

---

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

---

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

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

The Securities and Futures Commission of Hong Kong, Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents in this Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents in this Circular.

---



*(A Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))*  
(Stock Code: 00405)

Managed by



**CIRCULAR TO UNITHOLDERS IN RELATION TO**  
**(1) WAIVER IN RESPECT OF ORDINARY BANKING AND FINANCIAL**  
**SERVICES PROVIDED BY CHONG HING BANK GROUP**  
**AND**  
**(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



A notice convening the extraordinary general meeting of the unitholders of Yuexiu Real Estate Investment Trust ("Yuexiu REIT") to be held at Plaza 1 to 4, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Tuesday, 28 May 2019 at 11:00 a.m. (or such time immediately following the conclusion (or adjournment) of the annual general meeting of the unitholders of Yuexiu REIT to be held on the same date and at the same place, whichever is later) is set out on pages 25 to 26 of this Circular.

Whether or not you are able to attend the aforesaid extraordinary general meeting in person, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return it to the unit registrar of Yuexiu REIT, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for holding the extraordinary general meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the extraordinary general meeting or any adjournment thereof should you so wish.

10 May 2019

---

## TABLE OF CONTENTS

---

	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER TO UNITHOLDERS</b> .....	4
1. INTRODUCTION .....	4
2. WAIVER IN RESPECT OF ORDINARY BANKING AND FINANCIAL SERVICES PROVIDED BY CHONG HING BANK GROUP .....	5
3. EGM AND CLOSURE OF REGISTER OF UNITHOLDERS .....	9
4. APPROVAL REQUIRED .....	9
5. RECOMMENDATION .....	10
6. RESPONSIBILITY STATEMENT .....	12
<b>LETTER FROM INDEPENDENT BOARD COMMITTEE</b> .....	13
<b>LETTER FROM INDEPENDENT FINANCIAL ADVISER</b> .....	15
<b>NOTICE OF EXTRAORDINARY GENERAL MEETING</b> .....	25

---

## DEFINITIONS

---

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

“Board”	board of Directors
“CHB Banking CPTs”	has the meaning ascribed to this term in section 2.3 headed “Ordinary Banking Waiver” of this Circular
“Chong Hing Bank”	Chong Hing Bank Limited, a company incorporated in Hong Kong with limited liability and shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1111) and an authorised institution supervised by the Hong Kong Monetary Authority under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
“Chong Hing Bank Group”	collectively, Chong Hing Bank Limited and its subsidiaries
“connected person”	has the meaning ascribed to this term in the REIT Code
“Director(s)”	director(s) of the Manager
“Dragon Yield”	Dragon Yield Holding Limited, a limited company incorporated under the laws of the British Virgin Islands which is a wholly-owned subsidiary of Yuexiu Property
“EGM”	the extraordinary general meeting of the Unitholders to be held at Plaza 1 to 4, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Tuesday, 28 May 2019 at 11:00 a.m. (or such time immediately following the conclusion (or adjournment) of the annual general meeting of the unitholders of Yuexiu REIT to be held on the same date and at the same place, whichever is later)
“EGM Notice”	the notice convening the EGM as set out on pages 25 to 26 of this Circular
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee comprising all the INEDs, namely, Mr. Chan Chi On, Derek, Mr. Chan Chi Fai, Brian, Mr. Cheung Yuk Tong and Mr. Chen Xiaou, established to advise the Independent Unitholders on the Ordinary Banking Waiver

---

## DEFINITIONS

---

“Independent Financial Adviser”	Somerley Capital Limited, a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser appointed to advise the INEDs, the Trustee and the Independent Unitholders on the Ordinary Banking Waiver
“Independent Unitholder(s)”	Unitholders other than those who have a material interest in the relevant resolutions, within the meaning of paragraph 8.11 of the REIT Code, and who are entitled to vote at the EGM
“INED(s)”	independent non-executive Director(s)
“Instruction”	has the meaning ascribed to this term in section 2.3 headed “Ordinary Banking Waiver” of this Circular
“Latest Practicable Date”	6 May 2019, being the latest practicable date prior to the printing of this Circular for ascertaining certain information contained herein
“Manager”	Yuexiu REIT Asset Management Limited, a company incorporated under the laws of Hong Kong, in its capacity as the manager of Yuexiu REIT
“Ordinary Banking Waiver”	has the meaning ascribed to this term in section 2.3 headed “Ordinary Banking Waiver” of this Circular
“Ordinary Resolution”	a resolution of Unitholders passed by a simple majority of those votes of those present, whether in person or by proxy, and entitled to vote, where the votes be taken by way of poll, but with a quorum of two or more Unitholders holding at least 10% of the Units in issue
“REIT Code”	the Code on Real Estate Investment Trusts published by the SFC (as amended from time to time)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended from time to time)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

---

## DEFINITIONS

---

“Trust Deed”	the trust deed constituting Yuexiu REIT dated 7 December 2005 and entered into between the Trustee and the Manager, as the same may be amended and supplemented from time to time
“Trustee”	HSBC Institutional Trust Services (Asia) Limited, in its capacity as the trustee of Yuexiu REIT. All references to the Trustee in this Circular are, as the context may require, to the Trustee acting on behalf of Yuexiu REIT and on the instruction of the Manager.
“Unit(s)”	one undivided unit in Yuexiu REIT
“Unitholder(s)”	any person registered as holding a Unit on the register of unitholders of Yuexiu REIT
“Yue Xiu Enterprises”	Yue Xiu Enterprises (Holdings) Limited, a limited liability company incorporated in Hong Kong which is wholly-owned by Guangzhou Yue Xiu Holdings Limited* (廣州越秀集團有限公司)
“Yuexiu Property”	Yuexiu Property Company Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00123)
“Yuexiu REIT”	Yuexiu Real Estate Investment Trust, a Hong Kong collective investment scheme constituted as a unit trust and authorised under section 104 of the SFO subject to applicable conditions from time to time (whose Units are listed on the Stock Exchange), and the companies controlled by it, as the context requires

\* *For identification purpose only*

References to persons shall include corporations. Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Hong Kong time unless otherwise stated.

---

LETTER TO UNITHOLDERS

---



**越秀房地產投資信託基金**

**YUEXIU REAL ESTATE INVESTMENT TRUST**

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

**(Stock Code: 00405)**

Managed by



**越秀房託資產管理有限公司**

**YUEXIU REIT ASSET MANAGEMENT LIMITED**

***Directors of the Manager:***

*Executive Directors*

Mr. Lin Deliang (Chairman)

Mr. Cheng Jiuzhou

*Non-executive Directors*

Mr. Li Feng

Mr. Liang Danqing

*Independent Non-executive Directors*

Mr. Chan Chi On, Derek

Mr. Chan Chi Fai, Brian

Mr. Cheung Yuk Tong

Mr. Chen Xiaou

***Registered Office:***

17B, Yue Xiu Building,

160 Lockhart Road,

Wanchai,

Hong Kong

10 May 2019

*To: Unitholders of Yuexiu REIT*

Dear Sir or Madam,

**CIRCULAR TO UNITHOLDERS IN RELATION TO  
(1) WAIVER IN RESPECT OF ORDINARY BANKING AND FINANCIAL  
SERVICES PROVIDED BY CHONG HING BANK GROUP  
AND  
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**1. INTRODUCTION**

The purposes of this Circular are to provide you with: (1) further information in respect of the proposed Ordinary Banking Waiver; (2) letter from the Independent Board Committee in relation to the Ordinary Banking Waiver; (3) letter from the Independent Financial Adviser in relation to the Ordinary Banking Waiver; and (4) the EGM Notice.

---

## LETTER TO UNITHOLDERS

---

### 2. WAIVER IN RESPECT OF ORDINARY BANKING AND FINANCIAL SERVICES PROVIDED BY CHONG HING BANK GROUP

#### 2.1 Ordinary banking and financial services

Yuexiu REIT periodically requires ordinary banking and financial services to satisfy its day-to-day operational and financing needs. These services may include bank deposits, loan facilities, and other related banking and financial services (such as insurance and mandatory provident fund schemes) required in the ordinary and usual course of business of Yuexiu REIT.

As part of its obligations under the REIT Code to manage the cash flows and financial arrangements of Yuexiu REIT, the Manager may from time to time engage different financial institutions or their subsidiaries to provide the abovementioned services based on the merits of the terms offered by such financial institutions or their subsidiaries. Such financial institutions may include Chong Hing Bank, being an authorised institution supervised by the Hong Kong Monetary Authority under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

#### 2.2 Chong Hing Bank

According to latest public disclosure, Yue Xiu Enterprises indirectly owns: (i) 75.0% of Chong Hing Bank; and (ii) approximately 39.8% of each of the Manager and Dragon Yield (the latter being a significant holder of Yuexiu REIT, as defined under the REIT Code) through Yuexiu Property. Chong Hing Bank is an associated company of the Manager, by virtue of Yue Xiu Enterprises controlling more than 20% of the voting rights of Chong Hing Bank and the Manager. Chong Hing Bank is also an associated company of a significant holder of Yuexiu REIT (being Dragon Yield), by virtue of Yue Xiu Enterprises controlling more than 20% of the voting rights of Chong Hing Bank and Dragon Yield. Accordingly, Chong Hing Bank is a connected person of Yuexiu REIT pursuant to paragraph 8.1(g) of the REIT Code, and the ordinary banking and financial services transactions to be entered into between Yuexiu REIT and the Chong Hing Bank Group would constitute connected party transactions of Yuexiu REIT under the REIT Code.

#### 2.3 Ordinary Banking Waiver

The Manager has applied to the SFC for a waiver (the “**Ordinary Banking Waiver**”) from strict compliance with the requirements for announcements and Unitholders’ approvals under Chapter 8 of the REIT Code in respect of the ordinary banking and financial services transactions to be entered into between Yuexiu REIT and the Chong Hing Bank Group (the “**CHB Banking CPTs**”). The disclosure and reporting requirements under Chapter 8 of the REIT Code in respect of the CHB Banking CPTs shall be modified as described in sub-section (II) headed “Waiver Specific Conditions” below. The grant of the Ordinary Banking Waiver is subject to Independent Unitholders’ approval by way of an Ordinary Resolution at the EGM.

---

## LETTER TO UNITHOLDERS

---

For this purpose, “ordinary banking and financial services” means:

- (a) deposits and other “banking business” (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) with the Chong Hing Bank Group and conducted on arm’s length commercial terms;
- (b) loans extended by the Chong Hing Bank Group being a transaction in the ordinary and usual course of business of Yuexiu REIT and provided to, or arranged for, Yuexiu REIT on arm’s length commercial terms; and
- (c) 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 Yuexiu REIT (including insurance, Occupational Retirement Schemes Ordinance (Chapter 426 of the Laws of Hong Kong): retirement benefit schemes, mandatory provident fund schemes, credit cards, asset management and other such services).

For the avoidance of doubt, “ordinary banking and financial services” do not include the corporate finance transactions which mean:

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

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

- (I) compliance with or in respect of the REIT Code, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, or The Codes on Takeovers and Mergers and Share Buy-backs (as amended from time to time);
- (II) (i) any offer to dispose of securities to the public;
- (ii) any offer to acquire securities from the public;
- (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
- (iv) corporate restructuring in respect of securities (including the issue, cancellation or variation of any rights attaching to any securities).

---

## LETTER TO UNITHOLDERS

---

The Ordinary Banking Waiver shall also be subject to the following additional general and specific conditions:

(I) *Waiver General Conditions and Undertakings*

The INEDs will ensure compliance with the following general conditions with respect to the Ordinary Banking Waiver, on an on-going basis:

- (i) the CHB Banking CPTs 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 implements internal controls and compliance procedures to ensure that the CHB Banking CPTs 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 the banking, financial services and other business functions and operations of the Chong Hing Bank Group; and
- (iv) the Trust Deed contains a provision that obliges the Trustee to take actions or commence proceedings on behalf of Yuexiu REIT as necessary, including action against the Manager or its connected persons in relation to any transaction or agreements entered into for and on behalf of Yuexiu REIT with such persons, as and to the extent required by the REIT Code and any conditions of waivers and exemptions from the operation of the REIT Code granted by the SFC from time to time. Such provision should be sufficiently broad so as to allow the Trustee to take action against the Manager or a member of the Chong Hing Bank Group in relation to any transaction or agreement entered into for and on behalf of Yuexiu REIT with such member of the Chong Hing Bank Group.

Separately and for the purpose of the above waiver:

- (i) Each of Yue Xiu Enterprises and Yuexiu Property has: (a) confirmed to the SFC that it has instructed the Manager to act in the sole interest of Yuexiu REIT and disregard any other interests of, or instructions from, the Chong Hing Bank Group and Yuexiu Property, its holding companies and subsidiaries in respect of any transaction with a member of the Chong Hing Bank Group which constitutes a connected party transaction of Yuexiu REIT under the REIT Code (the "**Instruction**"); and (b) given an undertaking to the SFC that it will not revoke or amend the Instruction without the prior written consent of the SFC during the period in which the Units are listed on the Stock Exchange; and
- (ii) the Manager has given an undertaking to the SFC that it will abide by the Instruction so long as each of Yue Xiu Enterprises and Yuexiu Property remains a controlling entity of the Manager and the Manager remains the manager of Yuexiu REIT, or until Chong Hing Bank ceases to be a connected person of Yuexiu REIT.

---

## LETTER TO UNITHOLDERS

---

### (II) *Waiver Specific Conditions*

The Ordinary Banking Waiver is also granted subject to the following specific conditions:

- (i) a summary disclosure of the CHB Banking CPTs provided by the Chong Hing Bank Group to Yuexiu REIT in each financial year has to be disclosed in the annual report of Yuexiu 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;
- (ii) 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 Yuexiu 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 favorable to Yuexiu 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 Unitholders of Yuexiu REIT as a whole; and
- (iii) the auditors of Yuexiu REIT shall be engaged to perform certain agreed review procedures and report in the auditors' report to the Manager (and a copy of such report shall be provided to the SFC) confirming that all such transactions:
  - (a) have followed the Manager's internal procedures for such transactions and are in accordance with the terms disclosed in the offering document or circular to Unitholders (as the case may be);
  - (b) have received the approval of the Board of the Manager (including all the INEDs);
  - (c) are in accordance with the pricing policies of Yuexiu 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).

### (III) *Scope of Ordinary Banking Waiver*

The Ordinary Banking Waiver is given on the premises that it only applies to the CHB Banking CPTs involving the Chong Hing Bank Group, so long as: (a) Yue Xiu Enterprises is, directly or indirectly, a controlling entity of Chong Hing Bank and the Manager, and the Manager is in its capacity as manager of Yuexiu REIT; or (b) Chong Hing Bank is an associated company of Dragon Yield (being a significant holder of Yuexiu REIT). If connected party transactions arise as a result of other circumstances, they will be governed by Chapter 8 of the REIT Code.

---

## LETTER TO UNITHOLDERS

---

Notwithstanding the foregoing, the SFC has reserved the right to review or revise any of the conditions of the waiver, or imposes additional conditions, as it deems appropriate from time to time. In the event of future amendments to the REIT Code imposing more stringent requirements than those applicable at the date of the Ordinary Banking Waiver granted by the SFC on transactions of the kind to which the CHB Banking CPTs belong (including 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. EGM AND CLOSURE OF REGISTER OF UNITHOLDERS**

The EGM will be held at Plaza 1 to 4, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Tuesday, 28 May 2019 at 11:00 a.m. (or such time immediately following the conclusion (or adjournment) of the annual general meeting of the unitholders of Yuexiu REIT to be held on the same date and at the same place, whichever is later). The EGM Notice convening the meeting is set out on pages 25 to 26 of this Circular.

For the purpose of ascertaining Unitholders' right to attend the EGM, the register of Unitholders will be closed from Thursday, 23 May 2019 to Tuesday, 28 May 2019, both days inclusive, during which period no transfer of units will be registered. For those Unitholders who are not on the register of Unitholders, in order to be qualified to attend and vote at the EGM, all unit certificates accompanied by the duly completed transfers must be lodged with the unit registrar of Yuexiu REIT, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 22 May 2019.

You can vote at the EGM if you are a Unitholder on Tuesday, 28 May 2019. You will find enclosed with this Circular the EGM Notice (see pages 25 to 26 of this Circular) and a form of proxy for use for the EGM.

Your vote is very important. Accordingly, please complete, sign and date the accompanying proxy form in accordance with the instructions printed thereon and return it to the unit registrar of Yuexiu REIT, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

### **4. APPROVAL REQUIRED**

Pursuant to paragraph 3.3 of Schedule 1 to the Trust Deed, at any meeting, a resolution put to the vote of the meeting shall be decided on a poll and the result of the poll shall be deemed to be the resolution of the meeting. The Ordinary Resolution, as set out in the EGM Notice, will be decided on a poll at the EGM.

---

## LETTER TO UNITHOLDERS

---

Paragraph 9.9(f) of the REIT Code provides that where a Unitholder has a material interest in the resolution tabled for approval, and that interest is different from that of all other Unitholders, such Unitholder shall abstain from voting. Further, under paragraph 3.2 of Schedule 1 to the Trust Deed, where a Unitholder has a material interest in the resolution tabled for approval at a general meeting of Yuexiu REIT, and that interest is different from the interests of other Unitholders as determined by the Manager (where the Unitholder concerned is not a connected person of the Manager under the REIT Code) or the Trustee (where the Unitholder concerned is a connected person of the Manager under the REIT Code, if appropriate, in its absolute opinion), such Unitholder shall be prohibited from voting its Units or being counted in the quorum for the general meeting.

As described in section 2.3 above, Chong Hing Bank is an associated company of the Manager, by virtue of Yue Xiu Enterprises controlling more than 20% of the voting rights of Chong Hing Bank and the Manager. Chong Hing Bank is also an associated company of a significant holder of Yuexiu REIT (being Dragon Yield), by virtue of Yue Xiu Enterprises controlling more than 20% of the voting rights of Chong Hing Bank and Dragon Yield. The Chong Hing Bank Group, being the counterparty to the CHB Banking CPTs, has a material interest or deemed material interest in the Ordinary Resolution to approve the Ordinary Banking Waiver. Accordingly, Yue Xiu Enterprises has agreed that it will abstain, and will procure that its controlling entities, holding companies, subsidiaries and associated companies (as defined in the REIT Code) will abstain, from voting on such Ordinary Resolution, except pursuant to a proxy where a specific direction by an Independent Unitholder as to voting is given.

So far as the Manager is aware, as at the Latest Practicable Date, the parties mentioned above as needing to abstain from voting were interested or deemed to be interested in 1,144,422,401 Units representing approximately 36.685% of the Units in issue.

To the best of the Manager's knowledge, information and belief, after having made reasonable enquiries, the Manager takes the view that no other Unitholders are required to abstain from voting in respect of the Ordinary Resolution to be proposed at the EGM.

## **5. RECOMMENDATIONS**

### **5.1 Independent Financial Adviser**

Somerley Capital Limited has been appointed as Independent Financial Adviser to provide its opinion on the Ordinary Banking Waiver to the Independent Board Committee, as well as the Independent Unitholders and the Trustee.

The Independent Financial Adviser has confirmed that it is of the view that the CHB Banking CPTs are/will be conducted in the ordinary and usual course of business of Yuexiu REIT and the terms of which will be at arm's length and on normal commercial terms, and that the Ordinary Banking Waiver is fair and reasonable so far as the Independent Unitholders are concerned and is in the interests of Yuexiu REIT and the Independent Unitholders as a whole.

---

## LETTER TO UNITHOLDERS

---

Accordingly, the Independent Financial Adviser recommends Independent Unitholders to vote in favour of the Ordinary Resolution to be proposed at the EGM to approve the Ordinary Banking Waiver.

### 5.2 Board

Having regard to the reasons for and the scope of the Ordinary Banking Waiver and the conditions to the Ordinary Banking Waiver as described in this Circular, the Board (including the INEDs) considers that the Ordinary Banking Waiver is fair and reasonable so far as the Independent Unitholders are concerned and the Ordinary Banking Waiver is in the interests of Yuexiu REIT, the Independent Unitholders and the Unitholders as a whole. The Board (including the INEDs) is also satisfied that: (a) the Manager's internal control and compliance procedures (such as Chinese wall procedures) can ensure that the operation of the Manager is independent of the banking and financial services and other business functions and operations of the Chong Hing Bank Group; and (b) each of the CHB Banking CPTs will be conducted in the ordinary and usual course of business of Yuexiu REIT and the terms of which will be at arm's length and on normal commercial terms and in the interests of Yuexiu REIT, the Independent Unitholders and the Unitholders as a whole. Accordingly, the Board recommends Independent Unitholders to vote in favour of the Ordinary Resolution to be proposed at the EGM to approve the Ordinary Banking Waiver.

### 5.3 Independent Board Committee

The Independent Board Committee has been established by the Board to advise the Independent Unitholders on the Ordinary Banking Waiver. Having taken into account the opinion of and the principal factors and reasons considered by the Independent Financial Adviser, the Independent Board Committee considers that the CHB Banking CPTs will be conducted in the ordinary and usual course of business of Yuexiu REIT and the terms of which will be at arm's length and on normal commercial terms, and that the Ordinary Banking Waiver is fair and reasonable so far as the Independent Unitholders are concerned and in the interests of Yuexiu REIT, the Independent Unitholders and the Unitholders as a whole. Accordingly, the Independent Board Committee recommends Independent Unitholders to vote in favour of the Ordinary Resolution to be proposed at the EGM to approve the Ordinary Banking Waiver.

### 5.4 Trustee

Based and in sole reliance on: (1) the opinion of the Board in this letter and the information and assurances provided by the Manager; (2) the Letter from the Independent Financial Adviser; and (3) the Letter from the Independent Board Committee, which state, among other things, that the Ordinary Banking Waiver is fair and reasonable so far as the Independent Unitholders are concerned and in the interests of Yuexiu REIT, the Independent Unitholders and Unitholders as a whole, the Trustee, having taking into account its duties set out in the Trust Deed and the REIT Code, is of the view that the Ordinary Banking Waiver is fair and reasonable so far as the Independent Unitholders are concerned and in the interests of Yuexiu REIT, the Independent Unitholders and the Unitholders as a whole.

This view is furnished for the sole purpose of complying with paragraph 10.10(o) of the REIT Code, and is not to be taken as a recommendation or representation by the Trustee of the merits of the Ordinary Banking Waiver. The Trustee has not made any assessment of the merits or impact of the

---

## LETTER TO UNITHOLDERS

---

Ordinary Banking Waiver, other than for the purposes of fulfilling its fiduciary duties set out in the Trust Deed and the REIT Code. Accordingly, the Trustee urges all Unitholders, including those who are in any doubt as to the merits or impact of the Ordinary Banking Waiver, to seek their own financial or other professional advice.

### 6. RESPONSIBILITY STATEMENT

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

Yours faithfully,  
By order of the board of Directors of  
**Yuexiu REIT Asset Management Limited**  
(as manager of Yuexiu Real Estate Investment Trust)  
**YU Tat Fung**  
*Company Secretary*

Hong Kong, 10 May 2019

---

LETTER FROM INDEPENDENT BOARD COMMITTEE

---



*(A Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))*  
**(Stock Code: 00405)**

Managed by



10 May 2019

*To: Independent Unitholders of Yuexiu REIT*

Dear Sir or Madam,

**WAIVER IN RESPECT OF ORDINARY BANKING AND FINANCIAL SERVICES  
PROVIDED BY CHONG HING BANK GROUP**

We have been appointed as members of the Independent Board Committee to advise you in respect of the Ordinary Banking Waiver, details of which are set out in the “Letter to the Unitholders” in the circular dated 10 May 2019 from the Manager to the Unitholders (the “**Circular**”), of which this letter forms a part. Terms defined in the Circular shall have the same meanings when used in this letter unless the context otherwise requires.

Somerley Capital Limited has been appointed by the Manager to advise us, the Independent Unitholders and the Trustee as to the Ordinary Banking Waiver. Details of their opinion, together with the principal factors taken into consideration, and assumptions and qualifications in arriving at such opinion, are set out in the “Letter from the Independent Financial Adviser” the text of which is contained in the Circular.

Having taken into account the opinion of Somerley Capital Limited and the principal factors and reasons considered by them, we consider that the CHB Banking CPTs will be conducted in the ordinary and usual course of business of Yuexiu REIT and the terms of which will be at arm’s length and on normal commercial terms, and that the Ordinary Banking Waiver is fair and reasonable so far as the Independent Unitholders are concerned and in the interests of Yuexiu REIT, the Independent Unitholders and the Unitholders as a whole.

---

## LETTER FROM INDEPENDENT BOARD COMMITTEE

---

Accordingly, we recommend that the Independent Unitholders vote in favour of the Ordinary Resolution to be proposed at the EGM to approve the Ordinary Banking Waiver.

Yours faithfully,

For and on behalf of the Independent Board Committee of  
**Yuexiu REIT Asset Management Limited**  
(as manager of Yuexiu Real Estate Investment Trust)

**Mr. CHAN Chi On,  
Derek**

*Independent Non-  
executive Director*

**Mr. CHAN Chi Fai,  
Brian**

*Independent Non-  
executive Director*

**Mr. CHEUNG Yuk  
Tong**

*Independent Non-  
executive Director*

**Mr. CHEN Xiaoou**

*Independent Non-  
executive Director*

---

## LETTER FROM INDEPENDENT FINANCIAL ADVISER

---

*The following is the text of a letter of advice from Somerley Capital Limited, prepared for the purpose of inclusion in this Circular, setting out its advice to the Independent Board Committee, the Trustee and the Independent Unitholders in connection with the Ordinary Banking Waiver.*



**SOMERLEY CAPITAL LIMITED**

20th Floor  
China Building  
29 Queen's Road Central  
Hong Kong

10 May 2019

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

Dear Sirs,

### **WAIVER IN RESPECT OF ORDINARY BANKING AND FINANCIAL SERVICES PROVIDED BY CHONG HING BANK GROUP**

#### **INTRODUCTION**

We refer to our appointment to advise the Independent Board Committee, the Trustee and the Independent Unitholders as regards the Ordinary Banking Waiver from strict compliance with the requirements for announcement or Unitholders' approvals under Chapter 8 of the REIT Code in respect of the ordinary banking and financial services transactions to be entered into between Yuexiu REIT and the Chong Hing Bank Group (i.e. CHB Banking CPTs), details of which are set out in the letter to the Unitholders contained in the circular of Yuexiu REIT to its Unitholders dated 10 May 2019 (the "**Circular**"), of which this letter forms part. Unless otherwise defined, capitalized terms used in this letter shall have the same meanings as those defined in the Circular and the letter to Unitholders therein.

Paragraph 9.9(f) of the REIT Code provides that where a Unitholder has a material interest in the resolution tabled for approval, and that interest is different from that of all other Unitholders, such Unitholder shall abstain from voting. Further, under paragraph 3.2 of Schedule 1 to the Trust Deed, where a Unitholder has a material interest in the resolution tabled for approval at a general meeting of Yuexiu REIT, and that interest is different from the interests of other Unitholders as determined by the Manager (where the Unitholder concerned is not a connected person of the Manager under the REIT Code) or the Trustee (where the Unitholder concerned is a connected person of the Manager under the REIT Code, if appropriate, in its absolute opinion), such Unitholder shall be prohibited from voting its Units or being counted in the quorum for the general meeting.

As at the Latest Practicable Date, Chong Hing Bank is an associated company of the Manager, by virtue of Yue Xiu Enterprises controlling more than 20% of the voting rights of Chong Hing Bank and the Manager. Chong Hing Bank is also an associated company of a significant holder of Yuexiu REIT (being Dragon Yield), by virtue of Yue Xiu Enterprises controlling more than 20% of the voting

---

## LETTER FROM INDEPENDENT FINANCIAL ADVISER

---

rights of Chong Hing Bank and Dragon Yield. The Chong Hing Bank Group, being the counterparty to the CHB Banking CPTs, has a material interest or deemed material interest in the Ordinary Resolution to approve the Ordinary Banking Waiver. Accordingly, Yue Xiu Enterprises has agreed that it will abstain, and will procure that its controlling entities, holding companies, subsidiaries and associated companies (as defined in the REIT Code) will abstain, from voting on such Ordinary Resolution, except pursuant to a proxy where a specific direction by an Independent Unitholder as to voting is given.

The Independent Board Committee, comprising Mr. CHAN Chi On, Derek, Mr. CHAN Chi Fai, Brian, Mr. CHEUNG Yuk Tong and Mr. CHEN Xiaou, being all of the INEDs, has been established by the Board to advise the Independent Unitholders on the Ordinary Banking Waiver. We have been appointed as Independent Financial Adviser to provide our opinion on the Ordinary Banking Waiver to the Independent Board Committee (as well as the Independent Unitholders and the Trustee).

Somerley Capital Limited is independent from, and not associated with, (i) Yuexiu REIT and its subsidiaries; (ii) the Trustee; (iii) the Manager; (iv) Chong Hing Bank Limited and its subsidiaries; (v) Yue Xiu Enterprises, its controlling entities and subsidiaries; (vi) each of the significant holders of Yuexiu REIT; (vii) each of the relevant connected person(s) with respect to the Ordinary Banking Waiver and CHB Banking CPTs; and (viii) their respective associates (as defined in the REIT Code). Apart from normal professional fees payable to us in connection with this appointment and other similar engagements, no arrangement exists whereby we will receive any fees or benefits from the aforementioned parties.

During the past two years, Somerley Capital Limited (i) acted as the independent financial adviser and issued an opinion letter contained in Yuexiu REIT's circular dated 15 November 2017 regarding disclosable and connected party transactions relating to the acquisition of 67% of a commercial property in Wuhan, and certain continuing connected transactions; (ii) acted as the independent financial adviser and issued an opinion letter contained in Yuexiu Transport Infrastructure Limited's circular dated 14 May 2018 regarding continuing connected transactions in relation to bank deposits; and (iii) acted as the independent financial adviser and issued an opinion letter dated 10 July 2018 to the independent board committee of Yuexiu Property regarding a continuing connected transaction in relation to tenancy agreements entered into with a connected person with a lease term exceeding three years. These past engagements were limited to providing independent advisory services to (i) the Independent Board Committee, the Trustee and the Independent Unitholders pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and REIT Code; (ii) the independent board committee and independent shareholders of Yuexiu Transport Infrastructure Limited pursuant to the Listing Rules; and (iii) the independent board committee of Yuexiu Property in accordance with its internal control procedures. Under these past engagements, Somerley Capital Limited received normal professional fees from Yuexiu REIT Asset Management Limited, Yuexiu Transport Infrastructure Limited and Yuexiu Property. Notwithstanding the past engagements, as at the Latest Practicable Date, there were no relationships or interests between Somerley Capital Limited on one hand and Yuexiu REIT, the Manager, the Trustee, Chong Hing Bank, and their respective substantial unitholders/shareholders and/or associates on the other hand that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee, the Trustee and Independent Unitholders in connection with the Ordinary Banking Waiver.

---

## LETTER FROM INDEPENDENT FINANCIAL ADVISER

---

In formulating our opinion, we have reviewed, amongst others, the application for Ordinary Banking Waiver, other information as set out in this Circular, the annual report of Yuexiu REIT for the year ended 31 December 2018 (the “**2018 Annual Report**”), the announcement of Yuexiu REIT dated 2 November 2016, the deposit agreements, the loan agreements and the bank statements regarding the ordinary banking services involving both Chong Hing Bank and other connected parties of Yuexiu REIT and independent banks and Yuexiu REIT’s compliance manual concerning connected party transactions. We have also relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Manager and have assumed that the information, facts and opinions provided to us are true and accurate. We have also sought and received confirmation from the Directors and management of the Manager that no material factors have been omitted from the information supplied and opinions expressed. We have no reason to doubt the truth, accuracy and completeness of the information provided to us or to believe that any material fact or information has been omitted or withheld. We have not, however, conducted an independent investigation into the affairs of the Manager, Yuexiu REIT and Chong Hing Bank. We consider that we have been provided with and have reviewed sufficient information to reach an informed view. We have also assumed that the statements and representations made or referred to in the Circular were accurate and not misleading at the time they were made and continue to be accurate and not misleading up to the date of the EGM.

### PRINCIPAL FACTORS TAKEN INTO ACCOUNT

In arriving at our opinion with regard to terms and conditions of the Ordinary Banking Waiver, we have taken into account the following principal factors:

#### 1 Parties involved under the Ordinary Banking Waiver

##### 1.1 *Yuexiu REIT*

Yuexiu REIT is a real estate investment trust listed on the Stock Exchange since December 2005. A REIT is a collective investment scheme constituted as a unit trust that invests primarily in income-producing real estate assets with a view to generating stable returns to its Unitholders. Yuexiu REIT is a real estate investment trust formed primarily to own and invest in high quality income-producing commercial real estate in top-tier PRC cities with capital appreciation potential.

##### 1.2 *Chong Hing Bank*

Founded in 1948, Chong Hing Bank is a listed company in Hong Kong (Stock Code: 01111) and has been a member of Yue Xiu Group since February 2014, with a 75% stake held by Yuexiu Financial Holdings Limited. Chong Hing Bank operates a network of 41 local branches as well as branches in Guangzhou, Shenzhen, Shantou and Macau, sub-branches in Guangzhou Tianhe, Foshan, Nansha and Hengqin in mainland China and representative offices in Shanghai and San Francisco. It offers a wide range of retail and wholesale financial banking products as well as securities trading, financial management and insurance services.

---

## LETTER FROM INDEPENDENT FINANCIAL ADVISER

---

According to latest public disclosure, Yue Xiu Enterprises indirectly owns: (i) 75.0% of Chong Hing Bank; and (ii) approximately 39.8% of each of the Manager and Dragon Yield (the latter being a significant holder of Yuexiu REIT, as defined under the REIT Code) through Yuexiu Property. Chong Hing Bank is an associated company of the Manager, by virtue of Yue Xiu Enterprises controlling more than 20% of the voting rights of Chong Hing Bank and the Manager. Chong Hing Bank is also an associated company of a significant holder of Yuexiu REIT (being Dragon Yield), by virtue of Yue Xiu Enterprises controlling more than 20% of the voting rights of Chong Hing Bank and Dragon Yield. Accordingly, Chong Hing Bank is a connected person of Yuexiu REIT pursuant to paragraph 8.1(g) of the REIT Code, and the ordinary banking and financial services transactions to be entered into between Yuexiu REIT and Chong Hing Bank Group would constitute connected party transactions of Yuexiu REIT under the REIT Code.

### **2 Reasons for and Benefits of the Ordinary Banking Waiver**

Yuexiu REIT periodically requires ordinary banking and financial services to satisfy its day-to-day operational and financing needs. These services may include bank deposits, loan facilities, and other related banking and financial services (such as insurance and mandatory provident fund schemes) required in the ordinary and usual course of business of Yuexiu REIT.

As part of its obligations under the REIT Code to manage the cash flows and financial arrangements of Yuexiu REIT, the Manager may from time to time engage different financial institutions or their subsidiaries to provide the abovementioned services based on the merits of the terms offered by such financial institutions or their subsidiaries. Such financial institutions may include Chong Hing Bank, being an authorised institution supervised by the Hong Kong Monetary Authority under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

We have discussed with the Manager the rationale behind the Ordinary Banking Waiver and noted that similar waiver had been sought in respect of the provision of ordinary banking and financial services by the connected persons of the Trustee at the time of the listing of Yuexiu REIT in 2005. In 2014, Yue Xiu Enterprises, through its wholly-owned subsidiary, acquired a controlling interest in Chong Hing Bank, which has thus become a connected person of Yuexiu REIT. Given that Yuexiu REIT requires the services from financial institutions from time to time, the Manager considers and we also concur that Chong Hing Bank, which is a banking institution authorized under the Banking Ordinance and has an established both local and PRC banking network, may provide the ordinary banking services at a competitive or favourable rate from time to time and therefore it would be in the interest of Yuexiu REIT to align the compliance procedure of the CHB Banking CPTs with that of the connected persons of the Trustee's by seeking the Ordinary Banking Waiver from the SFC in order to (i) allow greater flexibility in its operations and access to more competitive arrangements and rates; and (ii) avoid any unnecessary administrative and compliance costs that Yuexiu REIT would incur from time to time.

---

## LETTER FROM INDEPENDENT FINANCIAL ADVISER

---

### 3. Historical transactions with connected parties

As stated in the 2018 Annual Report, there had been (i) two CHB Banking CPTs and (ii) other connected party transactions regarding ordinary banking and financial services, which, as advised by the Manager, have been carried out up to the Latest Practicable Date. As at 31 December 2018, (i) the outstanding balance of the loan provided by Chong Hing Bank amounted to RMB290.4 million; and (ii) the outstanding balance of the loan provided by HSBC group amounted to HK\$1,005 million; and for the year ended 31 December 2018, the interest received/ receivable from Chong Hing Bank amounted to RMB399,000 with respect to deposits placed with it. As stated in the 2018 Annual Report, the INEDs and the audit committee of the Manager confirmed that they had reviewed the terms of all relevant connected party transactions and they were satisfied that all these transactions have been entered into in the ordinary and usual course of business of Yuexiu REIT and on normal commercial terms. The Manager confirmed that it will apply the same principles in determining the terms when entering into the CHB Banking CPTs in the future.

The two CHB Banking CPTs are (i) provision of loan; and (ii) interest received/ receivable from provision of deposit services. Yuexiu REIT made an announcement on 2 November 2016 regarding, amongst others, a RMB2,355.5 million syndicated loan. China Construction Bank Guangzhou Tianhe Branch was the arranger in respect of the syndicated loan of which Chong Hing Bank had committed RMB400 million and other lenders which were independent third parties of Yuexiu REIT had committed the rest. We have reviewed the loan document and noted that the syndicated loan has been provided by independent banks together with Chong Hing Bank based on the same terms and conditions and with reference to the loan benchmark rate published by the People's Bank of China (the "PBOC") for similar type of loans, and therefore Chong Hing Bank shares the same risks and benefits with the independent banks under such syndicated loan.

We have been provided with the bank statements of and agreements entered into by Yuexiu REIT regarding the deposits placed by it with both Chong Hing Bank and independent banks and noted that the interest rates offered by Chong Hing Bank are no less favourable than those offered by the independent banks and with reference to the deposit benchmark rates published by the PBOC for similar type of deposits.

In November 2016 and April 2017, Yuexiu REIT entered into two agreements with various banks including HSBC and Hang Seng Bank regarding the syndicated loans of HK\$2,950 million and HK\$2,300 million respectively. We have reviewed the loan documents and noted that the syndicated loan has been provided by independent banks together with HSBC and Hang Seng Bank based on the same terms and conditions and with reference to Hong Kong Interbank Offered Rate for similar type of loans and therefore HSBC and Hang Seng Bank share the same risks and benefits with the independent banks under the respective syndicated loans.

On this basis, we consider that the banking and financial services transaction(s) carried out with Chong Hing Bank and HSBC group in the past were fair and reasonable so far as the Independent Unitholders are concerned. We believe that the terms of the CHB Banking CPTs to be carried out with the Chong Hing Bank Group in the future would also be on normal commercial terms, at arm's length and fair and reasonable to the Independent Unitholders if the Manager is in compliance with the terms and conditions under the Ordinary Banking Waiver and adopts the same basis and internal control procedure when entering into and determining the terms of the CHB Banking CPTs in the future.

---

## LETTER FROM INDEPENDENT FINANCIAL ADVISER

---

### 4 The Ordinary Banking Waiver

The Manager has applied to the SFC for the Ordinary Banking Waiver from strict compliance with the requirements for announcements and Unitholders' approvals under Chapter 8 of the REIT Code in respect of the CHB Banking CPTs. The disclosure and reporting requirements under Chapter 8 of the REIT Code in respect of the CHB Banking CPTs shall be modified as described in sub-section headed "4.3 Waiver Specific Conditions" below. The grant of the Ordinary Banking Waiver is subject to Independent Unitholders' approval by way of an Ordinary Resolution at the EGM.

#### 4.1 *Scope of the banking services under the Ordinary Banking Waiver*

For this purpose, "ordinary banking and financial services" means:

- (a) deposits and other "banking business" (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) with the Chong Hing Bank Group and conducted on arm's length commercial terms;
- (b) loans extended by the Chong Hing Bank Group being a transaction in the ordinary and usual course of business of Yuexiu REIT and provided to, or arranged for, Yuexiu REIT on arm's length commercial terms; and
- (c) 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 Yuexiu REIT (including insurance, Occupational Retirement Schemes Ordinance (Chapter 426 of the Laws of Hong Kong) retirement benefit schemes, mandatory provident fund schemes, credit cards, asset management and other such services).

For the avoidance of doubt, "ordinary banking and financial services" do not include the corporate finance transactions which mean:

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

---

## LETTER FROM INDEPENDENT FINANCIAL ADVISER

---

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

- (a) compliance with or in respect of the REIT Code, the Rules Governing the Listing of Securities on the Stock Exchange, or The Codes on Takeovers and Mergers and Share Buy-backs (as amended from time to time);
- (b)
  - (i) any offer to dispose of securities to the public;
  - (ii) any offer to acquire securities from the public;
  - (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
  - (iv) corporate restructuring in respect of securities (including the issue, cancellation or variation of any rights attaching to any securities).

The Ordinary Banking Waiver shall also be subject to the following additional general and specific conditions:

#### 4.2 *Waiver General Conditions and Undertakings*

The INEDs will ensure compliance with the following general conditions with respect to the Ordinary Banking Waiver, on an on-going basis:

- (i) the CHB Banking CPTs 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 implements internal controls and compliance procedures to ensure that the CHB Banking CPTs 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 the banking, financial services and other business functions and operations of the Chong Hing Bank Group; and
- (iv) the Trust Deed contains a provision that obliges the Trustee to take actions or commence proceedings on behalf of Yuexiu REIT as necessary, including action against the Manager or its connected persons in relation to any transaction or agreements entered into for and on behalf of Yuexiu REIT with such persons, as and to the extent required by the REIT Code and any conditions of waivers and exemptions from the operation of the REIT Code granted by the SFC from time to time. Such provision should be sufficiently broad so as to allow the Trustee to take action against the Manager or a member of the Chong Hing Bank Group in relation to any transaction or agreement entered into for and on behalf of Yuexiu REIT with such member of the Chong Hing Bank Group.

---

## LETTER FROM INDEPENDENT FINANCIAL ADVISER

---

Separately and for the purpose of the above waiver:

- (i) Each of Yue Xiu Enterprises and Yuexiu Property has: (a) confirmed to the SFC that it has instructed the Manager to act in the sole interest of Yuexiu REIT and disregard any other interests of, or instructions from, the Chong Hing Bank Group and Yuexiu Property, its holding companies and subsidiaries in respect of any transaction with a member of the Chong Hing Bank Group which constitutes a connected party transaction of Yuexiu REIT under the REIT Code (the “**Instruction**”); and (b) given an undertaking to SFC that it will not revoke or amend the Instruction without the prior written consent of the SFC during the period in which the Units are listed on the Stock Exchange; and
- (ii) the Manager has given an undertaking to the SFC that it will abide by the Instruction so long as each of Yue Xiu Enterprises and Yuexiu Property remains a controlling entity of the Manager and the Manager remains the manager of Yuexiu REIT, or until Chong Hing Bank ceases to be a connected person of Yuexiu REIT.

### 4.3 *Waiver Specific Conditions*

The Ordinary Banking Waiver is also granted subject to the following specific conditions:

- (i) a summary disclosure of the CHB Banking CPTs provided by the Chong Hing Bank Group to Yuexiu REIT in each financial year has to be disclosed in the annual report of Yuexiu 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;
- (ii) 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 Yuexiu 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 favorable to Yuexiu 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 Unitholders of Yuexiu REIT as a whole; and
- (iii) the auditors of Yuexiu REIT shall be engaged to perform certain agreed review procedures and report in the auditors’ report to the Manager (and a copy of such report shall be provided to the SFC) confirming that all such transactions:
  - (a) have followed the Manager’s internal procedures for such transactions and are in accordance with the terms disclosed in the offering document or circular to Unitholders (as the case may be);

---

## LETTER FROM INDEPENDENT FINANCIAL ADVISER

---

- (b) have received the approval of the Board of the Manager (including all the INEDs);
- (c) are in accordance with the pricing policies of Yuexiu 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).

Given that (i) these general conditions and specific conditions under the Ordinary Banking Waiver are similar to those stated in the banking services waivers sought by other Real Estate Investment Trusts (“REITs”) as stated in the sub-section headed “4.4 Similar waivers sought by other REITs listed in Hong Kong” below; and (ii) these general conditions and specific conditions could safeguard the interests of Yuexiu REIT and the Independent Unitholders, we consider that these general conditions and specific conditions under the Ordinary Banking Waiver are in the interests of Yuexiu REIT and the Independent Unitholders as a whole.

#### *4.4 Similar waivers sought by other REITs listed in Hong Kong*

Based on the information published on the website of the Stock Exchange, we have reviewed, to our best knowledge, an exhaustive list of REITs which are listed on the Main Board of the Stock Exchange and the waivers (the “**Comparable Waivers**”) sought by them from strict compliance with the requirements under REIT Code with respect to the provision of banking and financial services by connected persons. The Comparable Waivers sought by the REITs provide specific reference for us to consider whether it is common for other REITs to seek waivers with respect to ordinary banking services at the time of listing or as it may require from time to time.

On this basis, a total of 11 Comparable Waivers sought by the REITs are identified. It is noted that the Comparable Waiver had been sought by each of the REITs including Yuexiu REIT with respect to the provision of ordinary banking services by connected persons at the time of listing. Those waivers are subject to general and specific conditions under which, amongst others, the REIT managers or their INEDs are required to ensure the transactions to be carried out at arm’s length normal commercial terms and in the interests of unitholders as a whole and the subject transactions to be disclosed and reported in their annual reports and also reviewed by the auditors. Having reviewed and compared with the conditions of Comparable Waivers, it is also noted that the conditions to which the Ordinary Banking Waiver is subject are no less stringent than those of the Comparable Waivers.

---

## LETTER FROM INDEPENDENT FINANCIAL ADVISER

---

Given that (i) it is not uncommon for the REITs to seek waivers with respect to ordinary banking services to be provided by connected persons; (ii) the Ordinary Banking Waiver would enable Yuexiu REIT to manage the cash flows and financial arrangements in an effective and efficient manner; and (iii) the terms and conditions under the Ordinary Banking Waiver, which are no less stringent than those of the Comparable Waivers, are sufficient to monitor the CHB Banking CPTs and safeguard the interests of Yuexiu REIT and the Independent Unitholders as a whole, we consider that the terms and conditions of the Ordinary Banking Waiver are fair and reasonable so far as the Independent Unitholders are concerned.

### OPINION

Taking into account the above reasons and factors, we consider that the CHB Banking CPTs are/will be conducted in the ordinary and usual course of business of Yuexiu REIT and the terms of which will be at arm's length and on normal commercial terms, and that the Ordinary Banking Waiver is fair and reasonable so far as the Independent Unitholders are concerned and in the interests of Yuexiu REIT and the Independent Unitholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, Independent Unitholders to vote in favour of the Ordinary Banking Waiver at the EGM.

Yours faithfully,  
for and on behalf of  
**SOMERLEY CAPITAL LIMITED**  
**Jenny Leung**  
*Director*

*Ms. Jenny Leung is a licensed person and responsible officer of Somerley Capital Limited registered with the SFC to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.*

---

## NOTICE OF EXTRAORDINARY GENERAL MEETING

---



*(A Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))*  
**(Stock Code: 00405)**

Managed by



## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting of the unitholders of Yuexiu Real Estate Investment Trust (“**Yuexiu REIT**”) will be held at Plaza 1 to 4, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Tuesday, 28 May 2019 at 11:00 a.m. (or such time immediately following the conclusion (or adjournment) of the annual general meeting of the unitholders of Yuexiu REIT to be held on the same date and at the same place, whichever is later) for the purpose of considering and, if thought fit, passing, with or without amendments, the resolution below:

### ORDINARY RESOLUTION

#### 1. THAT

- (a) approval be and is hereby given for the Ordinary Banking Waiver as more fully described in the Circular; and
- (b) authorisation be granted to the Manager, any director of the Manager, the Trustee and any authorised signatory of the Trustee to complete and to do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager, the Trustee or such authorised signatory of the Trustee, as the case may be, may consider expedient or necessary or in the interest of Yuexiu REIT to give effect to all matters in relation to the Ordinary Banking Waiver generally.

Words and expressions that are not expressly defined in this notice of extraordinary general meeting shall bear the same meaning as that defined in the circular of Yuexiu REIT dated 10 May 2019.

Yours faithfully,  
By order of the board of Directors of  
**Yuexiu REIT Asset Management Limited**  
(as manager of Yuexiu Real Estate Investment Trust)  
**YU Tat Fung**  
Company Secretary

Hong Kong, 10 May 2019

---

## NOTICE OF EXTRAORDINARY GENERAL MEETING

---

*Notes:*

- (a) A unitholder of Yuexiu REIT (“**Unitholder**”) entitled to attend and vote at the extraordinary general meeting of Yuexiu REIT is entitled to appoint one or more proxies to attend and, on a poll, vote in his/her stead. The person appointed to act as a proxy need not be a Unitholder.
- (b) In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the registered office of the unit registrar of Yuexiu REIT, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof. Completion and return of the proxy will not preclude you from attending and voting in person should you so wish. In the event that you attend the meeting or adjourned meeting (as the case may be) after having lodged a form of proxy, the form of proxy will be deemed to have been revoked.
- (c) Where there are joint registered Unitholders of a unit, any one of such Unitholders may vote at the meeting either personally or by proxy in respect of such unit as if he/she were solely entitled thereto, but if more than one of such Unitholders is present at the meeting personally or by proxy, that one of such Unitholders so present whose name stands first on the register of Unitholders in respect of such unit shall alone be entitled to vote in respect thereof.
- (d) The register of Unitholders will be closed from Thursday, 23 May 2019 to Tuesday, 28 May 2019, both days inclusive, during which period no transfer of units will be registered. For those Unitholders who are not on the register of Unitholders, in order to be qualified to attend and vote at the extraordinary general meeting of Yuexiu REIT, all unit certificates accompanied by the duly completed transfers must be lodged with the unit registrar of Yuexiu REIT, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 22 May 2019.

*As at the date of this notice, the Board is comprised as follows:*

*Executive Directors:*

*Mr. Lin Deliang (Chairman) and Mr. Cheng Jiuzhou*

*Non-executive Directors:*

*Mr. Li Feng and Mr. Liang Danqing*

*Independent Non-executive Directors:*

*Mr. Chan Chi On, Derek, Mr. Chan Chi Fai, Brian, Mr. Cheung Yuk Tong and Mr. Chen Xiaou*