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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) PROPOSED EXPANSION OF THE GEOGRAPHICAL SCOPE
OF THE INVESTMENT POLICY AND STRATEGIES OF
HUI XIAN REIT**

(2) PROPOSED AMENDMENTS TO THE TRUST DEED

**(3) MODIFIED AND EXTENDED WAIVERS IN RESPECT
OF CERTAIN CONTINUING CONNECTED PARTY
TRANSACTIONS**

**(4) NOTICE OF EXTRAORDINARY GENERAL MEETING
AND**

(5) CLOSURE OF REGISTER OF UNITHOLDERS

Independent Financial Adviser to the Independent Board Committee,
the Independent Unitholders and the Trustee
in relation to the modified and extended waivers in respect of
certain continuing connected party transactions

Hercules
Hercules Capital Limited

The Manager proposes to seek Unitholders' approval at the EGM for:

- (1) expansion of the geographical scope of the investment policy and strategies of Hui Xian REIT such that the investment policy and strategies of Hui Xian REIT will no longer be limited to the commercial properties located in the PRC and Hui Xian REIT may invest in commercial properties located in any part of the world;

(2) certain amendments to the Trust Deed to

- (i) expand the geographical scope of the investment policy and strategies of Hui Xian REIT set out in Clause 10.2.2;
- (ii) refine the distribution formula in Clause 11.4.2 so as to clarify that the percentage of the Annual Distributable Income distributable or distributed for a financial year shall be no less than 90% and to rewrite in plain language the wording of the meaning of “C” in the formula in Clause 11.4.2 without affecting the meaning of it;
- (iii) correct a typographical error in Clause 11.4.2;
- (iv) rewrite in plain language the wording of the meaning of “C” in the formula in Clause 11.4.1 without affecting the meaning of it,

by way of Special Resolutions; and

(3) the 2014 Modified and Extended Waivers to, among others,

- (i) extend the 2012 Cheung Kong/Manager Waivers involving Cheung Kong/Manager Connected Party Transactions for a further period of three years up to and including 31 December 2017;
- (ii) set new annual caps for the years ending 31 December 2015, 2016 and 2017 for the Cheung Kong/Manager Connected Party Transactions;
- (iii) extend the Initial CITIC/BOC Corporate Finance Transactions Waivers involving certain corporate finance transactions between the Hui Xian REIT Group on the one hand and the CITIC Securities Group and/or the BOC Group on the other hand, for a further period up to and including 31 December 2016; and
- (iv) modify the scope of the Initial CITIC/BOC Corporate Finance Transactions Waivers (as extended) so that the corporate finance transactions thereunder will cover financial advisory services concerning investments or proposed investments of the Hui Xian REIT Group,

by way of Ordinary Resolutions.

Details of the above are set out in the Circular which is expected to be despatched together with the form of proxy of the EGM to the Unitholders and uploaded on the websites of the Stock Exchange and Hui Xian REIT on 31 March 2014 (that is, the same date as this announcement). The EGM will be held at 12:10 p.m. on Monday, 5 May 2014 at the Ballroom, 1st Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Whampoa Garden, Hung Hom, Kowloon, Hong Kong (or so soon thereafter as the annual general meeting of the Unitholders convened to be held at 12:00 noon on the same date and at the same place shall have been concluded or adjourned). In order to determine the list of Unitholders qualified to attend and vote at the AGM and the EGM, the register of Unitholders will be closed from Tuesday, 29 April 2014 to Monday, 5 May 2014, both days inclusive, during which period no transfer of Units will be effected.

(1) PROPOSED EXPANSION OF THE GEOGRAPHICAL SCOPE OF THE INVESTMENT POLICY AND STRATEGIES OF HUI XIAN REIT

The existing principal investment policy in respect of Hui Xian REIT is to invest in real estate being commercial properties located in the PRC (other than real estate prohibited by the REIT Code). The Manager proposes to expand the geographical scope of the investment policy and strategies of Hui Xian REIT such that the investment policy and strategies of Hui Xian REIT will no longer be limited to the commercial properties located in the PRC and Hui Xian REIT may invest in commercial properties located in any part of the world. The Manager intends to retain the same investment strategy and objective as stated in the Offering Circular except with the above proposed expansion of the geographical scope of the investment policy and strategies. The Manager considers that such proposed changes will, among other things, keep Hui Xian REIT competitive with other property investors by adding flexibility and widen the investment scope so that in case an investment opportunity which involves properties outside of the PRC and provides attractive long-term cash flows and yields, as well as the potential for net asset value growth arises, the Manager can capture the opportunity to enhance the return on the portfolio for the Unitholders.

Subject to the prior approval of the Unitholders, and the SFC's approval, for the proposed expansion of the geographical scope of Hui Xian REIT's investment policy and strategies and the corresponding amendment to the Trust Deed and after entering into the supplemental deed effecting the same, the compliance manual of the Manager in respect of the management and operation of Hui Xian REIT will be updated accordingly to reflect the change in such geographical scope of the investment policy and strategies upon the approval by the Board.

Currently, the Manager has no intention for Hui Xian REIT to enter into any investment property markets outside the PRC.

The Manager proposes to seek the necessary Unitholders' approval for the expansion of the geographical scope of the investment policy and strategies of Hui Xian REIT by way of a Special Resolution at the EGM.

(2) PROPOSED AMENDMENTS TO THE TRUST DEED

The Manager proposes to seek the necessary Unitholders' approval for certain amendments to the Trust Deed by way of Special Resolutions at the EGM, including:

- (i) to expand the geographical scope of the investment policy and strategies of Hui Xian REIT set out in Clause 10.2.2;
- (ii) to refine the distribution formula in Clause 11.4.2 so as to clarify that the percentage of the Annual Distributable Income distributable or distributed for a financial year shall be no less than 90% and to rewrite in plain language the wording of the meaning of "C" in the formula in Clause 11.4.2 without affecting the meaning of it;
- (iii) to correct a typographical error in Clause 11.4.2; and

(iv) to rewrite in plain language the wording of the meaning of “C” in the formula in Clause 11.4.1 without affecting the meaning of it.

Details of the proposed amendments to the Trust Deed are set out in the Circular and the Special Resolutions for approving such proposed amendments are set out in the notice of the EGM forming part of the Circular which is expected to be despatched together with the form of proxy of the EGM to the Unitholders on 31 March 2014.

(3) MODIFIED AND EXTENDED WAIVERS IN RESPECT OF CERTAIN CONTINUING CONNECTED PARTY TRANSACTIONS

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, a number of waivers were granted by the SFC in relation to certain continuing connected party transactions of Hui Xian REIT, including the Initial CITIC/BOC Corporate Finance Transactions Waivers and the Initial Cheung Kong/Manager Waivers, for a period up to and including 31 December 2013 (details of which are more particularly set out in the section “Conditions of Waivers for Certain Connected Party Transactions Granted by the Securities and Futures Commission” in the 2011 Interim Report).

2012 Cheung Kong/Manager Waivers

In view of inclusion of the Shenyang Property in the property portfolio of Hui Xian REIT from January 2012 and in accordance with the waiver conditions of the Initial Cheung Kong/Manager Waivers, an Ordinary Resolution was passed by the Unitholders at the extraordinary general meeting of Unitholders held on 22 May 2012 for approving the following:

- (a) the modification of the Initial Cheung Kong/Manager Waivers so that they cover transactions and arrangements in respect of properties or companies in which Hui Xian REIT may directly or indirectly be interested;
- (b) the modification and revision of the annual caps for the years ended 31 December 2012 and 2013 for the relevant continuing connected party transactions under the Initial Cheung Kong/Manager Waivers (as modified); and
- (c) the extension of the Initial Cheung Kong/Manager Waivers for a period up to and including 31 December 2014 and the setting of new annual caps for the year ending 31 December 2014.

(the Initial Cheung Kong Waiver and the Initial Manager Waiver as so modified and extended as, respectively, the “**2012 Cheung Kong Waiver**” and the “**2012 Manager Waiver**”, and together the “**2012 Cheung Kong/Manager Waivers**”).

Save as disclosed in the 2012 EGM Poll Results and save for the relevant annual caps, the waiver conditions for the Initial Cheung Kong/Manager Waivers continue to apply in respect of the 2012 Cheung Kong/Manager Waivers.

Proposed modification of the Initial CITIC/BOC Corporate Finance Transactions Waivers

The Manager (on behalf of Hui Xian REIT) may engage financial advisers to provide financial advisory services concerning investments or proposed investments of the Hui Xian REIT Group from time to time, including without limitation any proposed acquisition or disposal of real estate by the Hui Xian REIT Group. As the relevant members of the CITIC Securities Group and the BOC Group have experiences and expertise in the provision of such financial advisory services, the Manager proposes for the modification of the scope of the Initial CITIC/BOC Corporate Finance Transactions Waivers during the extended period so that the corporate finance transactions thereunder will cover the above financial advisory services for the Hui Xian REIT Group.

Expiration of the Waivers

The Initial CITIC/BOC Corporate Finance Transactions Waivers expired on 31 December 2013 and the 2012 Cheung Kong/Manager Waivers will expire on 31 December 2014.

In accordance with the waiver conditions of the Initial CITIC/BOC Corporate Finance Transactions Waivers and the 2012 Cheung Kong/Manager Waivers, they may be extended for a further term, and/or the conditions of the waiver may be modified from time to time, provided that:

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

The 2014 Modified and Extended Waivers

In respect of the 2012 Cheung Kong/Manager Waivers, the Manager proposes to seek Independent Unitholders' approval, by way of Ordinary Resolutions at the EGM, (i) to extend the waivers for a further period of three years up to and including 31 December 2017 and (ii) to set the new annual caps for the Cheung Kong/Manager Connected Party Transactions for the three years ending 31 December 2017.

In respect of the Initial CITIC/BOC Corporate Finance Transactions Waivers, the Manager proposes to seek Independent Unitholders' approval, by way of Ordinary Resolutions at the EGM, (i) to extend the Initial CITIC/BOC Corporate Finance Transactions Waivers for a further period up to and including 31 December 2016 and (ii) to modify the scope of the Initial CITIC/BOC Corporate Finance Transactions Waivers (as extended) so that the corporate finance transactions thereunder will cover financial advisory services concerning investments or proposed investments of the Hui Xian REIT Group.

Details of the 2014 Modified and Extended Waivers and the Extended Annual Caps are set out in the Circular.

Independent Board Committee and Independent Financial Adviser

The Independent Board Committee has been established by the Board to advise the Independent Unitholders on the 2014 Modified and Extended Waivers and the Extended Annual Caps. Hercules Capital Limited, being the Independent Financial Adviser, has been appointed as 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 in relation to the 2014 Modified and Extended Waivers" set out in the Circular, which contains the Independent Board Committee's recommendation to the Independent Unitholders in respect of the 2014 Modified and Extended Waivers and the Extended Annual Caps, and the "Letter from the Independent Financial Adviser in relation to the 2014 Modified and Extended Waivers" 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 respect of these matters.

(4) CIRCULAR AND NOTICE OF EGM

The Circular is expected to be despatched together with the form of proxy for the EGM to the Unitholders on 31 March 2014, and uploaded on the websites of the Stock Exchange and Hui Xian REIT on 31 March 2014 (that is, the same date as this announcement). The EGM will be held at the Ballroom, 1st Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Whampoa Garden, Hung Hom, Kowloon, Hong Kong on Monday, 5 May 2014 at 12:10 p.m. (or so soon thereafter as the annual general meeting of the Unitholders convened to be held at 12:00 noon on the same date and at the same place shall have been concluded or adjourned). Unitholders' attention is drawn to the "Notice of Extraordinary General Meeting" set out in the Circular, which contains the full text of the proposed Special Resolutions in relation to the approval of the expansion of geographical scope of the investment policy and strategies of Hui Xian REIT and other proposed amendments to the Trust Deed and the proposed Ordinary Resolutions in relation to the approval of the 2014 Modified and Extended Waivers and the Extended Annual Caps.

(5) CLOSURE OF REGISTER OF UNITHOLDERS

In order to determine the list of Unitholders qualified to attend and vote at the AGM and the EGM, the register of Unitholders will be closed from Tuesday, 29 April 2014 to Monday, 5 May 2014, both days inclusive, during which period no transfer of Units will be effected. To qualify to attend and vote at the AGM and the EGM, all transfers of Units accompanied by the relevant Unit certificates and the duly completed transfer forms must be lodged with the unit registrar of Hui Xian REIT, 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 Monday, 28 April 2014.

DEFINITIONS

“2011 Interim Report”	the interim report of Hui Xian REIT for the period from 29 April 2011 (the date of first listing of the Units on the Stock Exchange) to 30 June 2011
“2012 Cheung Kong Waiver”	as defined and described in this announcement
“2012 Cheung Kong/ Manager Waivers”	the 2012 Cheung Kong Waiver and the 2012 Manager Waiver
“2012 EGM Poll Results”	the announcement dated 22 May 2012 issued by the Manager in relation to the poll results of the annual general meeting and the extraordinary general meeting of the Unitholders both held on 22 May 2012
“2012 Manager Waiver”	as defined and described in this announcement
“2014 Extended Cheung Kong Waiver”	the proposed extended waiver for the 2012 Cheung Kong Waiver as described in the Circular
“2014 Extended Manager Waiver”	the proposed extended waiver for the 2012 Manager Waiver as described in the Circular
“2014 Modified and Extended Waivers”	the 2014 Extended Cheung Kong Waiver, the 2014 Extended Manager Waiver, the Modified and Extended CITIC Securities Corporate Finance Transactions Waiver and the Modified and Extended BOC Corporate Finance Transactions Waiver
“AGM”	the annual general meeting of the Unitholders convened to be held on Monday, 5 May 2014

“Annual Distributable Income”	has the same meaning as defined in the Trust Deed, being the income of Hui Xian REIT available for distribution to Unitholders for a financial year, which shall be the amount calculated by the Manager (based on the audited financial statements of Hui Xian REIT for that financial year) as representing the consolidated audited net profit after tax of the Hui Xian REIT Group for that financial year, as adjusted to eliminate the effects of Adjustments (as defined in the Trust Deed)
“Board”	the board of Directors
“BOC”	Bank of China Limited
“BOC Group”	BOC and its subsidiaries
“Cheung Kong”	Cheung Kong (Holdings) Limited
“Cheung Kong Connected Persons Group”	Cheung Kong and entities and persons which are from time connected persons of Hui Xian REIT as a result of their connection with Cheung Kong, including certain member of the Cheung Kong Group, HWL and certain subsidiaries of HWL
“Cheung Kong/Manager Connected Party Transactions”	continuing connected party transactions in relation to any properties or companies in which Hui Xian REIT may directly or indirectly be interested, involving (A) as between the Hui Xian REIT Group and the Cheung Kong Connected Persons Group, (i) leasing and licensing arrangements; (ii) property management and club facilities arrangements; and (iii) usage of internet and telecommunication services; and (B) as between the Hui Xian REIT Group and the Manager Group, (i) leasing and licensing arrangements and (ii) property management and club facilities arrangements which are more particularly described in the Circular
“Cheung Kong Group”	Cheung Kong and its subsidiaries

“Circular”	the circular to be issued and dispatched to the Unitholders on 31 March 2014, containing, among other things, details of the proposed expansion of the geographical scope of the investment policy and strategies of Hui Xian REIT, the proposed amendments to the Trust Deed, the 2014 Modified and Extended Waivers (including the Extended Annual Caps), the recommendations of the Independent Board Committee to the Independent Unitholders, the letter of advice from the Independent Financial Adviser to the Independent Board Committee, the Independent Unitholders and the Trustee and the notice of the EGM
“CITIC Securities Connected Persons Group”	CSI and entities or persons which are connected persons of Hui Xian REIT as a result of their connection with CSI
“CITIC Securities Group”	CSI, its holding company and their respective subsidiaries
“connected person”	has the meaning ascribed to it under the REIT Code
“CSI”	CITIC Securities International Company Limited
“Director(s)”	the director(s) of the Manager
“EGM”	an extraordinary general meeting of the Unitholders to be convened on Monday, 5 May 2014 to approve, among other things, the proposed expansion of the geographical scope of the investment policy and strategies of Hui Xian REIT, the proposed amendments to the Trust Deed and the 2014 Modified and Extended Waivers (including the Extended Annual Caps)
“Extended Annual Caps”	the proposed extended annual caps for the Cheung Kong/ Manager Connected Party Transactions for the years ending 31 December 2015, 2016 and 2017, as set out in the Circular
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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
“Hui Xian REIT Group”	Hui Xian REIT and other companies or entities held or controlled by Hui Xian REIT
“HWL”	Hutchison Whampoa Limited

“Independent Board Committee”	the independent committee of the Board established to advise the Independent Unitholders on the 2014 Modified and Extended Waivers (including the Extended Annual Caps), comprising all the independent non-executive Directors, namely, Mr. Cheng Hoi Chuen, Vincent, Professor Lee Chack Fan and Dr. Choi Koon Shum, Jonathan
“Independent Financial Adviser”	Hercules 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 Unitholders who have a material interest in the relevant waiver within the meaning of paragraph 8.11 of the REIT Code
“Initial BOC Corporate Finance Transactions Waiver”	the waiver granted by the SFC in April 2011 in relation to certain continuing connected party transactions involving corporate finance transactions between the Hui Xian REIT Group on the one hand and the BOC Group on the other hand for a period up to and including 31 December 2013 (details of which are set out on pages 125 to 127 of the 2011 Interim Report)
“Initial Cheung Kong/ Manager Waivers”	the Initial Cheung Kong Waiver and the Initial Manager Waiver
“Initial Cheung Kong Waiver”	the waiver granted by SFC in April 2011 in relation to certain continuing connected transactions between the Hui Xian REIT Group on the one hand and the Cheung Kong Connected Persons Group on the other hand (details of which are set out on pages 104 to 107 of the 2011 Interim Report)
“Initial CITIC Securities Corporate Finance Transactions Waiver”	the waiver granted by the SFC in April 2011 in relation to certain continuing connected party transactions involving corporate finance transactions between the Hui Xian REIT Group on the one hand and the CITIC Securities Group on the other hand for a period up to and including 31 December 2013 (details of which are set out on pages 108 to 111 of the 2011 Interim Report)
“Initial CITIC/BOC Corporate Finance Transactions Waivers”	the Initial CITIC Securities Corporate Finance Transactions Waiver and the Initial BOC Corporate Finance Transactions Waiver

“Initial Manager Waiver”	the waiver granted by SFC in April 2011 in relation to certain continuing connected party transactions between the Hui Xian REIT Group on the one hand and the Manager Group on the other hand (details of which are set out on pages 111 to 114 of the 2011 Interim Report)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Manager”	Hui Xian Asset Management Limited, as manager of Hui Xian REIT
“Manager Group”	the Manager and persons which are connected persons of Hui Xian REIT as a result of their connection with Manager, including the Property Manager, but excluding the Cheung Kong Connected Persons Group
“Modified and Extended BOC Corporate Finance Transactions Waiver”	the proposed modified and extended waiver for the Initial BOC Corporate Finance Transactions Waiver as described in the Circular
“Modified and Extended CITIC Securities Corporate Finance Transactions Waiver”	the proposed modified and extended waiver for the Initial CITIC Securities Corporate Finance Transactions Waiver as described in the Circular
“Offering Circular”	the offering circular dated 11 April 2011 issued in connection with the initial public offering of the Units
“Ordinary Resolution”	a resolution of Unitholders passed by a simple majority of the votes of those Unitholders present and entitled to vote in person or by proxy at a duly convened meeting by way of a poll, but with a quorum of two or more Unitholders holding 10% of Units in issue
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement only, Hong Kong, the Macau Special Administrative Region and Taiwan
“Property Manager”	北京匯賢企業管理有限公司 (Beijing Hui Xian Enterprise Services Limited*), a wholly owned subsidiary of the Manager
“REIT”	real estate investment trust
“REIT Code”	Code on Real Estate Investment Trusts issued by the SFC (as amended from time to time)

“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)
“Shenyang Property”	the building located at 瀋陽市和平區青年大街 386 號 (No. 386, Qingnian Street, He Ping District, Shenyang)
“Special Resolution”	a resolution of Unitholders passed at a meeting of Unitholders duly convened and held and carried by 75% or more of the votes of those Unitholders present and entitled to vote in person or by proxy by way of poll, but with a quorum of two or more Unitholders holding 25% of the Units in issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Deed”	the supplemental deed dated 24 May 2013 to amend the trust deed dated 1 April 2011 constituting Hui Xian REIT
“Trust Deed”	the trust deed dated 1 April 2011 constituting Hui Xian REIT, as amended by the Supplemental Deed and as may be modified or supplemented from time to time
“Trustee”	DB Trustees (Hong Kong) Limited, as the trustee of Hui Xian REIT, or such other person as may from time to time be appointed as the trustee of Hui Xian REIT
“Unit”	a unit of Hui Xian REIT, and “Units” will be construed accordingly
“Unitholder(s)”	holder(s) of the Units

By order of the board of directors of
Hui Xian Asset Management Limited
(as manager of Hui Xian Real Estate Investment Trust)
Mak Sum Wun, Simmy
Company Secretary

Hong Kong, 31 March 2014

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 and Mr. Lee Chi Kin, Casey (executive Directors); Mr. Ip Tak Chuen, Edmond, Mr. Lim Hwee Chiang and Mr. Yin Ke (with Mr. Pang Shuen Wai, Nichols being his alternate director) (non-executive Directors); and Mr. Cheng Hoi Chuen, Vincent, Professor Lee Chack Fan and Dr. Choi Koon Shum, Jonathan (independent non-executive Directors).

* for identification purposes only