of the BOC Group;
- (ii) lending and borrowing of funds or other related arrangements in connection with any facility agreement by which the Hui Xian REIT Group will finance the acquisition of Real Estate;
- (iii) “financial advisory transactions”, namely the provision of financial advisory services to the Hui Xian REIT Group relating to investments or proposed investments of the Hui Xian REIT Group from time to time, including without limitation, any direct or indirect acquisition or disposal or proposed direct or indirect acquisition or disposal of Real Estate and excludes transactions set out in (i) and (ii) above, provided that the aggregate fees that the BOC Group derived from all “financial advisory transactions” and “corporate advisory transactions” (as described in (iv) below) conducted for the Hui Xian REIT Group during a financial year shall be capped at 1.0% of the latest published NAV of Hui Xian REIT; and
- (iv) “corporate advisory transactions”, namely the provision of “corporate finance advice” to the Hui Xian REIT Group and excludes transactions set out in (i) and (ii) above, provided that the aggregate fees that the BOC Group derived from all “corporate advisory transactions” and “financial advisory transactions” (as described in (iii) above) conducted for the Hui Xian REIT Group during a financial year shall be capped at 1.0% of the latest published NAV of Hui Xian REIT.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

- (a) compliance with or in respect of the Main Board and GEM Listing Rules, the REIT Code, The Hong Kong Code on Share Buy-backs or The Hong Kong Code on Takeovers and Mergers;
- (b) (i) any offer to dispose of securities to the public, (ii) any offer to acquire securities from the public, or (iii) acceptance of any offer referred to in (i) or (ii), but only in so far as the advice is generally given to holders of securities or a class or securities; or
- (c) corporate restructuring in respect of securities (including the issue, cancellation or variation of any rights attaching to any securities).

### 2. Reasons for the transactions under the 2019 Extended Waivers

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

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

BOC is one of the major banks in the PRC and the BOC Connected Persons Group provides a full range of financial services such as commercial banking services, investment banking services, insurance services, fund management services, direct investment and investment management services and aircraft leasing services. As at the Latest Practicable Date, certain properties, including office units and retail units, of the Hui Xian REIT Group were leased to the members of the BOC Connected Persons Group. Although certain existing leasing contracts shall expire in the near future, the Manager expects that the BOC Leasing and Licensing Transactions shall continue in the future. Given that leasing of properties is one of the core businesses and major source of income of the Hui Xian REIT Group and the leasing and licensing of properties to the BOC Connected Persons Group shall contribute a stable and reliable income to the Hui Xian REIT Group, we are of the opinion that the BOC Leasing and Licensing Transactions are commercial transactions conducted in the ordinary and usual course of business of the Hui Xian REIT Group and it is fair and reasonable and in the interests of Hui Xian REIT and the Unitholders as a whole to conduct such transactions.

#### *(b) BOC Insurance Transactions and China Life Insurance Transactions*

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

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

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *(c) BOC Corporate Finance Transactions*

Since the listing date of Hui Xian REIT, no BOC Corporate Finance Transactions have been carried out between the BOC Group on one hand and the Hui Xian REIT Group on the other hand save for the services provided by the BOC Group to Hui Xian REIT during its initial public offering. However, as the Hui Xian REIT Group may have a practical need for professional corporate finance advices or other financing services or arrangements in respect of compliance or financing issues during its ordinary course of business from time to time and the relevant members of the BOC Group have solid experiences and expertise in providing corporate finance services, the Manager considers that the Hui Xian REIT Group shall have a greater flexibility in its operations if it is allowed to select the corporate finance services from the BOC Group as and when appropriate.

Having considered that the Hui Xian REIT Group has the practical need to use corporate finance services from time to time in its ordinary and usual course of business and the BOC Corporate Finance Transactions shall add flexibility to the Hui Xian REIT Group in its selection of service provider, we consider that the BOC Corporate Finance Transactions are commercial transactions conducted in the ordinary and usual course of business of the Hui Xian REIT Group, and in the interests of Hui Xian REIT and the Independent Unitholders as a whole.

### **3. Major terms of the transactions under the 2019 Extended Waivers**

According to the 2019 Extended Waivers being sought by Hui Xian REIT, the waiver terms and conditions of which are the same as the conditions for the Existing Waivers. The transactions under the 2019 Extended Waivers should be conducted in the ordinary and usual course of business of the Hui Xian REIT Group and the terms of such transactions should be on normal commercial terms (to the extent that there are sufficient comparable transactions) or, where there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Hui Xian REIT Group than terms readily available to or from, as appropriate, independent third parties. Moreover, an independent valuation shall be conducted for each of the BOC Leasing and Licensing Transactions first entered into or renewed on or after the date on which the Extended BOC Leasing and Licensing and Insurance Waiver becomes effective except where they are conducted on standard or published rates.

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

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

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

In view of the above, we consider that the terms of the BOC Leasing and Licensing Transactions carried out in the past were at arm's length and on normal commercial terms and fair and reasonable so far as the Independent Unitholders are concerned. We believe that the terms of the BOC Leasing

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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and Licensing Transactions to be carried out in the future would also be at arm's length and on normal commercial terms and fair and reasonable to the Independent Unitholders if the same principles and internal control procedures are consistently applied by the management of Hui Xian REIT in determination of the terms of such transactions.

***(b) BOC Insurance Transactions and China Life Insurance Transactions***

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

Currently, the properties and operations of Hui Xian REIT Group are mainly located in Beijing, Shenyang, Chongqing and Chengdu. We have reviewed all the existing insurance policies relating to the properties and operations of the Hui Xian REIT Group in Beijing, Shenyang, Chongqing and Chengdu and noted that the BOC Connected Persons Group and the China Life Connected Persons Group are providing insurance services to the Hui Xian REIT Group in respect of its properties and operations of commercial complexes in Beijing and Chongqing jointly with other independent third party insurers. The BOC Connected Persons Group and the China Life Connected Persons Group share 10% and 35% of the risk and benefits of the insurance in relation to the properties and operations in Beijing respectively while another third party insurer shares the remaining 55% of the risk and benefits of the insurance. For the properties and operations of the commercial complex in Chongqing, the China Life Connected Persons Group shares 40% of the risk and benefits of the insurance while another third party insurer shares the remaining 60% of the risk and benefits of the insurance. Currently, the insurance policies in respect of all other properties and operations of the Hui Xian REIT Group in Shenyang, Chongqing and Chengdu are provided by independent third parties.

As the location, nature and scale of the Hui Xian REIT Group's commercial complex properties and operations in Beijing, which involve a commercial complex comprising a shopping mall, office towers, serviced apartments and a hotel, and Chongqing, which involve a commercial complex comprising a shopping mall and offices, are significantly different from its other properties and operation in Shenyang, Chongqing and Chengdu, which involve hotels comprising mainly hotel rooms and food and beverage outlets, we consider that the terms of the insurance policies for properties and operations of commercial complexes in Beijing and Chongqing are not directly comparable with those for properties and operations in Shenyang, Chongqing and Chengdu.

Having taken into account that (i) the insurance policies were entered into between the Hui Xian REIT Group and the BOC Connected Persons Group and the China Life Connected Persons Group (as the case may be) together with other independent third party insurers, who have a majority interest in the insurance policies, with the same terms and conditions; and (ii) all insurers of the insurance policies share the same benefits of the insurance policies in accordance with their respective sharing of risks, we consider that the terms of the BOC Insurance Transactions and the China Life Insurance Transactions carried out in the past were in normal commercial terms and fair and reasonable so far as the Independent Unitholders are concerned. We believe that the terms of the BOC Insurance Transactions and the China Life Insurance Transactions to be carried out in the future would also be at arm's length and on normal commercial terms and fair and reasonable to the Independent Unitholders if the same principles and internal control procedures are consistently applied by the management of Hui Xian REIT in determination of the terms of such transactions.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### (c) *BOC Corporate Finance Transactions*

Since the listing date of Hui Xian REIT, no BOC Corporate Finance Transactions have been carried out between the BOC Group on one hand and the Hui Xian REIT Group on the other hand save for the services provided by the BOC Group to Hui Xian REIT during its initial public offering.

We have reviewed the compliance manual of the Manager, which contains the internal controls and compliance procedures for use in relation to the management and operation of Hui Xian REIT, and were satisfied that such internal controls and compliance procedures were adequate for ensuring that the BOC Corporate Finance Transactions would be regularly monitored and undertaken on terms in compliance with the REIT Code. We were also confirmed by the Manager that the aforementioned internal controls and compliance procedures were implemented and followed by the Manager throughout the period of the Existing BOC Corporate Finance Waiver. In the presence of the abovementioned internal controls and compliance procedures, we believe that the BOC Corporate Finance Transactions to be carried out by the Hui Xian REIT Group would be properly governed and the interests of the Independent Unitholders under the BOC Corporate Finance Transactions would be safeguarded. We also believe that the terms of the BOC Corporate Finance Transactions to be carried out in the future would also be on normal commercial terms and fair and reasonable to the Independent Unitholders based on the above.

Given all the factors mentioned above, we consider that the transactions under the 2019 Extended Waivers are conducted in the ordinary and usual course of business of Hui Xian REIT and the terms of which are at arm's length and on normal commercial terms, and the 2019 Extended Waivers are fair and reasonable so far as the Independent Unitholders are concerned, and are in the interests of Hui Xian REIT and the Unitholders as a whole.

#### 4. Bases of the New Annual Caps

The historical transaction amounts and the annual caps for the BOC Leasing and Licensing Transactions, the BOC Insurance Transactions and the China Life Insurance Transactions are summarized as follows:

**Table 1 — Historical transaction amounts and annual caps for the connected party transactions**

	Historical Transaction Amount For the year ended 31 December			New Annual Caps For the year ending 31 December		
	2017	2018	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>BOC Leasing and Licensing Transactions</b>						
Historical transaction amount	28,060	29,299	4,950 <sup>(Note)</sup>	N/A	N/A	N/A
Annual caps	39,000	41,000	43,000	42,000	44,000	46,000
Utilization rate (approximately)	71.9%	71.5%	N/A	N/A	N/A	N/A
<b>BOC Insurance Transactions</b>						
Historical Transaction amount	404	397	62 <sup>(Note)</sup>	N/A	N/A	N/A
Annual caps	1,800	1,900	2,000	1,800	1,900	2,000
Utilization rate (approximately)	22.5%	20.9%	N/A	N/A	N/A	N/A
<b>China Life Insurance Transactions</b>						
Historical Transaction amount	1,674	1,580	250 <sup>(Note)</sup>	N/A	N/A	N/A
Annual caps	6,000	6,300	6,600	5,900	6,200	6,500
Utilization rate (approximately)	27.9%	25.1%	N/A	N/A	N/A	N/A

*Note: The figures represent the actual transaction amounts for the two months ended 28 February 2019.*



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*(a) BOC Leasing and Licensing Transactions*

The New Annual Caps for the BOC Leasing and Licensing Transactions mainly cover the rental and building management fee receivable from the BOC Connected Persons Group. According to the Manager, the New Annual Caps in respect of the BOC Leasing and Licensing Transactions for the three years ending 31 December 2022 were determined with general reference to the historical transaction amounts and based on the anticipated aggregate value of such transactions during the relevant financial years, taking into account the possible growth in rentals, and a contingency buffer of approximately 25% was added so as to cope with unforeseeable fluctuations resulting from any change in rental or other market conditions, possible additional leases of properties by the members of the BOC Connected Persons Group and possible acquisitions of properties where the members of the BOC Connected Persons Group was the lessee of the properties to be acquired by the Hui Xian REIT Group in the future.

We have reviewed all the existing tenancy agreements entered into between the Hui Xian REIT Group and the BOC Connected Persons Group and noted that all the properties leased to the BOC Connected Persons Group are located in Oriental Plaza (except for the leasing of hotel rooms which accounted for less than 1% of the total historical transaction amount of BOC Leasing and Licensing Transactions for each of the year ended 31 December 2017, 2018 and 2019) and most of such tenancy agreements would expire in the third quarter of 2019 while the remaining would expire in 2021. The rental rates under the existing tenancy agreements were used for the computation of the New Annual Caps in respect of the BOC Leasing and Licensing Transactions for the relevant period.

In view of the actual increase of approximately 4.4% in transaction amount under the BOC Leasing and Licensing Transactions for the year ended 31 December 2018 as compared to the previous year, the prospects of the offices and retail rental market in Beijing, the prime location of the retail units leased to the BOC Connected Persons Group in the mall and the recent incremental rates for rental renewals between the Hui Xian REIT Group and independent third parties, the Manager expects that the rental rates for the properties to be leased to the BOC Connected Persons Group shall increase at a rate of 5% upon renewal and there shall be a 5% increase thereafter annually. Accordingly, such growth rates in rental were applied in the computation of the New Annual Caps in respect of the BOC Leasing and Licensing Transactions for the period after the expiry of the existing tenancy agreements.

We have reviewed the list of renewed tenancy agreements entered into between the Hui Xian REIT Group and independent third parties in respect of the leasing of office and retail units in Oriental Plaza, where all the office and retail units leased to the BOC Connected Persons Group are located, for the period from 1 September 2018 to 31 December 2018 and noted that the average growth rate of the renewed rentals of these office units and retail units as compared to the original rentals were comparable to the growth rate adopted by the Manager in calculating the New Annual Caps in respect of the BOC Leasing and Licensing Transactions.

Based on the latest statistics released by the National Bureau of Statistics of the PRC, the preliminary gross domestic product (“GDP”) of the PRC for 2018 was approximately RMB90,030.9 billion, representing an increase of approximately 6.6% as compared to the previous year, and the national per capita disposable income was approximately RMB28,228 in 2018, representing a growth of approximately 8.7% over the same period of the previous year. The statistics also show that the national consumer price index had increased from 100 in December 2017 to 101.9 in December 2018. However, the OECD Interim Economic Outlook released in November 2018 by the Organization for Economic Cooperation and Development, an international organization with 34 country members,

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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projected that the GDP growth in the PRC would ease slowly to 6% by 2020, having taken into account that the infrastructure investment and credit growth have moderated, the working age population is declining and trade tensions are likely to slow export growth which could delay the necessary deleveraging of the corporate sector and aggravate risks to financial stability although recent policy measures have improved the financial conditions and scope remains to expand fiscal support if required. It is expected that the GDP growth rate of the PRC for 2019 and 2020 would be 6.3% and 6.0% respectively.

As most of the existing transactions under the BOC Leasing and Licensing Transactions are located in Beijing, we focus our analysis on property rental market in Beijing. According to Asia Pacific Property Digest Third Quarter 2018 (the “**JLL Report**”) issued in November 2018 by Jones Lang LaSalle (“**JLL**”), an independent international firm specialized in real estate services, the retail property market in Beijing recorded a 2.1% year-on-year growth rate for the third quarter of 2018. JLL stated that rents at recent opening outperformed in both the urban and suburban markets leading rental growth in the quarter. However, the overall rental growth remained slow. It is anticipated that the rental growth of urban retail property in Beijing is slowing down.

The JLL Report also indicated that office property market in Beijing recorded a 4.2% year-on-year growth rate for the third quarter of 2018. The stable demand kept the overall vacancy rate low at 3.2% in the third quarter of 2018 as new supply was limited. While the low-vacancy environment will continue to limit net absorption, large requirements will be satisfied as space becomes available. Benefited from the lack of available space in the market, all submarkets recorded positive rental growth for a second consecutive quarter. Following delays to central business district core area projects, new buildings are expected to come online in 2019 and offer some relief to tenants in the tight-vacancy market. It is projected that the rental growth of Beijing’s overall Grade A office market would slow down.

Based on the above, we are of the view that the annual increment rate of 5% adopted by the Manager for estimating the New Annual Caps in respect of the BOC Leasing and Licensing Transactions for the period after the expiry of the existing tenancy agreements is fair and reasonable and commercially justifiable.

We were advised by the Manager that a contingency buffer of 25% was adopted for the New Annual Caps for the three years ending 31 December 2022 so as to cope with unforeseeable fluctuations resulting from any change in rental or other market conditions, possible additional leases of properties by the BOC Connected Persons Group and possible acquisitions of properties where the BOC Connected Persons Group was the lessee of the properties to be acquired by the Hui Xian REIT Group in the future. We have conducted a research on the buffer for annual caps of transactions in similar nature of other listed real estate investment trusts and noted that a buffer in a range of 5% to 25% was normally adopted by other listed real estate investment trusts for the budget of annual caps. Given that the buffer rate of 25% proposed by the Manager falls within the range of other listed real estate investment trusts and taking into account the possible unexpected additional lease of properties by the BOC Connected Persons Group and the unforeseeable market fluctuation, we are of the opinion that the contingency buffer of 25% proposed by Hui Xian REIT is reasonable.

Having considered the abovementioned factors, we consider that the New Annual Caps (and the basis of the New Annual Caps) for the BOC Leasing and Licensing Transactions for the three years ending 31 December 2022 are fair and reasonable so far as the Independent Unitholders are concerned.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*(b) BOC Insurance Transactions and China Life Insurance Transactions*

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

In view of (i) the projected increases in the premium of the insurance policies of 5% per annum; (ii) the possible changes in benefits and risks sharing ratios attributable to the BOC Connected Persons Group and the China Life Connected Persons Group in the insurance policies regarding the properties and operations of commercial complexes in Beijing and Chongqing to a maximum of 30% and 100% respectively in the future; and (iii) the possibilities of providing the insurance services by the BOC Connected Persons Group and the China Life Connected Persons Group regarding the properties and operations currently provided by independent third parties in Shenyang, Chongqing and Chengdu at a maximum benefits and risks sharing ratios of 30% and 100% respectively in the future, the Manager considers that annual caps relating to the BOC Insurance Transactions for the three years ending 31 December 2020, 2021 and 2022 of RMB1.8 million, RMB1.9 million and RMB2.0 million respectively and annual caps relating to the China Life Insurance Transactions for the three years ending 31 December 2020, 2021 and 2022 of RMB5.9 million, RMB6.2 million and RMB6.5 million respectively are required although the actual transaction amounts for the BOC Insurance Transactions and the China Life Insurance Transactions only amounted to approximately RMB0.4 million and RMB1.6 million respectively in 2018.

We noted that the actual transaction amount under the BOC Insurance Transactions and the China Life Insurance Transactions for the year ended 31 December 2018 had decreased by approximately 1.8% and 5.6% respectively, as compared to the previous year. As advised by the Manager, the decreases in transaction amounts were mainly attributable to the readjustment with lower insurance premium rates.

The Manager explained to us that they assumed there would be an annual growth of 5% in insurance expenses when estimating the New Annual Caps for the China Life Insurance Transactions and the BOC Insurance Transactions after taking into consideration the general inflation in the PRC. According to the statistics released by the National Bureau of Statistics of the PRC, the national consumer price index ranged from 99.3 to 105.4 in the past ten years. Given that there were no significant upward premium adjustments in respect of insurance for the properties and operations of the Hui Xian REIT Group for the year 2018, there might be a possible upward price adjustment in the insurance premium upon expiry of the existing insurance policies and the average inflation rate of the PRC for the past ten years were in the range of -0.7% to 5.4%, we consider that the annual growth rate of 5% adopted by the Manager in determining the New Annual Caps for the BOC Insurance Transactions and the China Life Insurance Transactions is reasonable.

We were also advised by the Manager that it is possible that the benefits and risks sharing ratios of the insurance policies in respect of properties and operations in Beijing might change in the coming years and the insurance services might be provided solely by the China Life Connected Persons Group or jointly by a consortium of the China Life Connected Persons Group and/or BOC Connected Persons Group and other independent third parties. Therefore, the China Life Connected Persons Group's benefits and risks sharing ratio of the insurance policies in respect of properties and operations in Beijing might increase from 35% to a maximum of 100% in the event that the insurance services are solely provided by the China Life Connected Persons Group and the BOC Connected Persons Group's benefits and risks sharing ratio of the insurance policies in respect of properties and operations in

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Beijing might further increase from 10% to its intended maximum of 30%. The insurance services in respect of properties and operations of the commercial complex in Chongqing might also be provided solely by the China Life Connected Persons Group after the expiry of the existing contracts. Therefore, the benefits and risks sharing ratios of the insurance policies in respect of properties and operations in Chongqing for the China Life Connected Persons Group might also increase from 40% to a maximum of 100%. Furthermore, properties and operations of the Hui Xian REIT Group in Shenyang, Chongqing, and Chengdu currently using the insurance services from independent third parties might use the insurance services of the China Life Connected Persons Group and the BOC Connected Persons upon expiry of the existing insurance policies.

We have reviewed all the insurance policies regarding the properties and operations of the Hui Xian REIT Group in Beijing, Shenyang, Chongqing and Chengdu and noted that all the existing insurance policies will be expired in 2019 and the current benefits and risks sharing ratios of the insurance policies attributable to the BOC Connected Persons Group and the China Life Connected Persons Group regarding the properties and operations in Beijing are 10% and 35% respectively, the current benefits and risks sharing ratios of the insurance policies attributable to the China Life Connected Persons Group regarding the properties and operations of the commercial complex in Chongqing is 40% while the insurance services regarding all other properties and operations of the Hui Xian REIT Group in Shenyang, Chongqing and Chengdu are provided by independent third parties. Given the possible changes in the coverage of insurance required by the Hui Xian REIT Group in the future, we consider that it is justifiable to use the possible maximum benefits and risks sharing ratios of 100% for the China Life Connected Persons Group and 30% for the BOC Connected Persons Group in determining the New Annual Caps of the China Life Insurance Transactions and the BOC Insurance Transactions respective so as to provide flexibility for the Hui Xian REIT Group in the selection of insurers for its properties and operations.

Having considered the reasons provided by the Manager for the possible increase in transaction amounts for the BOC Insurance Transactions and the China Life Insurance Transactions in the future, we consider that the New Annual Caps (and the basis of the New Annual Caps) for the BOC Insurance Transactions and the China Life Insurance Transactions are fair and reasonable so far as the Independent Unitholders are concerned.

### **5. Waiver conditions**

According to the waivers being sought by Hui Xian REIT, the transactions under the 2019 Extended Waivers are subject to certain review requirements, the details of which are set out in the Letter from the Board contained in the Circular. We are of the view that those review requirements can provide appropriate measures to govern the Manager in carrying out the relevant transactions and safeguard the interests of the Independent Unitholders.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### RECOMMENDATION

Having considered the abovementioned principal factors and reasons, we consider that (i) the connected party transactions under the 2019 Extended Waivers are conducted in the ordinary and usual course of business of Hui Xian REIT and the terms of which are at arm's length and on normal commercial terms; and (ii) the 2019 Extended Waivers and the New Annual Caps (and their basis) are fair and reasonable so far as the Independent Unitholders are concerned, and are in the interests of Hui Xian REIT and the Independent Unitholders as a whole. We therefore recommend the Independent Board Committee to advise the Independent Unitholders, and we ourselves also recommend the Independent Unitholders, to vote in favour of the Ordinary Resolutions to approve the 2019 Extended Waivers (and the New Annual Caps) at the upcoming AGM.

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

**Amilia Tsang**  
*Managing Director*

**Helen Fan**  
*Associate Director*

*Notes:*

1. Ms. Amilia Tsang is a licensed person under the SFO permitted to engage in Type 6 (advising on corporate finance) regulated activity and has over 15 years of experience in corporate finance.
2. Ms. Helen Fan is a licensed person under the SFO permitted to engage in Type 6 (advising on corporate finance) regulated activity and has over 11 years of experience in corporate finance.

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, 5,757,337,072 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 575,733,707 Units. The number of Units in issue as at the date of the passing of the resolution approving the Buy-back Mandate is expected to be larger than the number of Units in issue as at the Latest Practicable Date, as a result of the Units expected to be issued to the Manager as payment of part of the base fee and the variable fee for the period from 1 July 2018 to 31 December 2018 to the Manager by way of Units; details of such issue of new Units will be made by way of an announcement on the date of issuance. 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, it 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:

	<b>Highest</b> <i>RMB</i>	<b>Lowest</b> <i>RMB</i>
March 2018	3.28	3.09
April 2018	3.13	3.09
May 2018	3.22	3.11
June 2018	3.20	3.15
July 2018	3.30	3.17
August 2018	3.35	3.12
September 2018	3.18	3.13
October 2018	3.15	3.03
November 2018	3.21	3.03
December 2018	3.25	3.17
January 2019	3.33	3.18
February 2019	3.40	3.32
From 1 March 2019 up to the Latest Practicable Date	3.39	3.29

**(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 purchase. 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 purchase.

**(G) DIRECTORS' UNDERTAKING**

The Directors have undertaken to the SFC that when the Manager exercises the power to make purchases of 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**

DB Trustees (Hong Kong) Limited, the Trustee of Hui Xian REIT, (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.

### **(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 1,077,798,832 Units (representing approximately 18.72% 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 32.42% of the Units then in issue.

Further, as at the Latest Practicable Date, the Manager (in its own capacity) held 15,687,861 Units (representing approximately 0.27% 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 5,757,337,072 Units in issue as at the Latest Practicable Date, the aggregate percentage unitholding of such group would be increased to approximately 36.02% 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.

As each of Mr. CHENG Hoi Chuen, Vincent, Professor LEE Chack Fan and Dr. CHOI Koon Shum, Jonathan (who are current INEDs) will have served on the Board for nine years on 3 April 2020, in accordance with the Compliance Manual, their respective further appointment as an INED beyond such date should be subject to a separate resolution to be approved by Unitholders. Their biographical details are set out below to enable the Unitholders to make an informed decision on their re-appointments

**CHENG Hoi Chuen, Vincent**, aged 70, has been an INED since 4 April 2011. He was the Adviser to the Group Chief Executive of HSBC Holdings plc and is also an independent non-executive director of Great Eagle Holdings Limited, MTR Corporation Limited, CLP Holdings Limited, Shanghai Industrial Holdings Limited, Wing Tai Properties Limited, CK Hutchison Holdings Limited and he was an independent non-executive director of China Minsheng Banking Corp., Ltd. up to in or around mid-June 2018, the shares of all of which are listed on the Stock Exchange. He is the former Chairman of The Hongkong and Shanghai Banking Corporation Limited, HSBC Bank (China) Company Limited and HSBC Bank (Taiwan) Limited. Mr. CHENG was previously an executive director of HSBC Holdings plc, a non-executive director of HSBC China Dragon Fund and an independent non-executive director of Swire Properties Limited.

Mr. CHENG was the Chairman of the Independent Commission on Remuneration for Members of the Executive Council and the Legislature, and Officials under the Political Appointment System of the HKSAR and the Chairman of the Council of The Chinese University of Hong Kong. He is a member of the Advisory Committee on Post-service Employment of Civil Servants and a Vice-patron of Community Chest of Hong Kong. He was also a member of the National Committee of the 11th Chinese People's Political Consultative Conference ("CPPCC"), and a senior adviser to the 11th Beijing Municipal Committee of the CPPCC. He was the Chairman of the Process Review Panel for the SFC, Chairman of the Standing Committee on Directorate Salaries and Conditions of Service of the Hong Kong Government, a member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority and a Vice-chairman of the China Banking Association.

He was conferred the Doctoral degree of Social Science, *honoris causa*, by The Chinese University of Hong Kong and the Doctoral degree of Business Administration, *honoris causa*, by The Open University. Mr. CHENG holds a Bachelor of Social Science degree in Economics from The Chinese University of Hong Kong and a Master of Philosophy degree in Economics from The University of Auckland, New Zealand.

Save as disclosed above, Mr. CHENG has not held any other directorships in the last three years preceding the Latest Practicable Date in public companies the securities of which are listed on any securities market in Hong Kong or overseas. Mr. CHENG does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Manager.

Mr. CHENG has entered into a service agreement with the Manager and has been appointed for a specific term expiring on 3 April 2020. All remuneration payable to Mr. CHENG are paid and borne by the Manager out of its own resources. Mr. CHENG is subject to rotation requirements in accordance with the Compliance Manual and the Articles of Association of the Manager.

As at the Latest Practicable Date, Mr. CHENG is not interested in any Units within the meaning of the provisions of Part XV of the SFO which are deemed to apply to the Directors.

Save as disclosed above, the Board is not aware of any other matters that need to be brought to the attention of the Unitholders and there is no information of Mr. CHENG required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules, as if they were applicable to real estate investment trusts.



**LEE Chack Fan**, aged 73, has been an INED since 4 April 2011. He is an Academician of Chinese Academy of Engineering and was appointed as the Chancellor of the Chu Hai College of Higher Education on 1 July 2015. He has been appointed as a non-executive director of Zhaobangji Properties Holdings Limited with effect from 22 October 2018. He is also an independent non-executive director of South Shore Holdings Limited (formerly known as The 13 Holdings Limited). Professor LEE was an independent non-executive director of AID Life Science Technology Holdings Limited (formerly known as AID Partners Technology Holdings Limited) up to 14 August 2017.

Professor LEE is an internationally renowned expert in geotechnical engineering. He served as a consultant and technical adviser to numerous energy and infrastructure projects in China and overseas, including the construction of the Three Gorges Dam of the Yangtze River. He worked for Ontario Hydro in Canada for more than 20 years. He joined the University of Hong Kong in 1994 as a professor of the Department of Civil Engineering, and successively as chair professor of geotechnical engineering, pro-vice-chancellor (vice-president) and director of the School of Professional and Continuing Education. He has also served as a specialist consultant or an advisor to many international bodies such as the United Nations Development Plan, World Bank and Asian Development Bank on numerous energy and infrastructure projects in many parts of the world.

Professor LEE is currently the Chairman of the Hong Kong Institute for Promotion of Chinese Culture, Chairman of Jao Tsung-I Academy, Director of Jao Tsung-I Petite Ecole, University of Hong Kong, the President of the Fu Hui Charity Foundation. He is also a member of the Commission on Strategic Development. Professor LEE was a Chairman of the Harbourfront Enhancement Committee, the Council of the Lord Wilson Heritage Trust, and the Veterinary Surgeons Board. He previously also served as a member of the board of the West Kowloon Cultural District Authority and the Cultural and Heritage Commission.

Professor LEE's eminent achievement in civil engineering has been highly recognised. He was awarded the K Y Lo Medal in 2001 by the Engineering Institute of Canada and was elected the Academician of the Chinese Academy of Engineering in 2003 in recognition of his contributions to the engineering profession. He was appointed as Justice of the Peace by the Hong Kong Government in 2003 and was awarded the Silver Bauhinia Star and Gold Bauhinia Star in 2005 and 2013 respectively.

Professor LEE graduated from The University of Hong Kong with a Bachelor's degree in Civil Engineering and received his Master's degree from The University of Hong Kong and a Doctor of Philosophy degree from The University of Western Ontario, Canada, in the field of geotechnical engineering.

Save as disclosed above, Professor LEE has not held any other directorships in the last three years preceding the Latest Practicable Date in public companies the securities of which are listed on any securities market in Hong Kong or overseas. Professor LEE does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Manager.

Professor LEE has entered into a service agreement with the Manager and has been appointed for a specific term expiring on 3 April 2020. All remuneration payable to Professor LEE are paid and borne by the Manager out of its own resources. Professor LEE is subject to rotation requirements in accordance with the Compliance Manual and the Articles of Association of the Manager.

As at the Latest Practicable Date, Professor LEE is not interested in any Units within the meaning of the provisions of Part XV of the SFO which are deemed to apply to the Directors.

Save as disclosed above, the Board is not aware of any other matters that need to be brought to the attention of the Unitholders and there is no information of Professor LEE required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules, as if they were applicable to real estate investment trusts.

**CHOI Koon Shum, Jonathan**, aged 61, has been an INED since 4 April 2011. He is also Chairman of the Sun Wah Group, Chairman of Sunwah International Limited (formerly known as Kingsway International Holdings Limited) (Toronto-listed), Chairman of Sunwah Kingsway Capital Holdings Limited (formerly known as SW Kingsway Capital Holdings Limited) (Hong Kong-listed), independent non-executive director of BOC Hong Kong (Holdings) Limited (Hong Kong-listed), Chairman of VinaCapital, Vietnam, Chairman of the Sun Wah Hi-Tech Group and Chairman of the Sun Wah Media Group. Dr. CHOI has extensive experience in the financial services business, food industry, real estate development, international trade and technology.

Dr. CHOI is a Standing Committee member of the National Committee of the Chinese People's Political Consultative Conference of the PRC. He also holds a number of public positions including Chairman of the Hong Kong Chinese General Chamber of Commerce, Chairman of Guangdong-HK-Macao Bay Area Entrepreneurs Union, Standing Committee Member of the All-China Federation of Industry and Commerce, an Economic Advisor to the President of the Chinese Academy of Sciences, a Council Member of the Hong Kong Trade Development Council, Chairman of the Hong Kong-Vietnam Chamber of Commerce, Chairman of the China-India Software Association, Chairman of the China Hong Kong Israel Technology Cooperation and Promotion Center, Founding Chairman of the Hong Kong-Korea Business Council and Founding Patron and Senior Advisor to the President of the Academy of Sciences of Hong Kong. In 2015, Dr. CHOI has been appointed as Honorary Ambassador of Foreign Investment Promotion for Korea by Korean Government and Hong Kong, China's representative of APEC Business Advisory Council by the Chief Executive of HKSAR respectively. Dr. CHOI is also a Court/Council Member of a number of universities including United College of The Chinese University of Hong Kong, The Hong Kong University of Science and Technology, The Hong Kong Polytechnic University, the University of Macau, Fudan University, Nanjing University and Northeastern University in Liaoning.

Dr. CHOI is a Justice of Peace and has been awarded the Bronze Bauhinia Star and Gold Bauhinia Star by the Hong Kong SAR Government. In 2015, he was conferred "Friendship Order" by Vietnam Government. He has also received the World Outstanding Chinese Award granted by the United World Chinese Association and is an Honorary Citizen or Advisor of Guangzhou, Shenyang, Wuhan, Jingtangshan, Zhongshan and Changjiajie.

In 2005, Dr. CHOI was conferred the Honorary Doctor of Humanities by the Michigan State University in the United States. He became a University Fellow of The Hong Kong Polytechnic University in 2007. He was also conferred Honorary Professor by The University of Glamorgan in the United Kingdom in 2009, the Honorary Doctor of Social Sciences by Lingnan University in Hong Kong in October 2011, the Honorary Doctor of the Vietnam National University, Hanoi, in 2013, the Honorary Doctor of Business Administration by De Montfort University in United Kingdom in July 2014 and the Honorary Doctor of Laws Degree by The University of Alberta in October 2015.

Save as disclosed above, Dr. CHOI has not held any other directorships in the last three years preceding the Latest Practicable Date in public companies the securities of which are listed on any securities market in Hong Kong or overseas. Dr. CHOI does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Manager.

Dr. CHOI has entered into a service agreement with the Manager and has been appointed for a specific term expiring on 3 April 2020. All remuneration payable to Dr. CHOI are paid and borne by the Manager out of its own resources. Dr. CHOI is subject to rotation requirements in accordance with the Compliance Manual and the Articles of Association of the Manager.

As at the Latest Practicable Date, Dr. CHOI is not interested in any Units within the meaning of the provisions of Part XV of the SFO which are deemed to apply to the Directors.

Save as disclosed above, the Board is not aware of any other matters that need to be brought to the attention of the Unitholders and there is no information of Dr. CHOI required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules, as if they were applicable to real estate investment trusts.

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## NOTICE OF ANNUAL GENERAL MEETING

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**HUI XIAN** REIT  
匯賢產業信託

### Hui Xian Real Estate Investment Trust

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

**(Stock Code: 87001)**

**Managed by Hui Xian Asset Management Limited**

### NOTICE OF 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 Grand Ballroom, 1/F, Harbour Grand Hong Kong, 23 Oil Street, North Point, Hong Kong on Tuesday, 14 May 2019 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 2018;
- (B) To note the appointment of the Auditor of Hui Xian REIT and the fixing of its remuneration;
- (C) To consider and, if thought fit, pass, with or without modification, the following resolution as an ordinary resolutions:

#### **ORDINARY RESOLUTIONS**

- (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 of Hong Kong (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 dated 1 April 2011 (as amended, modified or supplemented from time to time) (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

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## NOTICE OF ANNUAL GENERAL MEETING

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- (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.”
  
- (2) “**THAT** Mr. CHENG Hoi Chuen, Vincent be re-appointed as an independent non-executive director of the Manager commencing from 4 April 2020.”
  
- (3) “**THAT** Professor LEE Chack Fan be re-appointed as an independent non-executive director of the Manager commencing from 4 April 2020.”
  
- (4) “**THAT** Dr. CHOI Koon Shum, Jonathan be re-appointed as an independent non-executive director of the Manager commencing from 4 April 2020.”
  
- (5) “**THAT**:
  - (a) the Extended BOC Leasing and Licensing and Insurance Waiver and the Proposed Annual Caps for BOC Leasing and Licensing and Insurance Transactions be and are hereby approved; and
  - (b) the Manager, any director of the Manager, and the Trustee, each be and is hereby authorised to do or procure to be done all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or the Trustee (as the case may be) may consider desirable, expedient, necessary or in the interest of Hui Xian REIT to implement or give effect to the matters resolved upon in paragraph (a) above.”
  
- (6) “**THAT**:
  - (a) the Extended China Life Insurance Waiver and the Proposed Annual Caps for China Life Insurance Transactions be and are hereby approved; and
  - (b) the Manager, any director of the Manager, and the Trustee, each be and is hereby authorised to do or procure to be done all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or the Trustee (as the case may be) may consider desirable, expedient, necessary or in the interest of Hui Xian REIT to implement or give effect to the matters resolved upon in paragraph (a) above.”

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## NOTICE OF ANNUAL GENERAL MEETING

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(7) “**THAT:**

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

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)**  
**H L KAM**  
*Chairman of the Manager*

Hong Kong, 3 April 2019

*Notes:*

1. Unless otherwise defined in this notice or the context requires otherwise, terms defined in the circular of Hui Xian REIT dated 3 April 2019 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 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 needs 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 the holding of the meeting or any adjourned meeting (as the case may be). Delivery of an instrument appointing a proxy shall not preclude the Unitholders 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.

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## NOTICE OF ANNUAL GENERAL MEETING

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5. The Register of Unitholders of Hui Xian REIT will be closed from Wednesday, 8 May 2019 to Tuesday, 14 May 2019, 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 Tuesday, 7 May 2019.
6. The voting of the above ordinary 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).*