

CONNECTED PARTY TRANSACTIONS

Details of Connected Party Transactions

Following completion of the Offering, there will be continuing transactions between Hui Xian REIT and the following persons noted below, which will constitute connected party transactions of Hui Xian REIT within the meaning of the REIT Code. Details of these transactions as well as the modifications or waivers sought by Hui Xian REIT in relation to the relevant provisions in Chapter 8 of the REIT Code on connected party transactions are set out below.

Introduction

Following completion of the Offering there will be, and it is likely that there will continue to occur from time to time, a number of transactions between the Manager on behalf of Hui Xian REIT or other companies or entities held or controlled by Hui Xian REIT (collectively, “**Hui Xian REIT Group**”) on the one hand and parties which have a relationship or connection with Hui Xian REIT on the other hand.

The REIT Code contains rules governing transactions between Hui Xian REIT Group and certain defined categories of “connected persons” within the meaning given in the REIT Code. Such transactions will constitute “connected party transactions” for the purposes of the REIT Code.

Hui Xian REIT’s “connected persons” will include, among others:

- (i) Hui Xian Holdings, which is an “associate” of a “significant holder” (within the meaning given in the REIT Code) because of Hui Xian Holdings’ relationship with its wholly-owned subsidiary, Hui Xian Cayman;
- (ii) Cheung Kong, which is an “associate” of a “significant holder” (within the meaning given in the REIT Code) because of Cheung Kong’s relationship with Hui Xian Holdings as mentioned in the section headed “Information about Hui Xian Cayman” in this Offering Circular above and its right to nominate directors to Hui Xian Cayman and its 30.0% indirect interest in the Manager, and entities or persons which are connected persons of Hui Xian REIT as a result of their connection with Cheung Kong (collectively, “**Cheung Kong Connected Persons Group**”). Cheung Kong Connected Persons Group will include, among others, certain members of the Cheung Kong Group, HWL and certain subsidiaries of HWL;
- (iii) CITIC Securities International, because the Manager is indirectly owned as to 40.0% by CITIC Securities International, and entities or persons which are connected persons of Hui Xian REIT as a result of their connection with CITIC Securities International (collectively, “**CITIC Securities Connected Persons Group**”);
- (iv) ARA, because of ARA’s 30.0% indirect interest in the Manager, and entities or persons which are connected persons of Hui Xian REIT as a result of their connection with ARA (collectively, “**ARA Connected Persons Group**”);
- (v) the Manager and persons which are connected persons of Hui Xian REIT as a result of their connection with Manager, including the Property Manager which will be a wholly-owned subsidiary of the Manager, but excluding the Cheung Kong Connected Persons Group, the CITIC Securities Connected Persons Group and the ARA Connected Persons Group (collectively, “**Manager Group**”);
- (vi) the Directors, senior executives and officers of the Manager, and their respective “associates” within the meaning given in the REIT Code. The associates of the Directors of the Manager include, among others, other companies of which they are directors. In this connection, HSBC Holdings plc (“**HSBC Holdings**”) and/or certain of its subsidiaries (collectively “**HSBC Connected Persons Group**”) will be connected persons of Hui Xian REIT because CHENG Hoi Chuen, Vincent, an INED, is a director of such companies;
- (vii) BOC, because of BOC’s relationship with Hui Xian Holdings (and thus Hui Xian Cayman) as mentioned in the section headed “Information about Hui Xian Cayman” in this Offering Circular above and its right to nominate directors to Hui Xian Cayman, and entities or persons which are connected persons of Hui Xian REIT as a result of their connection with BOC (collectively, “**BOC Connected Persons Group**”);

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- (viii) China Life, because of China Life's relationship with Hui Xian Holdings (and thus Hui Xian Cayman) as mentioned in the section headed "Information about Hui Xian Cayman" in this Offering Circular above and its right to nominate directors to Hui Xian Cayman, and entities or persons which are connected persons of Hui Xian REIT as a result of their connection with China Life (collectively, "**China Life Connected Persons Group**");
- (ix) OOIL, because of OOIL's relationship with Hui Xian Holdings (and thus Hui Xian Cayman) as mentioned in the section headed "Information about Hui Xian Cayman" in this Offering Circular above and has the right to nominate a director to Hui Xian Cayman, and entities or persons which are connected persons of Hui Xian REIT as a result of their connection with OOIL (collectively, "**OOIL Connected Persons Group**"); and
- (x) the Trustee and entities or persons which are connected persons of Hui Xian REIT as a result of their connection with the Trustee ("**Trustee Connected Persons**"). As a result, the list of "connected persons" of Hui Xian REIT will include Deutsche Bank AG ("**DB**") and other members of its group since the Trustee is an wholly-owned subsidiary of DB;

The Manager has applied for certain waivers from strict compliance with the REIT Code with respect to transactions (A) between Hui Xian REIT Group and Hui Xian Holdings; (B) between Hui Xian REIT Group and Cheung Kong Connected Persons Group; (C) between Hui Xian REIT Group and the CITIC Securities Connected Persons Group; (D) between Hui Xian REIT Group and the Manager Group; (E) between Hui Xian REIT Group and the HSBC Connected Persons Group; (F) between Hui Xian REIT Group and the BOC Connected Persons Group; (G) between Hui Xian REIT Group and the China Life Connected Persons Group; and (H) between Hui Xian REIT Group and the OOIL Connected Persons Group; (I) between Hui Xian REIT Group and the Trustee Connected Persons; (J) relating to the Relevant Employees (as defined below); and (K) relating to issuance of new Units and Convertible Instruments. These waivers are subject to the conditions mentioned under the sub-section headed "Waivers for Certain Connected Party Transactions" below.

Internal Controls

The Manager has established an internal control system intended to ensure that connected party transactions between Hui Xian REIT Group and its connected persons are monitored and that these are undertaken on terms in compliance with the REIT Code. As required by the REIT Code, all connected party transactions must, among other things, be carried out at arm's length, on normal commercial terms and in the best interests of Unitholders.

As a general rule, the Manager must demonstrate to the Audit Committee that all connected party transactions entered into by Hui Xian REIT satisfy the foregoing criteria, which may entail (where applicable) obtaining quotations from parties unrelated to the Manager, or obtaining one or more valuation letters from independent professional valuers.

The Manager shall investigate and regularly monitor all transactions by Hui Xian REIT in order to determine whether such transactions are connected party transactions. Furthermore, the Manager shall maintain a register to record all connected party transactions which are entered into by members of Hui Xian REIT Group and the bases on which they are entered into, including any quotations from independent valuers obtained to support such bases. The Manager shall also incorporate into its internal audit plan a review of all connected party transactions entered into by members of Hui Xian REIT Group.

Waivers for Certain Connected Party Transactions

(A) Waiver for Certain Connected Party Transactions between Hui Xian REIT Group and Hui Xian Holdings

On 8 April 2011, Hui Xian Holdings as lender and Hui Xian Investment as borrower entered into the Facility Agreement pursuant to which Hui Xian Holdings has agreed to grant to Hui Xian Investment the Facility in the aggregate amount of RMB1,400 million (comprising an RMB1,300 million revolving credit

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facility and an RMB100 million revolving credit facility). The RMB100 million revolving credit facility under the Facility will be used to finance the general working capital requirements and general corporate funding of Hui Xian REIT and its Subsidiaries, and is available for multiple drawings on a revolving basis from the Listing Date until one month before its final maturity date which falls 18 months from the date of the Facility Agreement. The RMB1,300 million revolving credit facility under the Facility will be used to support Hui Xian REIT's making of distributions in RMB and is available for multiple drawings on a revolving basis from the Listing Date until one month before its final maturity date which falls 42 months from the date of the Facility Agreement. Each loan under the Facility will bear interest at the rate of 1.0% per annum above the HSBC Standard RMB Rate. The Facility is required to be secured by a joint and several unconditional and irrevocable guarantee by the Trustee (in its capacity as trustee for Hui Xian REIT) and Hui Xian BVI in favour of Hui Xian Holdings and a pledge over the shares held by Hui Xian BVI in Hui Xian Investment. Details of the Facility are set out in the section headed "Material Agreements and Other Documents Relating to Hui Xian REIT – Facility Agreement" in this Offering Circular.

The Manager has applied for, and the SFC has granted, a waiver for strict compliance so that the transactions contemplated under the Facility Agreement ("**Facility Transactions**") will not be subject to any requirements for announcement or Unitholders' approval under Chapter 8 of the REIT Code. In addition, the disclosure and reporting requirements under Chapter 8 of the REIT Code with respect to the Facility Transactions shall be modified as described below.

A summary disclosure of the Facility Transactions in each financial year will be disclosed in the annual report of Hui Xian REIT. Such information shall include the nature of the transactions, types of transactions or services and identities of the connected persons of the same transactions. The INEDs shall confirm in the annual report that they have reviewed the terms of any such transactions and are satisfied that these transactions have been entered into:

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

In addition, the auditors of Hui Xian REIT shall be engaged to perform certain agreed review procedures and report in the auditors' report of Hui Xian REIT ("**Auditors' Report**") to the Manager (and a copy of such report shall be provided to the SFC) confirming that all such transactions (a) have followed the Manager's internal procedures for such transactions and are in accordance with the terms disclosed in the offering document; (b) have received the approval of the Board (including the INEDs); and (c) have been entered into and carried out in accordance with the terms of the agreements governing the transactions.

(B) Waivers for Certain Connected Party Transactions between Hui Xian REIT Group and Cheung Kong Connected Persons Group

(I) Categories of Transactions

The Manager has applied for, and the SFC has granted, a waiver from strict compliance with the disclosure and Unitholders' approval requirements under Chapter 8 of the REIT Code in respect of the following categories of connected party transactions between Hui Xian REIT Group and the Cheung Kong Connected Persons Group ("**Cheung Kong Continuing CPTs**"):

(i) Leasing and licensing arrangements

As part of the ordinary course of business of Hui Xian REIT Group, BOP as owner of Oriental Plaza, is either already a party to, or may from time to time enter into, leases or licences in respect of

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Oriental Plaza with the Cheung Kong Connected Persons Group (“**Cheung Kong Leasing and Licensing Transactions**”).

(ii) *Property management and club facilities arrangements*

Property management and club facilities transactions include any transactions in the nature of property management and operation arrangements in respect of BOP which have been and are to be entered into between Hui Xian REIT Group and Cheung Kong Connected Persons Group (the “**Cheung Kong Property Management and Club Facilities Transactions**”).

Currently, BJ Citybase and BJ Goodwell, subsidiaries of Cheung Kong, are engaged by BOP to provide certain property management services in respect of Oriental Plaza (other than Grand Hyatt Beijing which is managed by the Hotel Manager). It is expected that after the Listing, BOP will continue to engage BJ Citybase and BJ Goodwell and may engage other members of the Cheung Kong Connected Persons Group to provide property management services.

Tenants of The Tower Apartments have been given the right to use the club facilities of Lido Place (麗都廣場) in Beijing, in which the Cheung Kong Group is interested as to 40.0%, without having to pay any fee to Lido Place’s owner. In connection with such arrangement, BOP has to pay to the owner of Lido Place (which is a member of the Cheung Kong Connected Persons Group) a fee for such use of club facilities by the tenants of The Tower Apartments. It is currently proposed that such club facilities arrangement will continue after the Listing, and BOP may also use other facilities of the Cheung Kong Connected Persons Group from time to time.

(iii) *Use of internet and telecommunication services*

BOP has used, and it is currently expected that BOP will use, internet and telecommunication services provided by members of the Cheung Kong Connected Persons Group (“**Cheung Kong Internet Services Transactions**”) in the ordinary and usual course of management and operation of Oriental Plaza.

(II) **Waiver Conditions**

The waiver in respect of the Cheung Kong Continuing CPTs has been granted by the SFC on the following conditions:

(i) *Extensions or modifications*

The waiver shall be for a period to expire on 31 December 2013. The waiver may be extended beyond 31 December 2013, and/or the conditions of the waiver may be modified from time to time, provided that:

- (a) the approval of Unitholders other than those who have a material interest in the relevant transactions within the meaning of paragraph 8.11 of the REIT Code (“**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.

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(ii) *Annual caps*

The annual value of the connected party transactions shall not exceed the respective annual cap amounts set out in the following table:

<u>Categories of connected party transactions</u>	<u>Listing Date to 31 December 2011</u>	<u>For the year ending 31 December 2012</u>	<u>For the year ending 31 December 2013</u>
Cheung Kong Leasing and Licensing Transactions	RMB77 million	RMB85 million	RMB103.5 million
Cheung Kong Property Management and Club Facilities Transactions	RMB28 million	RMB36 million	RMB38 million
Cheung Kong Internet Services Transactions	RMB6 million	RMB6.5 million	RMB7 million

In respect of the Cheung Kong Leasing and Licensing Transactions first entered into or renewed on or after the Listing Date, an independent valuation will be conducted for each of such leasing and licensing transactions except where they are conducted on standard or published rates.

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

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

(iv) *Auditors' review procedures*

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

- (a) have received the approval 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).

(v) *Review by the INEDs*

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

- (a) in the ordinary and usual course of business of Hui Xian REIT;
- (b) on normal commercial terms (to the extent that there are sufficient comparable transactions) or, where there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to Hui Xian REIT than terms available to or from (as appropriate) independent third parties; and
- (c) in accordance with the relevant agreement 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.

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(vi) Auditors' access to books and records

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

(vii) Notification to the SFC

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

(viii) Subsequent 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 (ii) to (vii) above shall continue to apply to the relevant transactions, save that the increased annual cap amounts shall apply.

(ix) Paragraph 8.14 of the REIT Code

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

(C) Waiver for Certain Connected Party Transactions between Hui Xian REIT Group and the CITIC Securities Group

The Manager has also applied for, and the SFC has granted, a waiver from strict compliance with Chapter 8 of REIT Code in respect of certain "corporate finance transactions" between Hui Xian REIT Group and the CITIC Securities Group ("**CITIC Securities Corporate Finance Transactions**") as described below.

For the purpose of this sub-section, "**CITIC Securities Group**" means CITIC Securities International, its holding company and their respective subsidiaries. As the CITIC Securities Group fall within the CITIC Securities Connected Persons Group, members of the CITIC Securities Group are connected persons of Hui Xian REIT.

(I) Excluded Transactions

The following transactions will not be deemed connected party transactions of Hui Xian REIT for the purposes of Chapter 8 of the REIT Code:

- (i) where the CITIC Securities Group acts for a third party as nominee, custodian, agent or trustee and conducts agency transactions with the Hui Xian REIT Group;

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- (ii) where a collective investment scheme (including another real estate investment trust) transacts with the Hui Xian REIT Group, and a company within the CITIC Securities Group acts as the trustee of such collective investment scheme but the transaction is not a proprietary transaction of the CITIC Securities Group; and
- (iii) where a member of the CITIC Securities Group acquires, purchases, subscribes, sells or disposes of Units on terms which are the same as available to the public or other Unitholders as a whole, and where applicable, are subject to the application and allocation rules set out in the Listing Rules. For the avoidance of doubt, any dealing by the CITIC Securities Group in Units on the Stock Exchange will not be a connected party transaction.

(II) “Chinese Wall” Procedures

The principal business activities of CITIC Securities International include brokerage, investment banking, proprietary trading and asset management. From the Listing Date, Hui Xian REIT will become one of the asset management activities of CITIC Securities International. CITIC Securities International will continue to invest in other funds and may also invest in the Units. In order to avoid any conflict of interest, each of CITIC Securities International and its holding company has implemented a set of “Chinese Wall” procedures to physically and functionally separate different business functions which may otherwise potentially lead to a conflict of interest situation. Salient points of the Chinese Wall procedures are listed below:

1. Each department of CITIC Securities International and its holding company are staffed and managed by different personnel and they are located in different physical locations;
2. Each of CITIC Securities International and its holding company has imposed confidentiality obligations on their staff members;
3. Each of CITIC Securities International and its holding company has IT firewall procedures in place to ensure only authorized personnel has access to important system and information.

The Manager believes that implementation of the above procedures will be sufficient to maintain the independence between the various business units and departments of CITIC Securities International and its holding company and to ensure that its asset management will be operated independently from other business activities and functions of CITIC Securities International and its holding company.

(III) Waiver for the CITIC Securities Corporate Finance Transactions

(1) Scope of Corporate Finance Transactions

The SFC has granted a waiver from strict compliance with the requirement under paragraphs 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 between Hui Xian REIT Group and the CITIC Securities Group. In addition, the disclosure and reporting requirements under Chapter 8 of the REIT Code with respect to such transactions shall be modified as described in the specific conditions in (3)(A) to (G) below. For the purpose of this waiver, the **CITIC Securities Corporate Finance Transactions** means:

- (a) underwriting, securitisation, issue of debt instruments or other securities, or other related arrangements where the CITIC Securities 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 Group;
- (b) lending and borrowing of funds or other related arrangements in connection with any facility agreement by which the Hui Xian REIT Group will finance the acquisition of real estate; and

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- (c) “corporate advisory transactions”, namely the provision of “corporate finance advice” to the Hui Xian REIT Group and excludes transactions set out in (a) and (b) above, provided that the aggregate fees that the CITIC Securities Group derived from all “corporate advisory transactions” conducted for the Hui Xian REIT Group during a financial year shall be capped at 1.0% of the latest published net asset value (“NAV”) of Hui Xian REIT.

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

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

(2) *Waiver General Conditions and Undertakings*

In support of the application for this waiver request, the INEDs have 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;
- (iii) the INEDs are satisfied with the Manager’s internal controls and compliance procedures (such as Chinese wall procedures), to ensure that the operation of the Manager is independent of other banking, financial services and other business functions and operations of the CITIC Securities Group; and
- (iv) the Manager incorporates provisions in the Trust Deed that require the Trustee to take actions or commence proceedings on behalf of Hui Xian REIT as necessary to protect the interest of Unitholders (including against the Manager or its connected persons in relation to any transaction or agreement entered into for and on behalf of Hui Xian REIT with such persons).

Separately and for the purpose of the above waiver:

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

The waiver is given on the premises that they only apply to connected party transactions involving the persons who constitute “connected persons” of Hui Xian REIT solely by virtue of their association with the Manager under the REIT Code, solely and so long as CITIC Securities International is, directly or indirectly, a controlling entity of the Manager, and the Manager is in its capacity as manager of Hui Xian REIT. If connected party transactions arise as a result of other circumstances, they will be governed by Chapter 8 of the REIT Code.

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Notwithstanding the foregoing, the SFC reserves the right to review or revise any of the terms and conditions of any of the waivers if there is any subsequent change of circumstances that affect any of them. In the event of future amendments to the REIT Code imposing more stringent requirements than those applicable at the date of the waivers granted by the SFC on transactions of the kind to which the transactions belong (including, but not limited to, a requirement that such transaction be made conditional on approval by the Independent Unitholders), the Manager shall take immediate steps to ensure compliance with such requirements within a reasonable period of time.

(3) Waiver Specific Conditions

The above waiver in respect of the CITIC Securities Corporate Finance Transactions is granted on the following specific conditions:

- (A) the waiver shall be for a period to expire on 31 December 2013 and may be extended beyond 31 December 2013 and/or the conditions of the waiver as set out in (B) to (G) below may be modified from time to time, provided that:-
 - (I) the approval of the Independent Unitholders is obtained by way of an Ordinary Resolution passed in a general meeting of Unitholders;
 - (II) 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
 - (III) 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 (I) above is obtained;
- (B) the offering document and any circular for Hui Xian REIT includes upfront disclosure of this waiver and, with respect to those corporate finance transactions under categories (1)(a) and (b) of this waiver above, full disclosure of the material terms of the relevant agreements;
- (C) the annual report includes disclosure of the aggregate fees paid to the CITIC Securities Group in respect of the corporate finance transactions conducted for the Hui Xian REIT Group in the financial year;
- (D) the annual report includes disclosure in respect of any corporate finance transaction the amount of fees in respect of which exceeds HK\$1 million: (I) the occurrence and nature of the transaction; (II) the parties to the transaction and (III) the date of the transaction;
- (E) the annual report discloses a statement made by each of the INEDs to confirm that the corporate finance transactions have complied with the general conditions set out in paragraph (2) in this sub-section above;
- (F) 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:
 - (I) in the ordinary and usual course of business of Hui Xian REIT;
 - (II) 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
 - (III) 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
- (G) the Auditors' Report shall cover all the relevant corporate finance transactions.

Notwithstanding the above waiver, in the case where the aggregate fees that the CITIC Securities Group generates from all "corporate advisory transactions" conducted for the Hui Xian REIT Group

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during any 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 CITIC Securities 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 exempt by any waiver from announcements under the REIT Code granted by the SFC) such announcement shall disclose the role of the CITIC Securities Group and the relevant terms of engagement in accordance with the relevant provisions of the REIT Code.

(D) Waivers for Certain Connected Party Transactions between Hui Xian REIT Group and the Manager Group

(I) Categories of Transactions

The Manager has applied for, and the SFC has granted, a waiver from strict compliance with Chapter 8 of the REIT Code in respect of the following connected party transactions between Hui Xian REIT Group and the Manager Group (which includes the Property Manager, but excludes members of the Cheung Kong Connected Persons Group, the CITIC Securities Connected Persons Group and the ARA Connected Persons Group) (collectively, “**Manager Group Continuing CPTs**”):

(i) Leasing and licensing transactions

As part of the ordinary course of business of Hui Xian REIT Group, BOP as owner of Oriental Plaza is either already a party to, or may from time to time enter into, leases or licences with the Manager Group in respect of Oriental Plaza, including the premises in Oriental Plaza rented for the use by the Property Manager in connection with its provision of services to BOP pursuant to the proposed Operations Management Agreement (“**Manager Group Leasing and Licensing Transactions**”).

(ii) Operations Management Agreement

It is proposed that, after the Property Manager is established, the Operations Management Agreement will be entered into by BOP and the Property Manager, pursuant to which the Property Manager will be engaged by BOP to provide certain services relating to the operation, management and marketing of Oriental Plaza (other than Grand Hyatt Beijing which is managed by the Hotel Manager pursuant to the Hotel Management Agreement) (“**Manager Group Property Management Transactions**”). The Property Manager will be a wholly-owned subsidiary of the Manager and thus a connected person of Hui Xian REIT. For further details of the Operations Management Agreement, see the section headed “Material Agreements and Other Documents Relating to Hui Xian REIT” in this Offering Circular. It is proposed that under the Operations Management Agreement, the Property Manager will receive a fee of 1.0% per annum of NPI (before deduction therefrom of the Variable Fee and the Property Manager’s fee) and the Property Manager will be reimbursed by BOP for certain expenses incurred in relation to its provision of services to BOP, including certain costs in respect of the employees of the Property Manager engaged solely and exclusively for the provision of its services relating to Oriental Plaza to BOP.

(II) Waiver Conditions

The waiver in respect of the Manager Group Continuing CPTs has been granted by the SFC on the following conditions:

(i) Extensions or modifications

The waiver shall be for a period to expire on 31 December 2013. The waiver may be extended beyond 31 December 2013, and/or the conditions of the 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;

CONNECTED PARTY TRANSACTIONS

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

(ii) Annual caps

The annual value of the connected party transactions shall not exceed the respective annual cap amounts set out in the following table:

<u>Categories of connected party transactions</u>	<u>Listing Date to 31 December 2011</u>	<u>For the year ending 31 December 2012</u>	<u>For the year ending 31 December 2013</u>
Manager Group Leasing and Licensing Transactions	RMB0.2 million	RMB0.3 million	RMB0.3 million
Manager Group Property Management Transactions	RMB32 million (Note)	RMB49 million (Note)	RMB52 million (Note)

Note: Including 1.0% per annum of NPI (before deduction therefrom of the Variable Fee and the Property Manager's fee).

In respect of the Manager Group Leasing and Licensing Transactions, an independent valuation will be conducted for each of such leasing and licensing transactions except where they are conducted on standard or published rates.

(iii) Disclosure in semi-annual and annual report

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

(iv) Auditors' review procedures

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

- (a) have received the approval 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).

(v) Review by the INEDs

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

- (a) in the ordinary and usual course of business of Hui Xian REIT;

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- (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 agreement and the Manager's internal procedures governing them (if any) on terms that are fair and reasonable and in the interests of the Unitholders as a whole.

(vi) Auditors' access to books and records

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

(vii) Notification to the SFC

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

(viii) Subsequent 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 (ii) to (vii) above shall continue to apply to the relevant transactions, save that the increased annual cap amounts shall apply.

(ix) Paragraph 8.14 of the REIT Code

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

(E) Waiver for Certain Connected Party Transactions between Hui Xian REIT Group and the HSBC Connected Persons Group

The SFC has granted a waiver from strict compliance with the disclosure and Unitholders' approval requirements under Chapter 8 of the REIT Code in respect of certain transactions between Hui Xian REIT Group and the HSBC Connected Persons Group, namely the HSBC Leasing and Licensing Transactions, the HSBC Banking and Financial Services Transactions and the HSBC Corporate Finance Transactions as described below ("**HSBC Continuing CPTs**").

CONNECTED PARTY TRANSACTIONS

(I) Excluded transactions

The following transactions will not be deemed connected party transactions of Hui Xian REIT for the purposes of Chapter 8 of the REIT Code:

- (a) where the HSBC Connected Persons Group acts for a third party as nominee, custodian, agent or trustee and conducts agency transactions with Hui Xian REIT Group;
- (b) where a collective investment scheme (including another REIT) transacts with Hui Xian REIT Group, and a company within the HSBC Connected Persons Group acts as the trustee of such collective investment scheme but the transaction is not a proprietary transaction of the HSBC Connected Persons Group; and
- (c) where a member of the HSBC Connected Persons Group (including HSBC Holdings and its proprietary subsidiaries where HSBC Holdings or any of its proprietary subsidiaries is the trustee of another collective investment scheme and is acting in that capacity) acquires, purchases, subscribes, sells or disposes of Units on terms which are the same as available to the public or other Unitholders as a whole, and where applicable, are subject to the application and allocation rules set out in the Listing Rules. For the avoidance of doubt, any dealing by the HSBC Connected Persons Group in Units on the Stock Exchange will not be a connected party transaction.

(II) Waiver General Conditions and Undertakings

In support of the application for waivers request in respect of the HSBC Continuing CPTs, the Manager has undertaken with the SFC certain conditions, including the following general conditions on an ongoing basis;

- (a) the connected party transactions will be carried out at arm's length on normal commercial terms and in the interest of the Unitholders as a whole; and
- (b) the Manager must implement internal controls and compliance procedures to ensure that the connected party transactions are regularly monitored and undertaken on terms in compliance with the REIT Code;
- (c) the connected party transaction waivers will be given on the basis that they only apply to connected party transactions which arise solely as a result of and for so long as CHENG Hoi Chuen, Vincent is acting as an INED. If other connected party transactions arise as a result of their circumstances, these will be governed by Chapter 8 of the Code in the normal way; and
- (d) the waivers do not need to be renewed on a regular basis, provided that: (i) the SFC reserves its right to review or revise the terms of the waivers or impose any conditions as it deems appropriate from time to time; and (ii) the full Board (including the INEDs^(Note)) considers that it is fair and reasonable and in the best interests of the Unitholders to continue with the waivers granted without Unitholders' approval and disclose such confirmation in the annual report of Hui Xian REIT. In addition, the Audit Committee will make a statement in the annual report of Hui Xian REIT that it has reviewed the terms of the connected party transaction waivers and is satisfied that (on the basis of the terms of the waivers and the internal controls and procedures in place) it is fair and reasonable that the waivers be continued without Unitholders' approval.

The various categories of transactions which are the subject of the waivers set out in (III), (IV) and (V) below are supplementary to any and all applicable exemptions and permissions under the REIT Code and are independent of each other so that: (a) none is in any way limited by or by reference to any of the others; and (b) if more than one category is relevant in any particular circumstance or situation, any relevant category may apply.

Notwithstanding the foregoing, the SFC has the right to review, revise or impose any of the conditions relating to the waivers as it deems appropriate from time to time.

Note: excluding CHENG Hoi Chuen, Vincent

CONNECTED PARTY TRANSACTIONS

In the event of future amendments to the REIT Code imposing more stringent requirements than those applicable at the date of the waivers granted by the SFC on transactions of the kind to which the 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.

(III) Waiver for the HSBC Leasing and Licensing Transactions

As part of the ordinary course of business of Hui Xian REIT Group, BOP as owner of Oriental Plaza is either a party to, or may from time to time enter into, leases or licences in respect of Oriental Plaza with the HSBC Connected Persons Group, which include existing leases with HSBC Bank (China) Company Limited, Beijing Branch, a subsidiary of HSBC and one of the top ten tenants of The Tower Apartments (“**HSBC Leasing and Licensing Transactions**”).

The waiver in respect of the HSBC Leasing and Licensing Transactions has been granted by the SFC on the following conditions:

- (a) the transactions are carried out at arm’s length on normal commercial terms;
- (b) a statement will be made by the Audit Committee in the annual report of Hui Xian REIT that it has reviewed the terms of the transactions and is satisfied that these transactions have been entered into in the ordinary and usual course of business at arm’s length on normal commercial terms, are fair and reasonable and are in the interests of the Unitholders of Hui Xian REIT;
- (c) an independent valuation is conducted for each of such transactions except where they are conducted on standard or published rates;
- (d) the aggregate annual rent paid by the HSBC Connected Persons Group to Hui Xian REIT during a financial year, together with the material terms of any lease or licence with any member of the HSBC Connected Persons Group under which the annual rent (per lease) or annual licence fee (per licence) exceeds HK\$1 million, is disclosed in the annual report in accordance with Rule 8.15 of the REIT Code; and
- (e) a confirmation disclosed in the annual report by the INEDs^(Note) that the transactions:
 - (i) have been duly approved by the Board^(Note) in accordance with the internal procedures of the Manager; and
 - (ii) have been entered into in accordance with the terms of the agreements governing the transactions.

(IV) Waiver for the HSBC Banking and Financial Services Transactions

The Manager may engage the HSBC Connected Persons Group to provide “ordinary banking and financial services” to Hui Xian REIT Group from time to time (the “**HSBC Banking and Financial Services Transactions**”). The Manager has applied for, and the SFC has granted a waiver so that the HSBC Banking and Financial Services Transactions will not be subject to any requirements for announcement, or Unitholders’ approvals under Chapter 8 of the REIT Code. In addition, the disclosure and reporting requirements under Chapter 8 of the REIT Code with respect to the HSBC Banking and Financial Services Transactions shall be modified as described below. For this purpose, the **HSBC Banking and Financial Services Transactions** means:

- (i) deposits and other “banking business” (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) with a HSBC Connected Persons Group member which is a “licensed corporation” or “registered institution” (as defined in the SFO) or overseas equivalent (together “**HSBC Connected Persons Group intermediaries**”) and conducted on arm’s length commercial terms;

Note: excluding CHENG Hoi Chuen, Vincent

CONNECTED PARTY TRANSACTIONS

- (ii) loans extended by a HSBC Connected Persons Group intermediary being a transaction in the ordinary and usual course of business of Hui Xian REIT Group and provided to, or arranged for, Hui Xian REIT Group on arm's length commercial terms; and
- (iii) related financial services constituting regulated activities (as defined in the SFO) and other banking or financial services required in the ordinary and usual course of business by Hui Xian REIT Group (including insurance, ORSO retirement benefit schemes, mandatory provident fund schemes, credit cards, asset management and other such services).

For the avoidance of doubt, the HSBC Banking and Financial Services Transactions do not include HSBC Corporate Finance Transactions which are defined in the sub-section headed "Waiver for the HSBC Corporate Finance Transactions" set out below.

Notwithstanding the above, a summary disclosure of the HSBC Banking and Financial Services Transactions provided by the HSBC Connected Persons Group to Hui Xian REIT Group in each financial year has to be disclosed in the annual report of Hui Xian REIT. Such information shall include the nature of the transactions, types of transactions or services and identities of the connected persons of the same transactions. The Audit Committee^(Note) shall confirm in the annual report that it has reviewed the terms of any such transactions and is satisfied that these transactions have been entered into:

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

In addition, the auditors of Hui Xian REIT shall be engaged to perform certain agreed review procedures and report in the Auditors' Report to the Manager (and a copy of such report shall be provided to the SFC) confirming that all such transactions (a) have followed the Manager's internal procedures for such transactions and are in accordance with the terms disclosed in the offering document; (b) have received the approval of the Board (including the INEDs^(Note)); (c) are in accordance with the pricing policies of Hui Xian REIT; (d) have been entered into and carried out in accordance with the terms of the agreements governing the transactions; and (e) the total value in respect of which has not exceeded the respective cap amount (where applicable).

(V) Waiver for the HSBC Corporate Finance Transactions

The SFC has granted a waiver from strict compliance with the requirement under paragraphs 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 certain "corporate finance transactions" between Hui Xian REIT Group and the HSBC Connected Persons Group (the "**HSBC Corporate Finance Transactions**"). In addition, the announcement, disclosure and reporting requirements under Chapter 8 of the REIT Code with respect to the HSBC Corporate Finance Transactions shall be modified as described in conditions (2)(A) to (F) below.

(1) Scope of the HSBC Corporate Finance Transactions

For the purpose of this waiver, the "**HSBC Corporate Finance Transactions**" means:

- (i) underwriting, securitisation, issue of debt instruments or other securities, or other related arrangements where the HSBC Connected Persons Group is involved in an underwriting or

Note: excluding CHENG Hoi Chuen, Vincent

CONNECTED PARTY TRANSACTIONS

arranging capacity or acts as listing agent and/or financial adviser and/or bookrunner and/or global co-ordinator to Hui Xian REIT, provided that 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 HSBC Connected Persons Group;

- (ii) lending and borrowing of funds or other related arrangements in connection with any facility agreement by which Hui Xian REIT Group will finance the acquisition of real estate; and
- (iii) "corporate advisory transactions", namely the provision of corporate finance advice to Hui Xian REIT Group and excludes transactions set out in (i) and (ii) above, provided that the aggregate fees that the HSBC Connected Persons Group derived from all "corporate advisory transactions" conducted for Hui Xian REIT Group during a financial year shall be capped at 0.2% 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 REIT Code, the Listing Rules, The Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, The Hong Kong Code on Share Repurchases 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) *Waiver Conditions*

The above waiver has been granted on the following conditions:

- (A) each transaction is carried out on normal commercial terms;
- (B) the offering document and any circular for Hui Xian REIT includes upfront disclosure of this waiver and, with respect to the HSBC Corporate Finance Transactions under (i) and (ii) of this waiver, full disclosure of the material terms of the relevant agreements;
- (C) the annual report includes disclosure of the aggregate fees paid to the HSBC Connected Persons Group in respect of the HSBC Corporate Finance Transactions conducted for Hui Xian REIT Group in the financial year;
- (D) the annual report includes disclosure in respect of any HSBC Corporate Finance Transactions 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;
- (E) the Manager will confirm in the annual report that (A) above and the general conditions as set out in (II) above have been complied with in respect of the HSBC Corporate Finance Transactions;
- (F) the annual report includes a statement by the Audit Committee^(Note) that it has reviewed the terms of such transactions and is 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 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;

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- (G) 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 HSBC Connected Persons Group;
- (H) the aggregate fees that the HSBC Connected Persons Group generates from all "corporate advisory transactions" conducted for Hui Xian REIT Group during the financial year shall be capped at 0.2% of the latest NAV of Hui Xian REIT as disclosed in the latest published audited accounts of Hui Xian REIT. If the aggregate fees that the HSBC Connected Persons Group generates from the corporate advisory transactions during the financial year exceed the about 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.
- (I) where a transaction involving the HSBC Connected Person 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 HSBC 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
- (J) the auditor 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^(note)) 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 HSBC Connected Persons Group generates from all corporate advisory transactions conducted for Hui Xian REIT 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 HSBC Connected Persons Group in its capacity as described above under "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 Commission) such announcement shall disclose the role of the HSBC Connected Persons Group and the relevant terms of engagement in accordance with the relevant provisions of the REIT Code.

(F) Waiver for Certain Connected Party Transactions between Hui Xian REIT Group and the BOC Connected Persons Group

The SFC has granted a waiver from strict compliance with the requirement with Chapter 8 of the REIT Code in respect of certain transactions between Hui Xian REIT Group and the BOC Connected Persons Group, namely the BOC Leasing and Licensing Transactions, the BOC Insurance Transactions, the BOC Banking and Financial Services Transactions and the BOC Corporate Finance Transactions as described below ("**BOC Continuing CPTs**").

(I) Excluded Transactions

The following transactions will not be deemed connected party transactions of Hui Xian REIT for the purposes of Chapter 8 of the REIT Code:

- (i) where the BOC Connected Persons Group acts for a third party as nominee, custodian, agent or trustee and conducts agency transactions with Hui Xian REIT Group;

Note: excluding CHENG Hoi Chuen, Vincent

CONNECTED PARTY TRANSACTIONS

- (ii) where a collective investment scheme (including another REIT) transacts with Hui Xian REIT Group, and a company within the BOC Connected Persons Group acts as the trustee of such collective investment scheme but the transaction is not a proprietary transaction of the BOC Connected Persons Group; and
- (iii) where a member of the BOC Connected Persons Group (including BOC and its proprietary subsidiaries where BOC or any of its proprietary subsidiaries is the trustee of another collective investment scheme and is acting in that capacity) acquires, purchases, subscribes, sells or disposes of Units on terms which are the same as available to the public or other Unitholders as a whole, and where applicable, are subject to the application and allocation rules set out in the Listing Rules. For the avoidance of doubt, any dealing by the BOC Connected Persons Group in Units on the Hong Kong Stock Exchange will not be a connected party transaction.

(II) Waiver for the BOC Leasing and Licensing Transactions and the BOC Insurance Transactions

As part of the ordinary course of business of Hui Xian REIT Group, BOP as owner of Oriental Plaza is either a party to, may from time to time enter into, or leases or licences in respect of Oriental Plaza with the BOC Connected Persons Group ("**BOC Leasing and Licensing Transactions**").

In addition, BOP has taken out, and Hui Xian REIT Group may from time to time take out, insurance policies with the BOC Connected Persons Group as insurer in relation to the properties and business of Hui Xian REIT Group ("**BOC Insurance Transactions**").

The waiver in respect of the BOC Leasing and Licensing Transactions and the BOC Insurance Transactions granted by the SFC has been granted on the following conditions:

(i) Extensions or modifications

The waiver shall be for a period to expire on 31 December 2013. The waiver may be extended beyond 31 December 2013, and/or the conditions of the waiver 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.

(ii) Annual caps

The annual value shall not exceed the respective annual cap amounts set out in the following table:

<u>Categories of connected party transactions</u>	<u>Listing Date to 31 December 2011</u>	<u>For the year ending 31 December 2012</u>	<u>For the year ending 31 December 2013</u>
BOC Leasing and Licensing Transactions	RMB19 million	RMB20 million	RMB21 million
BOC Insurance Transactions	RMB0.8 million	RMB1.3 million	RMB1.4 million

An independent valuation will be conducted for each of the BOC Leasing and Licensing Transactions first entered into or renewed on or after the Listing Date, except where they are conducted on standard or published rates.

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(iii) Disclosure in semi-annual and annual report

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

(iv) Auditors' review procedures

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

- (a) have received the approval 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).

(v) Review by the INEDs

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

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

(vi) Auditors' access to books and records

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

(vii) Notification to the SFC

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

(viii) Subsequent 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;

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- (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 (ii) to (vii) above shall continue to apply to the relevant transactions, save that the increased annual cap amounts shall apply.

(ix) *Paragraph 8.14 of the REIT Code*

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

(III) Waiver for the BOC Banking and Financial Services Transactions

BOC has been providing certain ordinary banking and financial services to BOP, including deposit services and extension of loans to BOP. As at the Latest Practicable Date, BOP had deposits in certain time deposit account and current accounts maintained with BOC. Details of the existing loan and facilities extended by BOC to BOP under the BOC Loan Agreements are set out in the section headed "Material Agreements and Other Documents Relating to Hui Xian REIT — BOC Term Loan Agreement and BOC Revolving Facility Agreement" in this Offering Circular.

The Manager may engage BOC and its subsidiaries ("**BOC Group**") to provide "ordinary banking and financial services" to Hui Xian REIT Group from time to time (the "**BOC Banking and Financial Services Transactions**"). As the BOC Group falls within BOC Connected Persons Group, members of the BOC Group are connected persons of Hui Xian REIT. The Manager has applied for, and the SFC has granted a waiver so that the BOC Banking and Financial Services Transactions will not be subject to any requirements for announcement, or Unitholders' approvals under Chapter 8 of the REIT Code. In addition, the disclosure and reporting requirements under Chapter 8 of the REIT Code with respect to the BOC Banking and Financial Services Transactions shall be modified as described below. For this purpose, the **BOC Banking and Financial Services Transactions** means:

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

For the avoidance of doubt, the BOC Banking and Financial Services Transactions do not include the BOC Corporate Finance Transactions which are defined in the sub-section headed "Waiver for the BOC Corporate Finance Transactions" set out below.

Notwithstanding the above, a summary disclosure of the BOC Banking and Financial Services Transactions provided by the BOC Group to Hui Xian REIT Group in each financial year has to be

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disclosed in the annual report of Hui Xian REIT. Such information shall include the nature of the transactions, types of transactions or services and identities of the connected persons of the same transactions. The INEDs shall confirm in the annual report that they have reviewed the terms of any such transactions and are satisfied that these transactions have been entered into:

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

In addition, the auditors of Hui Xian REIT shall be engaged to perform certain agreed review procedures and report in the Auditors' Report to the Manager (and a copy of such report shall be provided to the SFC) confirming that all such transactions (a) have followed the Manager's internal procedures for such transactions and are in accordance with the terms disclosed in the offering document; (b) have received the approval of the Board (including the INEDs); (c) are in accordance with the pricing policies of Hui Xian REIT; (d) have been entered into and carried out in accordance with the terms of the agreements governing the transactions; and (e) the total value in respect of which has not exceeded the respective cap amount (where applicable).

(IV) Waiver for the BOC Corporate Finance Transactions

The SFC has granted a waiver from strict compliance with the requirement under paragraphs 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 certain "corporate finance transactions" between Hui Xian REIT Group and the BOC Group (the "**BOC Corporate Finance Transactions**"). In addition, the disclosure and reporting requirements under Chapter 8 of the REIT Code with respect to the BOC Corporate Finance Transactions shall be modified as described in conditions (2)(A) to (F) below.

(1) Scope of the BOC Corporate Finance Transactions

For the purpose of this 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 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 BOC Group;
- (ii) lending and borrowing of funds or other related arrangements in connection with any facility agreement by which Hui Xian REIT Group will finance the acquisition of real estate; and
- (iii) "corporate advisory transactions", namely the provision of corporate finance advice to 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" conducted for 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 Listing Rules, the REIT Code, The Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong

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Limited, The Hong Kong Code on Share Repurchases 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) *Waiver Conditions*

The above waiver has been granted on condition that:

- (A) the waiver shall be for a period to expire on 31 December 2013 and may be extended beyond 31 December 2013 and/or the conditions of the waiver as set out in (B) to (F) below may be modified from time to time, provided that:-
 - (I) the approval of the Independent Unitholders is obtained by way of an Ordinary Resolution passed in a general meeting of Unitholders;
 - (II) 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
 - (III) 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 (I) above is obtained;
- (B) the offering document and any circular for Hui Xian REIT includes upfront disclosure of this waiver and, with respect to the BOC Corporate Finance Transactions under (i) and (ii) of this waiver, full disclosure of the material terms of the relevant agreements;
- (C) 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;
- (D) the annual report includes disclosure in respect of any BOC Corporate Finance Transactions 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;
- (E) 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
- (F) the Auditors' Report shall cover all the relevant BOC Corporate Finance Transactions.

Notwithstanding the above waiver, in the case where the aggregate fees that the BOC Group generates from all "corporate advisory transactions" 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

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the nature of the transaction, other than the involvement of the BOC Group in its capacity as described above under “corporate finance transactions”, an announcement has to be made pursuant to the REIT Code (and is not exempt by any waivers 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.

(G) Waiver for Certain Connected Party Transactions between Hui Xian REIT Group and the China Life Connected Persons Group

BOP has taken out, and Hui Xian REIT Group may from time to time take out, insurance policies with the China Life Connected Persons Group as insurer in relation to the properties and business of Hui Xian REIT Group (“**China Life Insurance Transactions**”). The Manager has applied for, and the SFC has granted, a waiver from strict compliance with the requirement with Chapter 8 of the REIT Code in respect of the China Life Insurance Transactions.

Waiver Conditions

The waiver in respect of the China Life Insurance Transactions has been granted by the SFC on the following conditions:

(i) Extensions or modifications

The waiver shall be for a period to expire on 31 December 2013. The waiver may be extended beyond 31 December 2013, and/or the conditions of the waiver 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.

(ii) Annual caps

The annual value shall not exceed the respective annual cap amounts set out in the following table:

<u>Listing Date to 31 December 2011</u>	<u>For the year ending 31 December 2012</u>	<u>For the year ending 31 December 2013</u>
RMB3.5 million	RMB5 million	RMB5 million

(iii) Disclosure in semi-annual and annual report

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

(iv) Auditors’ review procedures

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

- (a) have received the approval of the Board (including the INEDs);

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

(v) *Review by the INEDs*

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

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

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

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

(vii) *Notification to the SFC*

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

(viii) *Subsequent 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 (ii) to (vii) above shall continue to apply to the relevant transactions, save that the increased annual cap amounts shall apply.

(ix) *Paragraph 8.14 of the REIT Code*

The Manager will comply with all requirements under paragraph 8.14 of the REIT Code where there is any material change to the terms of the relevant connected party transaction or where there is any subsequent change to the REIT Code which may impose stricter requirements in respect of disclosure

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and/or Unitholders' approval. Details of the relevant connected party transactions will be disclosed in Hui Xian REIT's semi-annual and annual reports in the relevant financial year as required under paragraph 8.14 of the REIT Code.

(H) Waiver for Certain Connected Party Transactions between Hui Xian REIT Group and the OOIL Connected Persons Group

As part of the ordinary course of business of Hui Xian REIT Group, BOP as owner of Oriental Plaza, is either already a party to, or may from time to time enter into, leases or licences in respect of Oriental Plaza with the OOIL Connected Persons Group ("**OOIL Leasing and Licensing Transactions**"). The Manager has applied for, and the SFC has granted, a waiver from strict compliance with the requirement with Chapter 8 of the REIT Code in respect of the OOIL Leasing and Licensing Transactions.

Waiver Conditions

The waiver in respect of the OOIL Leasing and Licensing Transactions has been granted by the SFC on the following conditions:

(i) Extensions or modifications

The waiver shall be for a period to expire on 31 December 2013. The waiver may be extended beyond 31 December 2013, and/or the conditions of the waiver may be modified from time to time, provided that:

- (d) the approval of the Independent Unitholders is obtained by way of an Ordinary Resolution passed in a general meeting of Unitholders;
- (e) 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
- (f) any extension of the period of the waiver shall, on each occasion of such extension, be for a period which shall expire not later than the third full financial year-end date of Hui Xian REIT after the date on which the approval referred to in (a) above is obtained.

(ii) Annual caps

The annual value shall not exceed the respective annual cap amounts set out in the following table:

<u>Listing Date to 31 December 2011</u>	<u>For the year ending 31 December 2012</u>	<u>For the year ending 31 December 2013</u>
RMB1 million	RMB1 million	RMB1 million

An independent valuation will be conducted for each of the OOIL Leasing and Licensing Transactions first entered into or renewed on or after the Listing Date, except where they are conducted on standard or published rates.

(iii) Disclosure in semi-annual and annual report

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

(iv) Auditors' review procedures

In respect of each relevant financial period, the Manager will engage and agree with the auditors of Hui Xian REIT to perform certain review procedures on the connected party transactions. The auditors

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will then report to the Manager on the factual findings based on the work performed by them (and a copy of such report will be provided to the SFC), confirming whether all such connected party transactions:

- (a) have received the approval 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).

(v) Review by the INEDs

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

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

(vi) Auditors' access to books and records

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

(vii) Notification to the SFC

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

(viii) Subsequent 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 (ii) to (vii) above shall continue to apply to the relevant transactions, save that the increased annual cap amounts shall apply.

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(ix) *Paragraph 8.14 of the REIT Code*

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

(I) *Waivers for Certain Connected Party Transactions between Trustee Connected Persons and Hui Xian REIT Group*

In addition, the Manager has applied for and the SFC has granted waivers from strict compliance with Chapter 8 of the REIT Code in respect of certain transactions between Trustee Connected Persons and Hui Xian REIT Group, namely the DB Leasing and Licensing Transactions, the DB Banking and Financial Services Transactions and the DB Corporate Finance Transactions (collectively, "**DB Continuing CPTs**").

For the purposes of this sub-section (H):

- (i) "**DB Group**" means DB and its subsidiaries and, unless otherwise expressly stated herein, excludes the Trustee and its proprietary subsidiaries (being the subsidiaries of the Trustee but excluding those subsidiaries formed in its capacity as the trustee of Hui Xian REIT);
- (ii) "**Trustee Connected Persons**" include (a) a director, a senior executive or an officer of the Trustee, (b) an associate of the persons in (a), and (c) a controlling entity, holding company, subsidiary or associated company of the Trustee.

(I) *Excluded Transactions*

The following transactions will not be deemed connected party transactions of Hui Xian REIT for the purposes of Chapter 8 of the REIT Code:

- (i) where the DB Group acts for a third party as nominee, custodian, agent or trustee and conducts agency transactions with Hui Xian REIT Group;
- (ii) where a collective investment scheme (including another REIT) transacts with Hui Xian REIT Group, and a company within the DB Group acts as the manager or trustee of such collective investment scheme but the transaction is not a proprietary transaction of the DB Group; and
- (iii) where a member of the DB Group (including the Trustee and its proprietary subsidiaries where the Trustee or any of its proprietary subsidiaries is the trustee of another collective investment scheme and is acting in that capacity) acquires, purchases, subscribes, sells or disposes of Units on terms which are the same as available to the public or other Unitholders as a whole, and where applicable, are subject to the application and allocation rules set out in the Listing Rules. For the avoidance of doubt, any dealing by the DB Group in Units on the Hong Kong Stock Exchange will not be a connected party transaction.

(II) *Waiver General Conditions and Undertakings*

In support of the application for the waivers request in respect of the DB Continuing CPTs, the Manager has undertaken with the SFC to meet certain conditions, including the following general conditions on an on-going basis:

- (i) the connected party 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 connected party transactions are regularly monitored and undertaken on terms in compliance with the REIT Code;

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- (iii) the Manager is satisfied with the Trustee's internal controls and compliance procedures, such as implementing Chinese walls, to ensure that the operation of the Trustee is independent of other banking, financial services and other business functions and operations of the DB Group; and
- (iv) the Manager has incorporated provisions in the Trust Deed that require the Trustee to take actions or commence proceedings on behalf of Hui Xian REIT, as the Manager deems necessary to protect the interest of Unitholders, including against Trustee Connected Persons in relation to any transaction or agreement entered into by the Trustee for and on behalf of Hui Xian REIT with such Trustee Connected Persons and require that in the event of any action against the connected persons of the Trustee, the Trustee shall act upon the Manager's request and instructions.

As a general rule, the Manager must demonstrate to the Audit Committee that the DB Continuing CPTs satisfy the general conditions above, which may entail (where practicable) obtaining quotations from parties unrelated to the Trustee. For example, for non-daily "corporate finance transactions", there should be procedures to ensure (a) competitive "best pricing" (having regard to the nature of the services being sought and market conditions) and (b) the Trustee should not be involved in the selection of the parties to the transactions. All connected party transactions are to be reviewed by the INEDs to ensure that they are conducted in the best interests of the Unitholders as a whole. Based on the above controls, the Manager intends to adopt and observe certain proper corporate governance policies with respect to transactions between Hui Xian REIT Group and the DB Group.

Separately and for the purpose of the waivers, each of the Trustee and DB (on behalf of itself and its subsidiaries) has given an undertaking to the SFC that it will act independently of one another in its dealings with Hui Xian REIT. The Trustee undertakes to the SFC that it will not be involved in the making of any decisions on behalf of Hui Xian REIT to enter into any transactions with the Trustee Connected Persons, subject only to the Trustee's duties of oversight under the REIT Code and the Trust Deed.

The waivers are given on the premise that they only apply to connected party transactions involving the Trustee Connected Persons solely as a result of and for so long as the Trustee is in office as the trustee for Hui Xian REIT. If connected party transactions arise as a result of other circumstances, they will be governed by Chapter 8 of the REIT Code.

Notwithstanding the foregoing, the SFC reserves the right to review or revise any of the terms and conditions of any of the waivers if there is any subsequent change of circumstances that affect any of them. In the event of future amendments to the REIT Code imposing more stringent requirements than those applicable at the date of the waivers granted by the SFC on transactions of the kind to which the transactions belong (including, but not limited to, a requirement that such transaction be made conditional on approval by the independent Unitholders), the Manager shall take immediate steps to ensure compliance with such requirements within a reasonable period of time.

(III) Waiver for the DB Leasing and Licensing Transactions

The SFC has granted a waiver from strict compliance with the requirement to make announcements and to seek Unitholders' prior approval as set out in paragraphs 8.9 and 8.11 of the REIT Code in respect of any lease or licence transactions entered into with the Hui Xian REIT Group where the lessee or licensee is a member of the DB Group or a director, senior executive or officer of the Trustee ("**DB Leasing and Licensing Transactions**"), and the disclosure and reporting requirements under Chapter 8 of the REIT Code with respect to such transactions shall be modified as described in paragraphs (iii), (iv) and (v) below. As a result of this waiver, the Manager is not required to make announcements, or seek Unitholders' approval and the disclosure and reporting requirements under Chapter 8 of the REIT Code that will apply in respect of any such lease or license transactions shall be modified as described in paragraphs (iii), (iv) and (v) below.

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The waiver in respect of the DB Leasing and Licensing Transactions is granted on the following specific conditions:

- (i) the grant of the lease or licence is negotiated and determined by the Manager and/or the Manager's delegate on behalf of Hui Xian REIT Group;
- (ii) an independent valuation is conducted for each of the lease or licence transactions except where they are conducted on standard or published rates;
- (iii) the aggregate amount of annual rent and licence fee paid by the DB Group to Hui Xian REIT Group during a financial year, together with the material terms of any lease or licence with any member of the DB Group under which the annual rent (per lease) or annual licence fee (per licence) exceeds HK\$1 million, is disclosed in the annual report of Hui Xian REIT in accordance with paragraphs 8.15 of the REIT Code;
- (iv) a confirmation is disclosed in the annual report by the INEDs that they have reviewed the terms of such transactions and that they 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 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; and
- (v) the Auditors' Report shall cover all the relevant lease and license transactions.

(IV) Waiver for the DB Banking and Financial Services Transactions

Further, the Manager may engage the DB Group to provide "ordinary banking and financial services" to Hui Xian REIT Group from time to time ("**DB Banking and Financial Services Transactions**") and the Manager has applied for, and the SFC has granted a waiver so that the DB Banking and Financial Services Transactions will not be subject to any requirements for announcement, or Unitholders' approvals under Chapter 8 of the REIT Code. In addition, the disclosure and reporting requirements under Chapter 8 of the REIT Code with respect to such transactions shall be modified as described below. For this purpose, the **DB Banking and Financial Services Transactions** means:

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

For the avoidance of doubt, the DB Banking and Financial Services Transactions do not include the DB Corporate Finance Transactions which are defined in the sub-section headed "Waiver for the DB Corporate Finance Transactions" set out below.

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Notwithstanding the above, a summary disclosure of the DB Banking and Financial Services Transactions provided by the DB Group to Hui Xian REIT Group in each financial year has to be disclosed in the annual report of Hui Xian REIT. Such information shall include the nature of the transactions, types of transactions or services and identities of the connected persons of the same transactions. The INEDs shall confirm in the annual report that they have reviewed the terms of any such transactions and are satisfied that these transactions have been entered into:

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

In addition, the auditors of Hui Xian REIT shall be engaged to perform certain agreed review procedures and report in the Auditors' Report to the Manager (and a copy of such report shall be provided to the SFC) confirming that all such transactions (a) have followed the Manager's internal procedures for such transactions and are in accordance with the terms disclosed in the offering document; (b) have received the approval of the Board (including the INEDs); (c) are in accordance with the pricing policies of Hui Xian REIT; (d) have been entered into and carried out in accordance with the terms of the agreements governing the transactions; and (e) the total value in respect of which has not exceeded the respective cap amount (where applicable).

(V) Waiver for the DB Corporate Finance Transactions

The SFC has granted a waiver from strict compliance with the requirement under Rules 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 certain "corporate finance transactions" between Hui Xian REIT Group and the DB Group ("**DB Corporate Finance Transactions**"). In addition, the disclosure and reporting requirements under Chapter 8 of the REIT Code with respect to such transactions shall be modified as described in conditions (2)(A) to (F) below.

(1) Scope of the DB Corporate Finance Transactions

For the purpose of this waiver, the **DB Corporate Finance Transactions** means:

- (i) underwriting, securitisation, issue of debt instruments or other securities, or other related arrangements where the DB Group is involved in an underwriting or arranging capacity or acts as listing agent and/or financial adviser and/or bookrunner and/or global co-ordinator to Hui Xian REIT, provided that 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 DB Group;
- (ii) lending and borrowing of funds or other related arrangements including interest rate swap arrangements in relation to such borrowings in connection with any facility agreement by which Hui Xian REIT Group will finance the acquisition of real estate; and
- (iii) "corporate advisory transactions", namely the provision of corporate finance advice to Hui Xian REIT Group and excludes transactions set out in (i) and (ii) above, provided that the aggregate fees that the DB Group derived from all "corporate advisory transactions" conducted for 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 REIT Code, the Listing Rules, The Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong

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Limited, The Hong Kong Code on Share Repurchases 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) *Waiver Conditions*

The above waiver in respect of the DB Corporate Finance Transactions is granted on the following specific conditions:

- (A) the offering document and any circular for Hui Xian REIT includes upfront disclosure of this waiver and, with respect to those corporate finance transactions under categories (i) and (ii) of this waiver, full disclosure of the material terms of the relevant agreements;
- (B) the annual report includes disclosure of the aggregate fees paid to the DB Group in respect of the corporate finance transactions conducted for Hui Xian REIT Group in the financial year;
- (C) the annual report includes disclosure in respect of any 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;
- (D) the annual report discloses a statement made by each of the Manager and the Trustee to confirm that the corporate finance transactions described in (i), (ii) and (iii) have complied with the general conditions of the waiver referred to in paragraph (II) of this sub-section above and that the Trustee has not been involved in the making of any decision to enter into any corporate finance transaction on behalf of Hui Xian REIT (subject to the Trustee's duties of oversight under the REIT Code and the Trust Deed) including the selection of the financial adviser of the transaction;
- (E) 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
- (vi) the Auditors' Report shall cover all the relevant corporate finance transactions.

Notwithstanding the above waiver, in the case where the aggregate fees that the DB Group generates from all "corporate advisory transactions" 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 DB Group in its capacity as described above under "corporate finance transactions", an announcement has to be made pursuant to the REIT Code (and is not exempt by any waivers from announcements under the REIT Code granted by the SFC) such announcement shall disclose the role of the DB Group and the relevant terms of engagement in accordance with the relevant provisions of the REIT Code.

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(J) Waiver for Exclusion relating to Employees

The Manager has also applied for, and the SFC has granted, a waiver to the effect that persons who are employees of or in the Cheung Kong Connected Persons Group, the BOC Connected Persons Group or the China Life Connected Persons Group (other than employees of the Manager) (“**Relevant Employees**”) and who are, but for the waiver, connected persons of Hui Xian REIT solely as a result of their being Relevant Employees (but not otherwise) be excluded from being regarded as connected persons of Hui Xian REIT and, that accordingly, transactions between the Relevant Employees and Hui Xian REIT Group in the ordinary course of business and on normal commercial terms shall be exempt from all requirements relating to connected party transactions pursuant to Chapter 8 of the REIT Code. However, this waiver does not exempt Relevant Employees from other categories of connected persons as defined in the REIT Code.

The above waiver was applied for by the Manager based on the following grounds:

- (1) given the large number of Relevant Employees, it would be impracticable for the Manager to identify each and every Relevant Employees and to identify, monitor and disclose every transaction between Hui Xian REIT and each Relevant Employee; and
- (2) as most of the Relevant Employees will not be involved in the management of Hui Xian REIT and appropriate measures will be instituted to ensure the segregation of the management functions of the Manager in respect of Hui Xian REIT from the rest of the Cheung Kong Connected Persons Group, the Manager is of the view that a strict application of the REIT Code would impose an unduly onerous burden on Hui Xian REIT without providing any substantial benefit to Unitholders.

(K) Waiver for Certain Connected Party Transactions relating to Issuance of New Units and Convertible Instruments

The Manager has applied for and the SFC has granted a waiver from strict compliance with paragraph 6.2, Chapter 8, paragraph 10.7(b)(iv) and/or paragraph 12.2 of the REIT Code for the period from the Listing Date to the last date of subsistence of the Trust Deed so as to allow the Manager to issue new Units and/or Convertible Instruments to a connected person pursuant to those situations set out in paragraphs (1) to (6) below, without the need for compliance with any reporting, announcement, disclosure or Unitholders’ approval requirements under Chapter 8, paragraph 10.7(b)(iv) and/or paragraph 12.2 of the REIT Code, or any valuation requirement under paragraph 6.2 of the REIT Code, on the condition that the issuance of Units and/or Convertible Instruments to connected persons of Hui Xian REIT shall be made strictly in accordance with the provisions of the Trust Deed and, in the case of the situation set out in paragraph (5) below, also on the conditions that (i) an announcement shall be issued by the Manager pursuant to paragraphs 10.3 and 10.4(k) of the REIT Code containing details of the placing and top-up subscription of Units and/or Convertible Instruments by the connected persons under the relevant clause of the Trust Deed and (ii) issuance of such Units and/or Convertible Instruments is sufficiently covered under the general mandate permitted under paragraph 12.2 of the REIT Code and no independent Unitholders’ approval would otherwise have to be sought under such paragraph.

The circumstances mentioned in the preceding paragraph are:

- (1) a rights issue or as part of any offer made to all Unitholders on a pro rata basis;
- (2) capitalisation issue (in so far as such issue is offered to the Unitholders on a pro rata basis excluding for this purpose any Unitholder whose address is outside Hong Kong);
- (3) an issue of Units in respect of re-investment of distribution to Unitholders;
- (4) the connected person receives a pro rata entitlement to Units and/or Convertibles Instruments in its capacity as Unitholders;

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- (5) an issue of new Units and/or Convertible Instruments to a connected person within 14 days after such connected person has executed an agreement to reduce its holding of Units and/or that class of Convertible Instruments by placing such Units and/or class of Convertible Instruments to a third person or third persons who is/are not its associate(s) other than any Excluded Associate provided that (i) such new Units and/or class of Convertible Instruments must be issued at a price not less than the placing price (which issue price may however be adjusted for the expenses of the placing); and (ii) the number of new Units and/or that class of Convertible Instruments issued to the connected person must not exceed the number of Units and/or that class of Convertible Instruments placed by it, where “Excluded Associate” means any person or entity who/which is an associate of the relevant connected person solely by virtue of the operation of paragraphs (b), (c) and/or (k) (in the case of paragraph (k), other than a related corporation covered under paragraph (a) of the definition of “related corporation” in Schedule 1 of the SFO) of the definition of “associate” in Schedule 1 of the SFO; or
- (6) an issue of new Units and/or Convertible Instruments to a connected person where the connected person is acting as underwriter or sub-underwriter of an issue of new Units and/or Convertible Instruments by Hui Xian REIT, provided that the following requirements are complied with:
- (i) full disclosure of the terms and conditions of the underwriting or sub-underwriting shall be made in the listing document pursuant to which such new Units and/or Convertible Instruments may be issued by Hui Xian REIT;
 - (ii) if no arrangements or arrangements other than those described in paragraphs (A) and (B) below are made for the disposal of Units and/or Convertible Instruments (in the case of a rights issue) not subscribed by the allottees under provisional letters of allotment or their renounees or (in the case of an open offer) not validly applied for, then the absence of such arrangements or the making of such other arrangements must be specifically approved by Unitholders by ordinary resolution at a meeting duly convened and held in accordance with the relevant provisions of the Trust Deed and those persons who have a material interest in such other arrangements must abstain from voting on the matter at the meeting and the circular to Unitholders must contain full details of the terms and conditions of that underwriting and/or sub-underwriting; and
 - (iii) any applicable provisions of the Listing Rules where a connected person (as defined in the Listing Rules) is acting as an underwriter or sub-underwriter of any offer of shares or other securities by a listed company, with necessary changes being made, as if those provisions were applicable to real estate investment trusts authorised by the SFC under the REIT Code.

Pursuant to the Trust Deed, the Manager may:–

- (A) in every rights issue, make arrangements to:–
- (i) dispose of Units and/or Convertible Instruments not subscribed by allottees under provisional letters of allotment or their renounees by means of excess application forms, in which case such Units and/or Convertible Instruments must be available for subscription by all Unitholders (provided that the Manager may, after making enquiry regarding the applicable law in any applicable jurisdiction other than Hong Kong, in its absolute discretion, elect to exclude those Holders whose addresses are outside Hong Kong if the Manager considers such exclusion to be necessary or expedient on account either of the legal restrictions or requirements of the regulatory bodies or stock exchanges in such jurisdiction(s) and allocated on a fair basis; or
 - (ii) dispose of Units and/or Convertible Instruments not subscribed by allottees under provisional letters of allotment in the market, if possible, for the benefit of the persons to whom they were offered by way of rights,

and the offer of such securities must be fully disclosed in the rights issue announcement, listing document and any relevant circular; and

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- (B) in every open offer, make arrangements to dispose of Units and/or Convertible Instruments not validly applied for by Unitholders in excess of their assured allotments, in which case such Units and/or Convertible Instruments must be available for subscription by all Unitholders (provided that the Manager may, after making enquiry regarding the applicable law in any applicable jurisdiction other than Hong Kong, in its absolute discretion, elect to exclude those Holders whose addresses are outside Hong Kong if the Manager considers such exclusion to be necessary or expedient on account either of the legal restrictions or requirements of the regulatory bodies or stock exchanges in such jurisdiction(s)) and allocated on a fair basis and the offer of such securities must be fully disclosed in the open offer announcement, listing document and any relevant circular.

Opinion of the Board

The Board (including the INEDs) confirms that based on the above:

- (1) it is of the view that, in relation to the Facility Transactions, the Cheung Kong Continuing CPTs, the Manager Group Continuing CPTs, the HSBC Continuing CPTs, the BOC Continuing CPTs, the China Life Insurance Transactions and the OOIL Leasing and Licensing Transactions:
- (i) the waivers are in the interests of the Unitholders as a whole;
 - (ii) the annual limits stated above (if any), and the basis for such annual limits, are fair and reasonable having regard to the interests of Unitholders as a whole;
 - (iii) for those transactions which will be subsisting as at the Listing Date, each such transactions has been entered into: (a) in the ordinary and usual course of business of Hui Xian REIT (or its predecessors, as the case may be); and (b) on terms which are normal commercial terms and are fair and reasonable and in the interest of the Unitholders as a whole; and
 - (iv) for transactions which are to be entered into after the Listing Date, each of them shall be entered into: (a) in the ordinary and usual course of business of Hui Xian REIT; and (b) at arm's length on terms which are normal commercial terms and are fair and reasonable and in the interests of the Unitholders as a whole;
- (2) in relation to the CITIC Securities Corporate Finance Transactions:
- (i) the waiver is in the interests of the Unitholders as a whole;
 - (ii) it is satisfied with the internal control procedures of the Manager with respect to the independence of the Manager's operation vis-à-vis the other business functions and activities of the CITIC Securities Group;
 - (iii) the annual limit stated above and the basis for the annual limit, in relation to the aggregate fees of the CITIC Securities Group generated from all "corporate advisory transactions" between the CITIC Securities Group and Hui Xian REIT conducted during any financial year, is fair and reasonable having regard to the interests of the Unitholders as a whole; and
 - (iv) each connected party transaction shall be entered into in the ordinary course of business of Hui Xian REIT, on normal commercial terms at arm's length and in the interests of the Unitholders as a whole; and
- (3) in relation to the DB Continuing CPTs:
- (i) the waivers in respect of the DB Continuing CPTs are in the interests of the Unitholders as a whole;
 - (ii) it is satisfied with the internal control procedures of the Trustee with respect to the independence of the Trustee's operation vis-à-vis the other banking functions/operations of the DB Group;

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- (ii) the annual limit and the basis for the annual limit, in relation to the aggregate fees of the DB Group generated from all “corporate advisory transactions” between the DB Group and Hui Xian REIT conducted during the relevant financial year, is fair and reasonable having regard to the interests of the Unitholders as a whole; and
- (iii) each connected party transaction shall be entered into in the ordinary course of business of Hui Xian REIT, on normal commercial terms and in the interests of the Unitholders as a whole.

Opinion of the Joint Listing Agents

The Joint Listing Agents have reviewed the relevant information prepared and provided by the Manager relating to the subsisting Facility Transactions, Cheung Kong Continuing CPTs, Manager Group Continuing CPTs, HSBC Leasing and Licensing Transactions, BOC Leasing and Licensing Transactions, BOC Insurance Transactions, BOC Banking and Financial Services Transactions, China Life Insurance Transactions and OOIL Leasing and Licensing Transactions described above and have also conducted due diligence by discussing with the Manager and its advisers and have obtained the necessary representations and information from the Manager. Based on the Joint Listing Agents’ due diligence, the Joint Listing Agents are of the view that the Facility Transactions, the Cheung Kong Continuing CPTs, the Manager Group Continuing CPTs, the HSBC Leasing and Licensing Transactions, the BOC Leasing and Licensing Transactions, the BOC Insurance Transactions, the BOC Banking and Financial Services Transactions, the China Life Insurance Transactions and the OOIL Leasing and Licensing Transactions as subsisting are in the ordinary and usual course of business of Hui Xian REIT, are on normal commercial terms, and are fair and reasonable and in the interests of the Unitholders as a whole.

Opinion of the Independent Property Valuer

The Independent Property Valuer confirms that the rentals payable for the subject lettings between Hui Xian REIT Group on one hand and the Cheung Kong Connected Persons Group, the Manager Group, the HSBC Connected Persons Group, the BOC Connected Persons Group and the OOIL Connected Persons Group on the other hand as subsisting are at or higher than prevailing market levels as at the respective dates of the relevant leases and the other commercial terms in the leases such as tenure, rental deposits, break clauses and the like are normal commercial terms.

Disclosure in Semi-Annual and Annual Reports

Details of the relevant connected party transactions will be disclosed in the semi-annual and annual report of Hui Xian REIT as required under paragraph 8.14 of the REIT Code. The INEDs will review the relevant connected party transactions annually and confirm whether such transactions are carried out in the ordinary and usual course of business of Hui Xian REIT based on normal commercial terms and in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Unitholders.

Unitholders’ Mandate

The Manager may at any time in the future seek a general annual mandate from the Unitholders in relation to other waivers from, or confirmations in relation to, the connected party transaction rules for which the Manager may apply to the SFC. In order to apply to the SFC for that purpose, the general mandates must be made subject to any applicable requirements of the SFC or applicable provisions of the REIT Code. Such mandates may include continuation or extension of existing waivers (including those set out under the sub-section headed “Waiver for Certain Connected Party Transactions between Trustee Connected Persons and Hui Xian REIT Group” above).

In seeking any such general mandate, the INEDs will render an opinion as to whether the methods or procedures for determining the transaction prices or other relevant terms of the transaction

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contemplated under the general mandate are sufficient to ensure that such transactions will be carried out on arm's length basis and on normal commercial terms, will not be prejudicial to the interests of Hui Xian REIT and the Unitholders and that the terms and conditions of such transactions will be fair and reasonable.

Role of the Audit Committee for Connected Party Transactions

The Audit Committee will periodically review (and the executive Directors or the management team of the Manager will periodically produce reports to the Audit Committee for review of) all connected party transactions to ensure compliance with the Manager's internal control systems and with the relevant provisions of the REIT Code. The review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary by the Audit Committee.

If a member of the Audit Committee has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

Announcements and Reporting

Connected party transactions within any of the categories referred to above will be reviewed by the auditors of Hui Xian REIT and will be subject to disclosure in the annual report and accounts of Hui Xian REIT.

Connected Party Transactions in connection with the setting up of Hui Xian REIT and the Offering

A number of transactions have been or will be entered into by Hui Xian REIT Group with certain connected persons in connection with the setting up of Hui Xian REIT and the Offering. These connected party transactions are as follows:

The Trust Deed

Hui Xian REIT is constituted by the Trust Deed entered into on 1 April 2011 between Hui Xian Cayman, the Manager which is indirectly held as to 30.0% by Cheung Kong and the Trustee. For further details of the Trust Deed, see the section headed "The Trust Deed" in this Offering Circular.

Reorganisation Agreement

The Trustee (as trustee of Hui Xian REIT) and the Manager entered into the Reorganisation Agreement with Hui Xian Cayman and Hui Xian Holdings on 8 April 2011 for the transfer of Hui Xian BVI to the Trustee (as trustee of Hui Xian REIT) and the issuance of 2,700,000,000 Units to Hui Xian Cayman (or such other number of Units as may be agreed between Hui Xian Cayman and the Manager). For further details of the Reorganisation Agreement, see the section headed "Reorganisation, Structure and Organisation — Reorganisation of Hui Xian BVI Group" and the section headed "Material Agreements and Other Documents Relating to Hui Xian REIT" in this Offering Circular.

Deed of Tax Covenant

Before the Listing Date, Hui Xian Cayman will enter into the Deed of Tax Covenant in favour of the Trustee (for the benefit of Hui Xian REIT) and Hui Xian BVI (for itself and as trustee for Hui Xian Investment and BOP). For further details of the Deed of Tax Covenant, see the section headed "Material Agreements and Other Documents Relating to Hui Xian REIT" in this Offering Circular.

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Deed of BOP Trade Mark Licence and Deed of Hui Xian Trade Mark Licence

BOP and Hui Xian BVI respectively entered into the Deed of BOP Trade Mark Licence on 8 April 2011 and the Deed of Hui Xian Trade Mark Licence on 8 April 2011 with the Manager, for the grant to the Manager of a right and licence to use the BOP Trade Marks and the Hui Xian Trade Marks respectively. For further details, see the section headed “The Manager and the Property Manager”.

Operations Management Agreement

It is proposed that BOP will enter into the Operations Management Agreement with the Property Manager in relation to the operation, management and marketing of Oriental Plaza (other than Grand Hyatt Beijing) after the Property Manager is established. The Property Manager will be a subsidiary of the Manager. For further details of the Operations Management Agreement, see the section headed “Material Agreements and Other Documents Relating to Hui Xian REIT” in this Offering Circular.

The Offering

A number of transactions have been and will be entered into in connection with the Offering with the CITIC Securities Group and the BOC Connected Persons Group including the Underwriting Agreements, the appointment and role of the Stabilising Manager. As the contractual bases for those connected party transactions have been fixed on or about the Listing Date, in the future years after the listing of Hui Xian REIT, no announcement, notice, circular or Unitholders’ approval requirements will need to be complied with (subject to compliance with any applicable disclosure requirements under Chapter 10 of the REIT Code) in respect of those transactions (other than the Operations Management Agreement, which will be governed by the relevant conditions of waiver described above).

Save as disclosed above, there are no connected party transactions of which the Directors are aware of which may continue after the completion of the Offering.