

## KEY RISKS OF INVESTMENT IN HUI XIAN REIT

This section, which should be read in conjunction with the full text of this Offering Circular, is only a general summary of some of the risks relating to investment in Hui Xian REIT. Please refer to the more detailed information about these and other relevant risks contained in the section headed “Risk Factors” in this Offering Circular.

**The sole real estate investment interest of Hui Xian REIT at the time of its listing is its investment interest in Oriental Plaza in Beijing. Hui Xian REIT’s investment in Oriental Plaza is held via its interest in a Sino-foreign cooperative joint venture company established in the PRC pursuant to the relevant joint venture documents and the relevant PRC laws<sup>1</sup>.**

Investors should note, among others, the following key risks relating to investment in Hui Xian REIT:

- (1) Hui Xian REIT’s interest in Oriental Plaza has a finite term of approximately 38 years remaining**
  - Upon listing, the sole real estate investment of Hui Xian REIT is its investment in Oriental Plaza.
  - Unless terminated earlier, Hui Xian REIT’s investment interest in Oriental Plaza will terminate on 24 January 2049, when the joint venture period of BOP, through which such investment interest is held, ends.
- (2) Upon the end of the joint venture period of BOP, the value of Hui Xian REIT’s investment interest in Oriental Plaza will become zero, and Hui Xian REIT may terminate**
  - Hui Xian REIT may or may not make real estate investments other than that in Oriental Plaza.
  - The value of Hui Xian REIT’s investment in Oriental Plaza will become zero upon termination of the joint venture period.
  - If Oriental Plaza remains its only real estate investment interest, Hui Xian REIT will, upon the expiry or termination of the joint venture of BOP, be de-authorised and delisted as it will not be able to meet the requirement under the REIT Code to remain to be authorized.
- (3) The value of Hui Xian REIT’s investment interest in Oriental Plaza will ultimately diminish over time and will become zero at the end of the joint venture period**
  - The value of Hui Xian REIT’s investment interest in Oriental Plaza will ultimately diminish over time and may decrease exponentially as it gets closer to the end of the joint venture period. Such value will become zero at the end of the joint venture period.
  - Decline in the value of Hui Xian REIT’s investment interest in Oriental Plaza will diminish the NAV per Unit.
  - Any sudden and abrupt change in the NAV per Unit, if and when it happens, may result in significant fluctuations in the market price of the Units.
- (4) Certain actions of the Domestic JV Partner may have material adverse impact on Hui Xian REIT**
  - Hui Xian REIT’s interest in Oriental Plaza is held through BOP, a Sino-foreign cooperative joint venture company established pursuant to the JV Documents and the

<sup>1</sup> Please see Appendix IX to this Offering Circular and the section headed “Material Agreements and Other Documents relating to Hui Xian REIT — JV Documents” for further information.

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relevant PRC laws. Hui Xian Investment (wholly-owned by Hui Xian REIT) is the foreign partner of BOP, while the Domestic JV Partner is not held under Hui Xian REIT.

- Certain important matters<sup>2</sup> require the approval or consent of the Domestic JV Partner (or directors of BOP appointed by it). If such approval or consent of the Domestic JV Partner is not obtained, there may be material and adverse effect on BOP, and material impact on Hui Xian REIT.
- If the Domestic JV Partner breaches the JV Documents, there may be material adverse impact on Hui Xian REIT.

### (5) RMB Currency Risk

- Currently, RMB is not freely convertible and is subject to exchange control and other restrictions.
- There is no guarantee that RMB will not depreciate.
- The base currency of Hui Xian REIT is RMB. Non-RMB based investors are therefore exposed to foreign exchange risk as a result of fluctuations in the exchange rate of RMB against their base currency.

### (6) Distributions of Hui Xian REIT may be made in a currency other than RMB due to legal restrictions or other reasons

- Cross border remittance of RMB is subject to significant restrictions and may be subject to further limitations imposed by the PRC government or other authorities. If Hui Xian Investment is unable to receive RMB from BOP, or otherwise unable to source sufficient RMB on satisfactory terms, distributions of Hui Xian REIT may be made in a currency other than RMB.

### (7) Liquidity Risk

- The liquidity and trading price of the Units may be adversely affected by the limited availability of RMB outside the PRC and the restrictions on the conversion of foreign currency into RMB.
- As such, there can be no assurance that Unitholders will be able to dispose of their Units at prices, in the amounts and at the times at which they would wish to or which they may otherwise be able to do in respect of Hong Kong dollar denominated securities listed on the Hong Kong Stock Exchange.

### (8) No Guaranteed Return of Investments

- There is no guarantee provided to investors. Investors may not get back their full investment amount.

<sup>2</sup> For further details relating to those important matters, please refer to the section headed “Material Agreements and Other Documents relating to Hui Xian REIT — JV Documents” of this Offering Circular.