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HUI XIAN REIT
匯賢產業信託

Hui Xian Real Estate Investment Trust

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

(Stock Code: 87001)

Managed by Hui Xian Asset Management Limited

CONNECTED PARTY TRANSACTION PROVISION OF LOAN TO SHENYANG LIDO BUSINESS CO. LTD

On 15 July 2022, COP (being a limited liability company established in the PRC in which Hui Xian REIT holds 100% of the interests) entered into the Loan Agreement with Shenyang Lido (being a Sino-foreign co-operative joint venture in which Hui Xian REIT holds 70% of the interests), pursuant to which COP agreed to lend to Shenyang Lido up to RMB100,000,000, which is repayable by 14 July 2027.

CK Asset is the holding company of a substantial holder of Hui Xian REIT and is therefore a connected person of Hui Xian REIT at the issuer level. As CK Asset indirectly controls the exercise of more than 10% of the voting power in Shenyang Lido, Shenyang Lido is a connected subsidiary of Hui Xian REIT under 8.1(g) of the REIT Code. Therefore, the Transaction constitutes a connected party transaction of Hui Xian REIT under the REIT Code and the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules), when aggregated with the Previous Loan entered into within a twelve-month period, exceeds 0.1% but is less than 5%, the Transaction is subject to the announcement and reporting requirements but exempt from the Unitholders' approval requirement under the REIT Code and the Listing Rules.

THE LOAN AGREEMENT

Date:	15 July 2022.
Parties:	(i) COP, a limited liability company established in the PRC in which Hui Xian REIT holds 100% of the interests (as the lender); and (ii) Shenyang Lido, a Sino-foreign co-operative joint venture in which Hui Xian REIT holds 70% of the interests (as the borrower).
Principal amount:	RMB100,000,000.
Interest rate:	5.3% per annum, payable quarterly.
Purpose:	For use as working capital of Shenyang Lido, including payment of renovation costs and repayment of loan for the relevant renovation costs of Sofitel Shenyang Lido in Shenyang, the PRC (the land use rights and building ownership rights of which are held by Shenyang Lido).
Drawdown:	Shenyang Lido may drawdown in separate tranches during the period from 15 July 2022 to 14 January 2025 by giving COP fifteen (15) business days' notice.
Repayment date:	14 July 2027. Shenyang Lido may repay earlier with COP's consents. COP may demand immediate repayment of the Loan (or any part thereof) if Shenyang Lido fails to pay any interest when due or breaches the terms of the Loan Agreement.

REASONS FOR AND BENEFITS OF THE TRANSACTION

As the Loan meets the current funding needs of Shenyang Lido (being a Sino-foreign co-operative joint venture in which Hui Xian REIT holds 70% of the interests) and provides interest income to COP (being a limited liability company established in the PRC in which Hui Xian REIT holds 100% of the interests), the Board considers that it is an efficient deployment of the cash resources of Hui Xian REIT and its subsidiaries as a whole.

The terms of the Loan Agreement were determined after arm's length negotiations between COP and Shenyang Lido. The interest rate under the Loan Agreement was determined with reference to the interest rates offered by financial institutions.

OPINION OF THE BOARD

The Board (including the independent non-executive directors of the Manager) is of the view that:

- (i) the Transaction is carried out at arm's length and on normal commercial terms;
- (ii) the Transaction is consistent with the investment objectives and strategy of Hui Xian REIT;
- (iii) the terms of the Transaction are fair and reasonable; and
- (iv) the Transaction is in the ordinary and usual course of business of Hui Xian REIT and in the interests of Hui Xian REIT and the Unitholders as a whole.

None of the Directors has a material interest in the Transaction or was required to abstain from voting on the relevant resolutions of the Board. However, Mr. KAM Hing Lam and Mr. IP Tak Chuen, Edmond, who are also directors of CK Asset, have voluntarily abstained from voting on the resolutions approving the Transaction.

OPINION OF THE TRUSTEE

Based on the information and assurances provided by the Manager including but not limited to those as set out in this announcement, the Trustee, having taken into account its duties set out in the Trust Deed and the REIT Code, is of the view that (i) the Transaction is consistent with the investment policy of Hui Xian REIT and in compliance with the REIT Code and the Trust Deed; (ii) the Transaction is on normal commercial terms, fair and reasonable and in the interests of the Unitholders as a whole; and (iii) no Unitholders' approval is required under the REIT Code and the Trust Deed for the Transaction. Accordingly, and on the above basis, the Trustee has no objection to the Transaction. The above views are expressed solely to comply with 8.7D of the REIT Code.

IMPLICATIONS UNDER THE REIT CODE

CK Asset is the holding company of a substantial holder of Hui Xian REIT and is therefore a connected person of Hui Xian REIT at the issuer level. As CK Asset indirectly controls the exercise of more than 10% of the voting power in Shenyang Lido, Shenyang Lido is a connected subsidiary of Hui Xian REIT under 8.1(g) of the REIT Code. Therefore, the Transaction constitutes a connected party transaction of Hui Xian REIT under the REIT Code and the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules), when aggregated with the Previous Loan entered into within a twelve-month period, exceeds 0.1% but is less than 5%, the Transaction is subject to the announcement and reporting requirements but exempt from the Unitholders' approval requirement under the REIT Code and the Listing Rules.

INFORMATION ON THE PARTIES

The principal activity of Hui Xian REIT and its subsidiaries is to own and invest in high quality commercial properties with the objective of producing stable and sustainable distributions to Unitholders.

COP is a limited liability company established in the PRC, which holds the land use rights and building ownership rights of Chongqing Metropolitan Oriental Plaza in Chongqing, the PRC.

Shenyang Lido is a Sino-foreign co-operative joint venture established in the PRC. The two foreign joint venture parties are Shenyang Investment (Hong Kong) Limited (being a wholly-owned subsidiary of Hui Xian REIT) and Yick Ho Limited (being a wholly-owned subsidiary of CK Asset), which are entitled to 70% and 29% of the distributions of Shenyang Lido respectively. The PRC joint venture party of Shenyang Lido is Beijing Wondergrow, which is entitled to 1% of the distributions of Shenyang Lido. Beijing Wondergrow is directly owned as to 50% by a wholly-owned subsidiary of CK Asset, as to 40% by Mr. James K WONG (王琦) (a director of Beijing Wondergrow) and as to 10% by Ms. CHEN Yan (陳燕) (a director of Beijing Wondergrow). Shenyang Lido holds the land use rights and building ownership rights of Sofitel Shenyang Lido located in Shenyang, the PRC.

CK Asset and its subsidiaries have diverse capabilities with activities encompassing property development and investment, hotel and serviced suite operation, property and project management, pub operation and investment in infrastructure and utility asset operation.

DEFINITIONS

Unless the context requires otherwise, the terms below have the following meanings in this announcement:

“Beijing Wondergrow”	北京穩得高投資顧問有限公司 (Beijing Wondergrow Investment and Consulting Co., Ltd*), a limited liability company established in the PRC
“Board”	the board of directors of the Manager
“CK Asset”	CK Asset Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1113)
“connected person”	has the meaning ascribed to it under the REIT Code
“COP”	重慶大都會東方廣場有限公司 (Chongqing Metropolitan Oriental Plaza Co., Ltd*), a limited liability company established in the PRC
“Director(s)”	the director(s) of the Manager

“Hui Xian REIT”	Hui Xian Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), which Units are listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as modified and applied by the REIT Code
“Loan”	the loan agreed to be provided by COP to Shenyang Lido under the Loan Agreement
“Loan Agreement”	the loan agreement dated 15 July 2022 and entered into between COP and Shenyang Lido
“Manager”	Hui Xian Asset Management Limited (滙賢房託管理有限公司), as manager of Hui Xian REIT
“PRC”	the People’s Republic of China
“Previous Loan”	the loan up to the amount of RMB50,000,000 committed to be provided by 北京東方廣場有限公司 (Beijing Oriental Plaza Co., Ltd.*) (being a Sino-foreign co-operative joint venture in which Hui Xian REIT holds 100% of the interests) to Shenyang Lido, details of which are set out in the announcement of Hui Xian REIT dated 30 September 2021
“REIT Code”	Code on Real Estate Investment Trusts issued by the SFC, as amended, supplemented and otherwise modified from time to time
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	Securities and Futures Commission of Hong Kong
“Shenyang Lido”	瀋陽麗都商務有限公司 (Shenyang Lido Business Co. Ltd*), a Sino-foreign co-operative joint venture established in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the REIT Code
“substantial holder”	has the meaning ascribed to it under the REIT Code
“Transaction”	the transaction contemplated under the Loan Agreement
“Trust Deed”	the trust deed dated 1 April 2011 constituting Hui Xian REIT, as amended, modified and supplemented from time to time

“Trustee”	DB Trustees (Hong Kong) Limited 德意志信託 (香港) 有限公司 , as the trustee of Hui Xian REIT
“Unit”	a unit of Hui Xian REIT
“Unitholder(s)”	holder(s) of the Unit(s)

For the purposes of this announcement, any English name with an asterisk () is an unofficial English transliteration or translation and is for identification purposes only.*

By order of the Board
Hui Xian Asset Management Limited
 滙賢房託管理有限公司
(as Manager of Hui Xian Real Estate Investment Trust)
CHEUNG Ling Fung Tom
Chief Executive Officer and Executive Director of the Manager

Hong Kong, 15 July 2022

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