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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**

**(1) CONTINUING CONNECTED PARTY TRANSACTIONS;  
(2) NOTICE OF ANNUAL GENERAL MEETING;  
AND  
(3) CLOSURE OF REGISTER OF UNITHOLDERS**

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



**Crescendo Capital Limited**

As the 2020 CK/Manager Waivers will expire on 31 December 2023, and having regard to the regular, ordinary and ongoing nature of the Continuing CPTs, on 6 April 2023, the Manager in its capacity as manager (for and on behalf of Hui Xian REIT) entered into:

- (i) the CK Leasing and Licensing Master Agreement with CK Asset, to set out the framework terms governing the CK Leasing and Licensing Transactions (being the same scope of leasing and licensing transactions covered under the 2020 CK/Manager Waivers, i.e. the Previous Leasing and Licensing Transactions (as defined in section 1(a) of this announcement)) for the period from 1 January 2024 to 31 December 2026; and
- (ii) the CK Property Management Master Agreement with CK Asset, to set out the framework terms governing the CK Property Management Transactions (being the same scope of property management and club facilities transactions covered under the 2020 CK/Manager Waivers, i.e. the Previous Property Management Transactions (as defined in section 1(b) of this announcement)) for the period from 1 January 2024 to 31 December 2026.

The CK Leasing and Licensing Master Agreement is not conditional upon the approval of the Independent Unitholders. The CK Property Management Master Agreement is conditional upon the passing of an Ordinary Resolution by the Independent Unitholders at a general meeting of Unitholders to approve the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps. The Manager proposes to seek such Independent Unitholders' approval at the AGM.

The Circular which contains, among other things, (i) details of the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps; (ii) the recommendations of the Independent Board Committee to the Independent Unitholders in relation to the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps; (iii) the IFA Letter in relation to the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps; and (iv) the notice of the AGM, is expected to be despatched together with the form of proxy of the AGM to the Unitholders on 11 April 2023.

The AGM will be held at Harbour Grand Hong Kong, 23 Oil Street, North Point, Hong Kong on Thursday, 11 May 2023 at 12:00 noon (or in the event that a black rainstorm warning signal or tropical cyclone warning signal no. 8 or above is in force in Hong Kong at 9:00 a.m. on that day, at the same time and place on Friday, 12 May 2023). In order to determine the list of Unitholders qualified to attend and vote at the AGM, the register of Unitholders will be closed from Monday, 8 May 2023 to Thursday, 11 May 2023, both days inclusive, during which period no transfer of Units will be effected.

## **CONTINUING CONNECTED PARTY TRANSACTIONS**

### **1. Background**

At the time of authorisation of Hui Xian REIT under section 104 of the SFO in April 2011 before the first listing of the Units on the Stock Exchange, waivers were granted by the SFC in relation to certain connected party transactions between the Hui Xian REIT Group on one hand, and (i) the Cheung Kong Connected Persons Group (as defined in the Offering Circular) or (ii) the Manager Group (as defined in the Offering Circular) (as the case may be) on the other hand, for a period up to and including 31 December 2013, which were subsequently modified and/or extended in 2012, 2014, 2015, 2017 and 2020. Details of the 2020 CK/Manager Waivers, which are due to expire on 31 December 2023, and the categories of continuing connected party transactions which are the subject of the 2020 CK/Manager Waivers are more particularly set out in the 2020 Circular.

On 4 December 2020, the REIT Code was revised to, *inter alia*, broadly align the requirements applicable to connected party transactions of REITs with the requirements for companies listed on the Stock Exchange. Following the changes to the REIT Code, save as otherwise provided in the REIT Code or the guidelines issued by the SFC from time to time, all connected party transactions of REITs will be regulated with reference to the requirements applicable to listed companies under Chapter 14A of the Listing Rules to the extent appropriate and practicable, including whether certain connected party transactions are continuing connected party transactions, available exemptions and the conditions thereof and unitholders' approval, disclosure, reporting, annual review and other requirements. All pre-existing waivers in respect of connected party transactions shall continue to apply until expiry according to their terms or until otherwise modified or revoked. Since the 2020 CK/Manager Waivers are due to expire on 31 December 2023, the continuing connected party transactions of Hui Xian REIT which are the subject of the 2020 CK/Manager Waivers will, upon such expiry, be regulated with reference to Chapter 14A of the Listing Rules (modified as appropriate pursuant to Paragraph 2.26 of the REIT Code), in addition to Chapter 8 of the REIT Code.

The categories of continuing connected party transactions of Hui Xian REIT under the 2020 CK/Manager Waivers include the following:

***(a) Leasing and licensing transactions***

Leasing and licensing transactions include leasing and licensing arrangements in respect of the Properties entered or to be entered into by the members of the Hui Xian REIT Group on one hand and the members of CK Connected Persons Group (as defined in the 2020 Circular) or the Manager Group (as defined in the 2020 Circular) (as the case may be) on the other hand (collectively, the “**Previous Leasing and Licensing Transactions**”).

***(b) Property management and club facilities transactions***

Property management and club facilities transactions include services provided or to be provided by the CK Connected Persons Group (as defined in the 2020 Circular) or the Manager Group (as defined in the 2020 Circular) (as the case may be) to the Hui Xian REIT Group in relation to property management, operation arrangements and marketing in respect of the Properties or companies in which Hui Xian REIT may directly or indirectly be interested and any transaction in relation to the usage of club and other facilities of the CK Connected Persons Group (as defined in the 2020 Circular) or the Manager Group (as defined in the 2020 Circular) (as the case may be) by the Hui Xian REIT Group (collectively, the “**Previous Property Management Transactions**”).

## 2. CK Leasing and Licensing Master Agreement

### 2.1 Principal terms

As the 2020 CK/Manager Waivers will expire on 31 December 2023, and having regard to the regular, ordinary and ongoing nature of the CK Leasing and Licensing Transactions, on 6 April 2023, the Manager in its capacity as manager of Hui Xian REIT entered into the CK Leasing and Licensing Master Agreement with CK Asset, to set out the framework terms governing the CK Leasing and Licensing Transactions (being the same scope of leasing and licensing transactions covered under the 2020 CK/Manager Waivers, i.e. the Previous Leasing and Licensing Transactions) for the period from 1 January 2024 to 31 December 2026 (both days inclusive). The CK Leasing and Licensing Master Agreement is not conditional upon the approval of the Independent Unitholders.

The principal terms of the CK Leasing and Licensing Master Agreement are set out below:

Date:	6 April 2023
Parties:	(i) CK Asset; and (ii) the Manager (in its capacity as manager for and on behalf of Hui Xian REIT)
Term:	Three years from 1 January 2024 up to 31 December 2026 (both days inclusive)
Purpose and other terms:	To set out the framework terms on which the CK Leasing and Licensing Transactions shall be entered into, renewed or extended during the term of the CK Leasing and Licensing Master Agreement.

The Manager (for and on behalf of Hui Xian REIT) and CK Asset shall respectively procure the relevant members of the Hui Xian REIT Group and the relevant members of the CK Group (being the relevant parties to the CK Leasing and Licensing Transactions) to enter into a separate written agreement with respect to each CK Leasing and Licensing Transaction to be negotiated on a case-by-case and at arm's length basis, and shall be on normal commercial terms which from the Hui Xian REIT Group's perspective shall be no more favourable than those which members of the Hui Xian REIT Group made available to independent third parties.

Pricing policy: The rent or license fee chargeable for such transactions shall be based on the then prevailing market rates for properties of similar size and with similar attributes within the same building (or, if not available, within the vicinity). The basis of any management or service fees chargeable in connection with such transactions shall be the same as that of such fees chargeable to other independent third party tenants or licensees of the same building or property.

To ensure that each transaction under the CK Leasing and Licensing Master Agreement is entered into based on the then prevailing market rate, an independent valuation will be conducted for such transaction except where they are conducted on standard or published rates and the Manager will compare the tenancy agreement terms with those of the tenancy agreements entered into between the Hui Xian REIT Group and independent third parties in respect of similar properties to ensure that the major terms such as rentals, building management fees and rental deposit offered to the CK Group are no more favourable than those offered to the independent third parties.

## ***2.2 Historical transaction amounts***

The table below sets out the aggregate historical transaction amounts (including rental/license fee and management and service fees) received or receivable by members of the Hui Xian REIT Group from members of the CK Group in respect of the CK Leasing and Licensing Transactions for each of the two years ended 31 December 2021 and 2022 and the two months ended 28 February 2023:

<b>For the year ended 31 December</b>		<b>For the two months ended</b>
<b>2021</b>	<b>2022</b>	<b>28 February 2023</b>
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
4,250	4,372	761

### ***2.3 CK Leasing and Licensing Annual Caps and basis for determining the CK Leasing and Licensing Annual Caps***

It is expected that, the aggregate annual amount (including rental/license fee and management and service fees) expected to be received by members of the Hui Xian REIT Group from members of the CK Group in respect of the CK Leasing and Licensing Transactions for each of the three years ending 31 December 2024, 2025 and 2026 will not exceed the amounts set out below:

	<b>For the year ending 31 December</b>		
<b>2024</b>	<b>2025</b>	<b>2026</b>	
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
51,200	51,600	51,900	

The CK Leasing and Licensing Annual Caps are determined with general reference to the historical transaction amounts and:

- (a) applying an increment factor of 6.0% to take into account potential upward rental reversion;
- (b) the current leases or licenses with independent third parties expiring in 2023 and 2024 amounted to approximately RMB900 million per annum, of which some of such third party tenants may be acquired or merged by/with member(s) of the CK Group and the Manager has assumed that 4.0% of such premises will be taken up by members of the CK Group, which assumption the Manager considers reasonable; and
- (c) the inclusion of a buffer of approximately 25% for contingencies such as unforeseeable market fluctuations for the three years ending 31 December 2026.

As members of the CK Group include the Manager and its subsidiaries, there is no need to set one annual cap for the CK Leasing and Licensing Transactions with the Manager and its subsidiaries and a separate annual cap for the CK Leasing and Licensing Transactions with the CK Group excluding the Manager and its subsidiaries. As the Manager Group (as defined under the 2020 Circular) includes not only the Manager and its subsidiaries but also other parties which do not fall within the CK Connected Persons Group (as defined under the 2020 Circular), there was a need to have separate annual caps governing the transactions with each of the CK Connected Persons Group and the Manager Group at the time under the 2020 CK/Manager Waivers.

### 3. CK Property Management Master Agreement

#### 3.1 *Principal terms*

As the 2020 CK/Manager Waivers will expire on 31 December 2023, and having regard to the regular, ordinary and ongoing nature of the CK Property Management Transactions, on 6 April 2023, the Manager in its capacity as manager of Hui Xian REIT entered into the CK Property Management Master Agreement with CK Asset, to set out the framework terms governing the CK Property Management Transactions (being the same scope of property management and club facilities transactions covered under the 2020 CK/Manager Waivers, i.e. the Previous Property Management Transactions) for the period from 1 January 2024 to 31 December 2026 (both days inclusive).

The principal terms of the CK Property Management Master Agreement are set out below:

Date:	6 April 2023
Parties:	(i) CK Asset; and (ii) the Manager (in its capacity as manager for and on behalf of Hui Xian REIT)
Term:	Three years from 1 January 2024 up to 31 December 2026 (both days inclusive)
Condition precedent:	The CK Property Management Master Agreement is conditional upon the passing of an Ordinary Resolution by the Independent Unitholders at a general meeting of Unitholders to approve the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps. If this condition cannot be fulfilled on or before 31 December 2023 (or such later date as may be agreed between CK Asset and the Manager in writing), the CK Property Management Master Agreement shall terminate with immediate effect and none of the parties thereto shall have any rights against the other of them except in relation to any antecedent breach of the CK Property Management Master Agreement.
Purpose and other terms:	To set out the framework terms on which the CK Property Management Transactions shall be entered into, renewed or extended during the term of the CK Property Management Master Agreement.



The Manager (for and on behalf of Hui Xian REIT) and CK Asset shall respectively procure the relevant members of the Hui Xian REIT Group and the relevant members of the CK Group (being the relevant parties to the CK Property Management Transactions) to enter into a separate written agreement with respect to each CK Property Management Transaction to be negotiated on a case-by-case and at arm's length basis, and shall be on normal commercial terms which from the Hui Xian REIT Group's perspective shall be no less favourable than those which members of the Hui Xian REIT Group could obtain from independent third parties.

Pricing policy:

The fees chargeable for such transactions shall be based on the then prevailing market rates for similar services provided by professional property management service providers for properties of similar size and with similar attributes.

To ensure that each transaction under the CK Property Management Master Agreement is entered into based on the then prevailing market rate, the Manager has in place the following internal control procedures:

(a) Building Management Services

- (i) In respect of building management fees which are to be paid by Hui Xian REIT, the Manager will obtain, to the extent practicable, at least three quotations, of which at least two quotations are from independent third parties and at least one quotation is from a member of the CK Group in respect of the Building Management Services for the Properties and will compare the fees to ensure that such fees are at the then prevailing market rate and on normal commercial terms.
- (ii) In respect of expenses incurred in relation to the provision of the Building Management Services by the CK Group which are to be reimbursed by Hui Xian REIT, in order to ensure that the expenses to be reimbursed to the CK Group are on normal commercial terms, the Manager will review the monthly reimbursement breakdown and assess the reasonableness of the claimed amounts before making the reimbursement of such expenses.



(b) Property Manager Services

- (i) The Property Manager will prepare an annual budget for the projected annual expenses and monthly reimbursement breakdown of the relevant Property, which will be reviewed by the Manager before making the payment to ensure the claimed expenses are reasonable and on normal commercial terms.
- (ii) In case members of the CK Group other than the Property Manager are proposed to be engaged for the provision of the Property Manager Services, the Manager will arrange to obtain, to the extent practicable, at least three quotations, of which at least two quotations are from independent third parties and at least one quotation is from a member of the CK Group in respect of fees to be incurred in relation to the provision of the Property Manager Services and will compare the fees to ensure that the fees quoted by members of the CK Group are in line with those offered by independent service providers and on prevailing market rates.

(c) Use of club and other facilities

The Manager will obtain, to the extent practicable, at least three quotations, of which at least two quotations are from independent third parties and at least one quotation is from a member of the CK Group covering similar services and will compare the fees to ensure that the fees to be charged by the relevant member of the CK Group are in line with those offered by independent service providers and on prevailing market rates.

### ***3.2 Historical transaction amounts***

The table below sets out the aggregate historical transaction amounts paid or payable by members of the Hui Xian REIT Group to members of the CK Group in respect of the CK Property Management Transactions for each of the two years ended 31 December 2021 and 2022 and the two months ended 28 February 2023:

<b>For the year ended 31 December</b>		<b>For the two months ended</b>
<b>2021</b>	<b>2022</b>	<b>28 February 2023</b>
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
126,479 <i>(Note 1)</i>	121,813 <i>(Note 1)</i>	20,026 <i>(Note 2)</i>

Notes:

1. The annual cap amounts in respect of the CK Property Management Transactions under the 2020 CK/Manager Waivers for the two years ended 31 December 2021 and 2022 were RMB242,500,000 and RMB266,700,000 respectively.
2. Based solely on the historical figures for the two months ended 28 February 2023, the annualized transaction amount in respect of the CK Property Management Transactions for the year ending 31 December 2023 is projected to be approximately RMB120,156,000. Such annualized amount is for illustration purpose only and no representation is made that the actual transaction amount in respect of the CK Property Management Transactions for the year ending 31 December 2023 will be of such an amount. Notwithstanding, the annual cap for the year ending 31 December 2023 in the amount of RMB293,400,000 under the Previous Property Management Transactions has not been, and it is expected that it will not be, exceeded.

### ***3.3 CK Property Management Annual Caps and basis for determining the CK Property Management Annual Caps***

The maximum annual amount payable by members of the Hui Xian REIT Group to members of the CK Group in respect of the CK Property Management Transactions for each of the three years ending 31 December 2024, 2025 and 2026 (i.e. the CK Property Management Annual Caps) will not exceed the amounts set out below:

	<b>For the year ending 31 December</b>		
<b>2024</b>	<b>2025</b>	<b>2026</b>	
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
220,200	239,100	259,600	

The CK Property Management Annual Caps are determined with general reference to the historical transaction amounts and:

- (a) an approximate 10% annual increase in staff and wages costs, which was determined having regard to the growth rate between 2020 and 2022 which ranged from -1.2% to +9.3%, which the Manager believes is reasonable;
- (b) an increase of the property manager's fee from 2% of the NPI to a maximum of 3% of the NPI to be received by the property manager in respect of Beijing Oriental Plaza is assumed, given that Manager might elect to allocate the 3% per annum variable fee between the Manager and the property manager;
- (c) the NPI of Beijing Oriental Plaza for the year ended 31 December 2019 was used as the basis for estimating the property manager's fee in respect of Beijing Oriental Plaza for the year ending 31 December 2024 as the Manager considered that the NPI of Beijing Oriental Plaza during the outbreak of COVID-19 in 2020, 2021 and 2022 could not properly reflect the NPI of Beijing Oriental Plaza in the coming years;

- (d) an approximate 6% increase of NPI is assumed with reference to the NPI growth for the past 10 years which ranged from -25.9% to 9.9%; and
- (e) the inclusion of a buffer of approximately 25% for contingencies such as unforeseeable market fluctuations, possible upgrades, repair and renovation works to be carried out in the properties of the Hui Xian REIT Group and the possibilities that new properties may be added in the property portfolio of the Hui Xian REIT Group or new service providers of property management services may be acquired by the CK Group during the three years ending 31 December 2026.

As members of the CK Group include the Manager and its subsidiaries, there is no need to set one annual cap for the CK Property Management Transactions with the Manager and its subsidiaries and a separate annual cap for the CK Property Management Transactions with the CK Group excluding the Manager and its subsidiaries. As the Manager Group (as defined under the 2020 Circular) includes not only the Manager and its subsidiaries but also other parties which do not fall within the CK Connected Persons Group (as defined under the 2020 Circular), there was a need to have separate annual caps governing the transactions with each of the CK Connected Persons Group and the Manager Group at the time under the 2020 CK/Manager Waivers.

#### **4. Reasons for and Benefits of the Continuing CPTs**

##### *CK Leasing and Licensing Transactions*

Leasing of properties is one of the core businesses and major source of income of the Hui Xian REIT Group. The Hui Xian REIT Group had from time to time in the past leased the Properties to members of the CK Group and would prefer to continue leasing the Premises to such tenants which it is familiar with and which it can ensure punctual payment of rental and related charges. The leasing and licensing of the Properties to the CK Group will contribute a stable and reliable income to the Hui Xian REIT Group and accordingly the entering into of the CK Leasing and Licensing Transactions is the interest of the Hui Xian REIT Group.

##### *CK Property Management Transactions*

Members of the Hui Xian REIT Group have been engaging members of the CK Group to provide certain property management related services and property manager related services for a long time. The Manager expected that the abovementioned transactions between the Hui Xian REIT Group and the CK Group would continue in the future so as to facilitate the daily operation and management of the Properties of the Hui Xian REIT Group. Having considered that (i) the Hui Xian REIT Group has the practical need to use the services under the CK Property Management Transactions from time to time in its ordinary and usual course of business; (ii) the relevant members of the CK Group have solid experiences and expertise in providing property management, operation arrangements and marketing services. and the CK Property Management Transactions can facilitate an effective management of the Properties; (iii) the CK Property Management Master Agreement offers a greater flexibility for the Hui Xian REIT Group in the selection of service providers by allowing the Hui

Xian REIT Group to use the relevant services of the CK Group as and when appropriate, and (iv) this will enable the Hui Xian REIT Group to provide its tenants or hotel guests the use of certain club or other facilities of the CK Group, which has a value-added effect and will makes the leasing of properties or staying at hotels owned by Hui Xian REIT more attractive. The CK Property Management Transactions contemplated under the CK Property Management Master Agreement are commercial transactions conducted in the ordinary and usual course of business of the Hui Xian REIT Group and are fair and reasonable, and in the interests of the Hui Xian REIT Group and the Unitholders as a whole.

## **5. Independent Board Committee and Independent Financial Adviser**

Pursuant to rule 14A.40 of the Listing Rules, the Independent Board Committee (comprising all the independent non-executive Directors) has been established by the Board to advise the Independent Unitholders on the terms of the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps. Pursuant to rule 14A.44 of the Listing Rules, Crescendo Capital Limited has been appointed as the Independent Financial Adviser to provide its opinion on these matters to the Independent Board Committee, the Independent Unitholders and the Trustee.

Unitholders' attention is drawn to the "*Letter from the Independent Board Committee*" set out in the Circular, which contains the Independent Board Committee's recommendation to the Independent Unitholders in respect of the terms of the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps, and the "*Letter from the Independent Financial Adviser*" set out in the Circular, which contains the Independent Financial Adviser's advice to the Independent Board Committee, the Independent Unitholders and the Trustee in this connection.

## **6. Opinion of the Independent Financial Adviser**

The Independent Financial Adviser confirms that, having considered the principal factors and reasons stated in the "*Letter from the Independent Financial Adviser*" included in the Circular, (i) each of the CK Property Management Transactions is conducted in the ordinary and usual course of business of the Hui Xian REIT Group and the terms of which are at arm's length and on normal commercial terms; and (ii) the terms of the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps (and their basis) are fair and reasonable, and are in the interests of Hui Xian REIT and the Unitholders as a whole.

## **7. Opinion of the Independent Board Committee**

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:

- (a) the CK Property Management Transactions will be carried out on an arm's length basis and on normal commercial terms and in the ordinary and usual course of business of the Hui Xian REIT Group;

- (b) the CK Property Management Transactions are consistent with the investment objectives and strategy of the Hui Xian REIT Group and comply with the REIT Code and Trust Deed; and
- (c) the terms of the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps (and their basis) are on normal commercial terms and are fair and reasonable and in the interests of Hui Xian REIT and the Unitholders as a whole.

## **8. Opinion of the Board**

The Board (including all independent non-executive Directors) is of the view that:

- (a) each of the Continuing CPTs will be carried out on an arm's length basis and on normal commercial terms and in the ordinary and usual course of business of the Hui Xian REIT Group;
- (b) each of the Continuing CPTs is consistent with the investment objectives and strategy of Hui Xian REIT Group and comply with the REIT Code and Trust Deed; and
- (c) the terms of each of the CK Leasing and Licensing Master Agreement and the CK Property Management Master Agreement, the CK Leasing and Licensing Transactions and the CK Property Management Transactions, the CK Leasing and Licensing Annual Caps (and their basis) and the CK Property Management Annual Caps (and their basis) are on normal commercial terms and are fair and reasonable and in the interests of Hui Xian REIT and the Unitholders as a whole.

## **9. 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 CK Leasing and Licensing Transactions are consistent with the investment objectives and strategy of Hui Xian REIT and in compliance with the REIT Code and the Trust Deed; (ii) the CK Leasing and Licensing Transactions, the terms of the CK Leasing and Licensing Master Agreement and the CK Leasing and Licensing Annual Caps (and their basis) are on normal commercial terms and are fair and reasonable and in the interests of Hui Xian REIT and the Unitholders as a whole; and (iii) no Unitholders' approval is required under the REIT Code and the Trust Deed for the entry into of the CK Leasing and Licensing Transactions under the CK Leasing and Licensing Master Agreement. Accordingly, and on the above basis, the Trustee has no objection to the CK Leasing and Licensing Transactions.

Based on and in sole reliance upon: (1) the opinion of the Board and the information and assurances provided by the Manager; (2) the “*Letter from the Independent Financial Adviser*” set out in the Circular; and (3) the “*Letter from the Independent Board Committee*” set out in the Circular, the Trustee, having taken into account its duties set out in the Trust Deed and the REIT Code, is of the view that:

- (a) the CK Property Management Transactions are consistent with Hui Xian REIT’s investment objectives and strategy and in compliance with the REIT Code and the Trust Deed; and the CK Property Management Transactions, the terms of the CK Property Management Master Agreement and the CK Property Management Annual Caps (and their basis) are on normal commercial terms and are fair and reasonable and in the interests of Hui Xian REIT and the Independent Unitholders, as well as the Unitholders as a whole; and
- (b) Independent Unitholders’ approval is required for the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps.

The Trustee does not have any objection to the entry into of the CK Property Management Transactions in accordance with the terms of the CK Property Management Master Agreement (including the CK Property Management Annual Caps).

The above views are expressed solely to comply with Paragraph 8.7D of the REIT Code, and are not to be taken as a recommendation or representation by the Trustee of the merits of the Continuing CPTs or of any statements or information made or disclosed in this announcement or the Circular. The Trustee has not made any assessment of the merits or impact of the Continuing CPTs, other than for the purpose of fulfilling its fiduciary duties set out in the Trust Deed and the REIT Code. Accordingly, the Trustee urges all Unitholders, including those who have any doubts as to the merits or impact of the Continuing CPTs, to consider “*Letter from the Independent Financial Adviser*” set out in the Circular and seek their own financial or other professional advice.

## **10. Implications under the REIT Code**

CK Asset is the holding company of Noblecrown Investment Limited (a substantial holder of Hui Xian REIT) and through Noblecrown Investment Limited and other CK Group entities is interested in approximately 33.53% of the total number of issued Units. CK Asset is therefore a connected person of Hui Xian REIT, and each of the Continuing CPTs therefore constitutes a continuing connected party transaction of Hui Xian REIT under the REIT Code and the Listing Rules (modified as appropriate pursuant to Paragraph 2.26 of the REIT Code).

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the highest CK Leasing and Licensing Annual Caps exceeds 0.1% but is less than 5%, the CK Leasing and Licensing Master Agreement and the CK Leasing and Licensing Transactions (as well as the CK Leasing and Licensing Annual Caps) are subject to the announcement, reporting and annual review requirements but are exempt from the Independent Unitholders’ approval requirement under the REIT Code and the Listing Rules (modified as appropriate pursuant to Paragraph 2.26 of the REIT Code).



As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the highest CK Property Management Annual Caps exceeds 5%, the CK Property Management Master Agreement and the CK Property Management Transactions as well as the CK Property Management Annual Caps are subject to the announcement, reporting, annual review and Independent Unitholders' approval requirements under the REIT Code and the Listing Rules (modified as appropriate pursuant to Paragraph 2.26 of the REIT Code).

None of the Directors has a material interest in the Continuing CPTs or was required to abstain from voting on the relevant resolutions of the Board. However, as good corporate governance, 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 Continuing CPTs.

## **11. Internal control**

The Manager has an internal control system in place to ensure that connected party transactions (including continuing connected party transactions) between the Hui Xian REIT Group and its connected persons are monitored and dealt with properly in accordance with the guidelines and policies established and that such transactions are undertaken on terms in compliance with the REIT Code. All connected party transactions (including continuing connected party transactions) must, among other things, be carried out at arm's length, on normal commercial terms and in the interests of the Unitholders. The following internal control measures are in place to ensure that such transactions satisfy the foregoing criteria:

- (a) As a general rule, the Manager must demonstrate to the audit committee of the Manager that all connected party transactions satisfy the criteria under paragraph 8.7 of the REIT Code, which may entail (where practicable) obtaining quotations from independent third parties, or obtaining one or more valuations from independent professional valuers if necessary. The audit committee of the Manager reviews all the connected party transactions on a half-yearly basis.
- (b) The Manager investigates and monitors all transactions by the Hui Xian REIT Group in order to determine whether such transactions are connected party transactions or, as the case may be, are becoming connected party transactions. Where practicable, each counterparty to such transactions shall be required to confirm to the Manager whether it is a connected person of Hui Xian REIT.
- (c) The Manager maintains a register to record all connected party transactions which are entered into by members of the Hui Xian REIT Group and the bases, including quotations from independent third parties obtained to support such bases, on which they are entered into. The Manager reviews and monitors the annual caps from time to time on an on-going basis to ensure it has not been, and will not be, exceeded.
- (d) The Manager incorporates into its internal audit plan a review of all connected party transactions entered into by the Hui Xian REIT Group.



- (e) The audit committee of the Manager has the right to review the register of connected party transactions to ascertain that the guidelines and procedures established to monitor connected party transactions have been complied with and, among others, whether the transactions (including the CK Leasing and Licensing Transactions and the CK Property Management Transactions) are fair and reasonable. The Trustee also has the right to review such register to ascertain that the REIT Code has been complied with.

## **12. Review and reporting**

The Continuing CPTs will be subject to the review and reporting processes pursuant to Paragraph 8.7A of the REIT Code and rules 14A.55 to 14A.59, rules 14A.71 and 14A.72 of the Listing Rules (modified as appropriate pursuant to Paragraph 2.26 of the REIT Code).

### *(a) Annual review by the independent non-executive Directors*

The independent non-executive Directors shall review the CK Leasing and Licensing Transactions and the CK Property Management Transactions annually and confirm in Hui Xian REIT's annual report for the relevant financial year that each such transaction has been entered into:

- (i) in the ordinary and usual course of business of the Hui Xian REIT Group;
- (ii) at arm's length and on normal commercial terms or better; and
- (iii) in accordance with the relevant agreement on terms that are fair and reasonable and in the interests of Hui Xian REIT and the Unitholders as a whole.

### *(b) Annual review by the auditors of Hui Xian REIT*

In respect of each relevant financial period, the Manager shall engage the auditors of Hui Xian REIT to perform certain review procedures on the CK Leasing and Licensing Transactions and the CK Property Management Transactions annually. The auditors of Hui Xian REIT shall report to the audit committee of the Manager on the factual findings based on the work performed by them confirming whether anything has come to their attention that causes them to believe that any such transaction:

- (i) has not been approved by the Board (including all of the independent non-executive Directors);
- (ii) was not, in all material respects, in accordance with the pricing policies of Hui Xian REIT;
- (iii) was not entered into, in all material respects, in accordance with its terms of agreement; or
- (iv) has exceeded the applicable annual cap.

The Manager shall allow the auditors of Hui Xian REIT and the independent non-executive Directors sufficient access to their records for the purpose of reporting on the transactions. The Manager shall also, to the extent reasonably practicable, procure the counterparty to the CK Property Management Transactions to allow, the auditors of Hui Xian REIT sufficient access to their records for the purpose of reporting on the transactions.

The Manager shall provide a copy of the auditors' report to the SFC at least 10 business days before the bulk printing of the annual report of Hui Xian REIT.

*(c) Notification to the SFC*

The Manager shall promptly notify the SFC and publish an announcement if the independent non-executive Directors and/or the auditors of Hui Xian REIT cannot confirm the matters set out in (a) and/or (b) above. The SFC may require Hui Xian REIT to re-comply with the announcement and Unitholders' approval requirements and may impose additional conditions.

*(d) Annual reports*

A brief summary of the CK Leasing and Licensing Transactions and the CK Property Management Transactions containing the information specified in rules 14A.71 and 14A.72 of the Listing Rules (modified as appropriate pursuant to paragraph 2.26 of the REIT Code) shall be included in Hui Xian REIT's annual reports.

### **13. Information on the parties**

Hui Xian REIT is a collective investment scheme constituted as a unit trust and authorised by the SFC under section 104 of the SFO, which Units are listed on the Main Board of the Stock Exchange. 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. The Manager is the manager of Hui Xian REIT and is principally engaged in the business of managing Hui Xian REIT. The Manager is a direct wholly-owned subsidiary of World Deluxe Enterprises Limited, which in turn is indirectly owned as to 70% by CK Asset and 30% by ARA Asset Management Limited which is a wholly-owned subsidiary of ESR Group Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1821).

CK Asset is a leading multinational corporation and has 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. The shares of CK Asset are listed on the Main Board of the Stock Exchange (Stock Code: 1113).

## **CIRCULAR AND NOTICE OF AGM**

The Circular which contains, among other things, (i) details of the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps; (ii) the recommendations of the Independent Board Committee to the Independent Unitholders in relation to the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps; (iii) the IFA Letter in relation to the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps; and (iv) the notice of the AGM, is expected to be despatched together with the form of proxy of the AGM to the Unitholders on 11 April 2023.

The AGM will be held at Harbour Grand Hong Kong, 23 Oil Street, North Point, Hong Kong on Thursday, 11 May 2023 at 12:00 noon (or in the event that a black rainstorm warning signal or tropical cyclone warning signal no. 8 or above is in force in Hong Kong at 9:00 a.m. on that day, at the same time and place on Friday, 12 May 2023).

Unitholders' attention is drawn to the "*Notice of Annual General Meeting*" set out in the Circular, which contains, inter alia, the full text of the proposed Ordinary Resolution in relation to the approval of the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps.

## **CLOSURE OF REGISTER OF UNITHOLDERS**

In order to determine the list of Unitholders qualified to attend and vote at the AGM, the register of Unitholders will be closed from Monday, 8 May 2023 to Thursday, 11 May 2023, both days inclusive, during which period no transfer of Units will be effected. To qualify to attend and vote at the AGM, all transfers of Units accompanied by the relevant Unit certificates and the duly completed transfer forms must be lodged with the Unit Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 5 May 2023.

## **DEFINITIONS**

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

“2020 Circular”	the circular of Hui Xian REIT dated 3 April 2020
“2020 CK/Manager Waivers”	the waivers from strict compliance with Chapter 8 of the REIT Code granted by the SFC, as described in the 2020 Circular
“AGM”	the annual general meeting of Unitholders to be convened to consider and, if thought fit, approve, among other things, the CK Property Management Master Agreement and the CK Property Management Annual Caps, or any adjournment thereof

“associate”	has the meaning ascribed to it under the REIT Code
“Board”	the board of directors of the Manager
“Building Management Services”	property and building management services such as cleaning, security, patrolling, maintenance and other building management services in the ordinary and usual course of management and operation of the relevant Properties
“Circular”	the circular of Hui Xian REIT to be issued and despatched to the Unitholders on 11 April 2023 containing, among other things, details of the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps, the recommendations of the Independent Board Committee to the Independent Unitholders, the IFA Letter and the notice of the AGM
“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)
“CK Group”	CK Asset and its subsidiaries and associates from time to time, which, for the avoidance of doubt, exclude the Hui Xian REIT Group but includes the Manager and its subsidiaries
“CK Leasing and Licensing Annual Caps”	the aggregate annual amount (including rental/license fee and management and service fees) expected to be received by members of the Hui Xian REIT Group from members of the CK Group in respect of the CK Leasing and Licensing Transactions for each of the three years ending 31 December 2024, 2025 and 2026
“CK Leasing and Licensing Master Agreement”	the master agreement dated 6 April 2023 entered into by the Manager and CK Asset setting out the framework terms governing the CK Leasing and Licensing Transactions for the period from 1 January 2024 to 31 December 2026
“CK Leasing and Licensing Transactions”	the leasing or licensing of the relevant Properties by members of the Hui Xian REIT Group to members of the CK Group
“CK Property Management Annual Caps”	the maximum annual amount payable by members of the Hui Xian REIT Group to members of the CK Group in respect of the CK Property Management Transactions for each of the three years ending 31 December 2024, 2025 and 2026

“CK Property Management Master Agreement”	the master agreement dated 6 April 2023 entered into by the Manager and CK Asset setting out the framework terms governing the CK Property Management Transactions for the period from 1 January 2024 to 31 December 2026
“CK Property Management Transactions”	the provision of services by members of the CK Group to members of the Hui Xian REIT Group in relation to property management, operation arrangements and marketing in respect of the relevant Properties or companies in which Hui Xian REIT may directly or indirectly be interested and any transaction in relation to the usage of club and other facilities of the CK Group by the Hui Xian REIT Group
“connected person”	has the meaning ascribed to it under the REIT Code
“Continuing CPTs”	the CK Leasing and Licensing Transactions and the CK Property Management Transactions collectively and a “Continuing CPT” means any of them
“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 SFO, which Units are listed on the Main Board of the Stock Exchange
“Hui Xian REIT Group”	Hui Xian REIT and its subsidiaries
“IFA Letter”	the letter of advice from the Independent Financial Adviser to the Independent Board Committee, the Independent Unitholders and the Trustee prepared for the purpose of inclusion in the Circular
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors established to advise the Independent Unitholders on the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps
“Independent Financial Adviser”	Crescendo Capital Limited, which is licensed by the SFC to carry out type 6 (advising on corporate finance) regulated activities under the SFO
“Independent Unitholders”	Unitholders other than those who have a material interest in the relevant resolution(s), within the meaning of Paragraph 8.7F of the REIT Code

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as modified and applied by the REIT Code
“Manager”	Hui Xian Asset Management Limited (滙賢房託管理有限公司), as manager of Hui Xian REIT
“NPI”	the net property income of each real estate of Hui Xian REIT for that financial year (before deduction therefrom of the variable fee and, where the property manager is a subsidiary of the Manager, the property manager’s fee under the Trust Deed)
“Offering Circular”	the offering circular of Hui Xian REIT dated 11 April 2011 issued in connection with the initial public offering and listing of the Units on the Main Board of the Stock Exchange
“Ordinary Resolution”	a resolution proposed and passed at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed and carried by a simple majority of the votes of those Unitholders present and entitled to vote in person or by proxy
“PRC”	the People’s Republic of China
“Properties”	the properties owned by the Hui Xian REIT Group from time to time
“Property Manager”	the property manager which is a subsidiary of the Manager and to which the Manager has delegated the property management functions in respect of any Property
“Property Manager Services”	property management services such as coordinating tenants’ fitting out requirements, maintenance services, supervising the performance of service providers and contractors, operation arrangements such as administration of rental collection, lease renewals and negotiation of terms, and marketing services, including the provision of marketing and marketing coordination services, of the relevant Properties
“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

“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (as amended from time to time)
“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
“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)

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, 6 April 2023

*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 Professor LEE Chack Fan, Dr. CHOI Koon Shum, Jonathan, Mr. YIN Ke and Mr. WU Ting Yuk, Anthony (independent non-executive Directors).*