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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) MODIFIED AND EXTENDED WAIVERS IN RESPECT OF CERTAIN CONTINUING CONNECTED PARTY TRANSACTIONS, (2) NOTICE OF EXTRAORDINARY GENERAL MEETING AND (3) CLOSURE OF REGISTER OF UNITHOLDERS**

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

***Hercules***  
**Hercules Capital Limited**

The Manager proposes to seek Independent Unitholders' approval, by way of Ordinary Resolutions at the EGM, for the modification of the Existing CK Property Waiver and extension of each of the Existing CK Property/Manager Waivers for a further period up to and including 31 December 2020, and the waivers so modified and extended (as the case may be) will be:

- (i) the 2017 CK Property Waiver (including the proposed annual caps relating thereto); and
- (ii) the 2017 Manager Waiver (including the proposed annual caps relating thereto).

The Circular which contains, among other things, details of the 2017 CK Property/Manager Waivers, 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, is expected to be despatched together with the form of proxy of the EGM to the Unitholders on 21 April 2017.

The EGM will be held at Grand Ballroom, 1/F, Harbour Grand Hong Kong, 23 Oil Street, North Point, Hong Kong on Friday, 12 May 2017 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). In order to determine the list of Unitholders qualified to attend and vote at the EGM, the register of Unitholders will be closed from Tuesday, 9 May 2017 to Friday, 12 May 2017, both days inclusive, during which period no transfers of Units will be effected.

## **MODIFICATION AND EXTENSION OF WAIVERS IN RESPECT OF CERTAIN CONTINUING CONNECTED PARTY TRANSACTIONS**

### **The Existing CK Property/Manager Waivers**

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 the one hand, and (i) the Cheung Kong Connected Persons Group or (ii) the Manager Group (as the case maybe) on the other hand, for a period up to and including 31 December 2013.

The Manager applied for, and the SFC granted, subsequent modifications and/or extensions (as the case may be) of the aforesaid connected party transactions waivers in 2012, 2014 and 2015 and the current relevant waivers set out below were granted for a period up to and including 31 December 2017:

- (i) “**Existing CK Property Waiver**”, which is a waiver from strict compliance with the disclosure and Unitholders’ approval requirements under Chapter 8 of the REIT Code, in relation to any properties or companies in which Hui Xian REIT may directly or indirectly be interested, in respect of (a) leasing and licensing transactions; (b) property management and club facilities transactions; and (c) the use of internet and telecommunication services, each conducted between (1) the Hui Xian REIT Group and (2) the “CK Connected Persons Group”, which is defined under the Existing CK Property Waiver to mean “*CK Property and entities and persons which are from time to time connected persons of Hui Xian REIT as a result of (i) their connection with CK Property, including certain members of the CK Property Group, or (ii) their being a member of the Cheung Kong Group or the HWL Group*”; and
- (ii) “**Existing Manager Waiver**”, which is a waiver from strict compliance with Chapter 8 of the REIT Code, in relation to any properties or companies in which Hui Xian REIT may directly or indirectly be interested, in respect of (a) leasing and licensing transactions and (b) property management and club facilities transactions, each conducted between (1) the Hui Xian REIT Group and (2) the Manager Group.

## **Proposed modification and extension of the Existing CK Property/Manager Waivers**

Each of the Existing CK Property/Manager Waivers will expire on 31 December 2017. In accordance with the waiver conditions of each of the Existing CK Property/Manager Waivers, each of them may be extended beyond 31 December 2017, 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) is 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.

Members of the Hui Xian REIT Group have been purchasing from members of the CK Connected Persons Group, certain consumer goods and services (such as cleaning supplies, beverages and hotel services (such as hotel room accommodation, food and beverage services, renting of banquet halls, car pickup, laundry services and use of hotel recreational facilities)). It is expected that members of the Hui Xian REIT Group may from time to time continue to purchase from members of the CK Connected Persons Group consumer goods and services, including but not limited to cleaning and maintenance supplies, food and beverages, groceries, personal care products, gift coupons and hotel services (“**Consumer Goods/Services Purchase Transactions**”). In the past, the expenses incurred for the Consumer Goods/Services Purchase Transactions have not been substantial, and the transaction amounts for every twelve-month period in respect of each type of transaction within the proposed category of the Consumer Goods/Services Purchase Transactions have not exceeded HK\$1 million. Accordingly, under the Note to 8.14 of the REIT Code, no announcement were required in the past for the Consumer Goods/Services Purchase Transactions, and a brief summary of the transactions have been included in the relevant semi-annual and annual report of Hui Xian REIT pursuant to 8.14 of the REIT Code. As the property portfolio of Hui Xian REIT expands, taking into consideration the acquisition of Harbour Plaza Chongqing and Sheraton Chengdu Lido Hotel in early 2017, it is envisaged that the Consumer Goods/Services Purchase Transactions will increase, and hence the Manager proposes to modify the scope of the Existing CK Property Waiver by adding a new category of transactions covering the Consumer Goods/Services Purchase Transactions to be entered into between members of the Hui Xian REIT Group and members of the CK Connected Persons Group.

Moreover, it is contemplated that member(s) of the Hui Xian REIT Group may from time to time engage member(s) of the CK Connected Persons Group to provide information technology technical support and consultancy services (“**I.T. Services**”). However, since the Initial Waiver with respect to the Cheung Kong Connected Persons Group, the scope of the transactions with respect to the use of internet and telecommunication services has not covered the I.T. Services, the Manager proposes to modify the scope of the Existing CK Property Waiver by expanding the scope of the category of transactions with respect to the use of internet and telecommunication services to include the I.T. Services.

In view of the abovementioned reasons and the expiry of the Existing CK Property/Manager Waivers on 31 December 2017 the Manager proposes to seek Independent Unitholders' approval, by way of Ordinary Resolutions at the EGM:

- (i) to modify the Existing CK Property Waiver by including an additional category of transactions in respect of the purchases of consumer goods and services from the CK Connected Persons Group;
- (ii) to modify the Existing CK Property Waiver by expanding the existing scope of the use of internet and telecommunication services to include information technology technical support and consultancy services which may from time to time be provided by member(s) of the CK Connected Persons Group;
- (iii) to extend each of the Existing CK Property/Manager Waivers (as modified, where applicable, as described in (i) and (ii) above) for a further period up to and including 31 December 2020; and
- (iv) to set the new annual caps for the three years ending 31 December 2020 for the transactions under each of the Existing CK Property/Manager Waivers (as modified, where applicable, as described in (i) and (ii) above).

(the Existing CK Property/Manager Waivers so modified and extended (as the case may be) referred in this announcement as the “**2017 CK Property Waiver**” and “**2017 Manager Waiver**” respectively.)

Details of the 2017 CK Property/Manager Waivers and the conditions thereunder (including the Proposed 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 2017 CK Property/Manager Waivers (including the Proposed Annual Caps). Hercules Capital Limited, being the Independent Financial Adviser, 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 2017 CK Property/Manager Waivers, 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 respect of the 2017 CK Property/Manager Waivers.

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

The Independent Financial Adviser confirms that it is of the view that having considered the principal factors and reasons stated in the “*Letter from the Independent Financial Adviser*” included in the Circular, (i) the connected party transactions under the 2017 CK Property/Manager Waivers are conducted in the ordinary and usual course of business of Hui Xian REIT and the terms of which are at arm’s length and on normal commercial terms; and (ii) the 2017 CK Property/Manager Waivers and the Proposed Annual Caps (and their basis) are fair and reasonable so far as the Independent Unitholders are concerned, and in the interests of Hui Xian REIT and the Independent Unitholders as a whole.

## **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 (i) the connected party transactions under the 2017 CK Property/Manager Waivers are conducted in the ordinary and usual course of business of Hui Xian REIT and the terms of which are at arm’s length and on normal commercial terms; and (ii) the 2017 CK Property/Manager Waivers and the Proposed Annual Caps (and their basis) are fair and reasonable so far as the Independent Unitholders are concerned, and in the interests of Hui Xian REIT and the Independent Unitholders as a whole.

## **Opinion of the Board**

Having regard to the reasons for, the scope of and the waiver terms and conditions for the 2017 CK Property/Manager Waivers and the Proposed Annual Caps, the Board considers that:

- (a) the 2017 CK Property/Manager Waivers and the Proposed Annual Caps (and their basis) are fair and reasonable so far as the Independent Unitholders are concerned, and are in the interest of Hui Xian REIT and the Independent Unitholders as a whole;
- (b) for those relevant connected party transactions subsisting as at the Latest Practicable Date, each such transaction has been entered into: (i) in the ordinary and usual course of business of Hui Xian REIT; and (ii) at arm’s length and on normal commercial terms and are fair and reasonable so far as the Independent Unitholders are concerned and in the interests of Hui Xian REIT and the Independent Unitholders as a whole; and
- (c) for those relevant connected party transactions to be entered into after the Latest Practicable Date, each such transaction will be: (i) in the ordinary and usual course of business of Hui Xian REIT; and (ii) at arm’s length and on normal commercial terms and are fair and reasonable so far as the Independent Unitholders are concerned and in the interests of Hui Xian REIT and the Independent Unitholders as a whole.

## **Opinion of the Trustee**

Based on (i) the information and assurances provided by the Manager; (ii) the opinion of the Independent Financial Adviser; and (iii) 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 the 2017 CK Property/Manager Waivers and the Proposed Annual Caps (and their basis) are fair and reasonable so far as the Independent Unitholders are concerned and in the interests of Hui Xian REIT and the Independent Unitholders as a whole.

The Trustee's view is not to be taken as a recommendation or representation by the Trustee of the merits of the 2017 CK Property/Manager Waivers and the Proposed Annual Caps. The Trustee has not made any assessment of the merits or impact of the 2017 CK Property/Manager Waivers and the Proposed Annual Caps, other than for the purposes of fulfilling its fiduciary duties set out in the Trust Deed and the REIT Code.

Unitholders who are in any doubt as to the merits or impact of the 2017 CK Property/Manager Waivers (including the Proposed Annual Caps) should seek their own financial or other professional advice.

## **CIRCULAR AND NOTICE OF EGM**

The Circular which contains, among other things, details of the 2017 CK Property/Manager Waivers, 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, is expected to be despatched together with the form of proxy of the EGM to the Unitholders on 21 April 2017.

The EGM will be held at Grand Ballroom, 1/F, Harbour Grand Hong Kong, 23 Oil Street, North Point, Hong Kong on Friday, 12 May 2017 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 Ordinary Resolutions in relation to the approval of the 2017 CK Property/Manager Waivers and the Proposed Annual Caps.

## **CLOSURE OF REGISTER OF UNITHOLDERS**

In order to determine the list of Unitholders qualified to attend and vote at the EGM, the register of Unitholders will be closed from Tuesday, 9 May 2017 to Friday, 12 May 2017, both days inclusive, during which period no transfers of Units will be effected. To qualify to attend and vote at 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, 8 May 2017.

## DEFINITIONS

“2017 CK Property/ Manager Waivers”	collectively, the 2017 CK Property Waiver and the 2017 Manager Waiver
“2017 CK Property Waiver”	the proposed modified and extended waiver for the Existing CK Property Waiver for a further period up to and including 31 December 2020, details of which are set out in the Circular
“2017 Manager Waiver”	the proposed extended waiver for the Existing Manager Waiver for a further period up to and including 31 December 2020, details of which are set out in the Circular
“Board”	the board of Directors
“Cheung Kong”	Cheung Kong (Holdings) Limited, which is (i) now a wholly-owned subsidiary of CKH Holdings, and (ii) prior to completion of the CK Reorganisation, was an associate (within the meaning of the REIT Code) of Hui Xian Cayman, a significant holder of Hui Xian REIT
“Cheung Kong Connected Persons Group”	Cheung Kong and entities and persons which are from time to time connected persons of Hui Xian REIT as a result of their connection with Cheung Kong, including certain members of the Cheung Kong Group, HWL and certain subsidiaries of HWL
“Cheung Kong Group”	Cheung Kong and its subsidiaries
“Circular”	the circular of Hui Xian REIT to be issued and dispatched to the Unitholders on 21 April 2017 containing, among other things, details of the 2017 CK Property/Manager Waivers, 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
“CK Property”	Cheung Kong Property Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 1113)
“CK Connected Persons Group”	the group of connected persons covered under the Existing CK Property Waiver, being “CK Property and entities and persons which are from time to time connected persons of Hui Xian REIT as a result of (i) their connection with CK Property, including certain members of the CK Property Group, or (ii) their being a member of the Cheung Kong Group or the HWL Group”

“CK Reorganisation”	the reorganisation of the Cheung Kong Group involving reorganisation, merger and spin-off, which was completed on 3 June 2015
“CKH Holdings”	CK Hutchison Holdings Limited, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 1)
“connected person(s)”	has the meaning ascribed to it under the REIT Code
“Directors”	the directors of the Manager
“EGM”	an extraordinary general meeting of the Unitholders to be convened and held at Grand Ballroom, 1/F, Harbour Grand Hong Kong, 23 Oil Street, North Point, Hong Kong on Friday, 12 May 2017 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) to consider and, if thought fit, approve each of the 2017 CK Property/ Manager Waivers and the Proposed Annual Caps
“Existing CK Property/ Manager Waivers”	collectively, the Existing CK Property Waiver and the Existing Manager Waiver
“Existing CK Property Waiver”	the waiver with respect to the connected party transactions conducted and to be conducted with the CK Connected Persons Group as described in the section headed “The Existing CK Property/Manager Waivers” in this announcement
“Existing Manager Waiver”	the waiver with respect to the connected party transactions conducted and to be conducted with the Manager Group as described in the section headed “The Existing CK Property/Manager Waivers” in this announcement
“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 Limited, which is (i) now a wholly-owned subsidiary of CKH Holdings, and (ii) prior to the CK Reorganisation, was held as to 49.97% by Cheung Kong
“HWL Group”	HWL and its subsidiaries
“Independent Board Committee”	the independent committee of the Board established to advise the Independent Unitholders on the 2017 CK Property/Manager Waivers, comprising all 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 8.11 of the REIT Code
“Latest Practicable Date”	10 April 2017, being the latest practicable date prior to the printing of this announcement for the purpose of ascertaining certain information contained in this announcement
“Manager”	Hui Xian Asset Management Limited 滙賢房託管理有限公司, as manager of Hui Xian REIT
“Manager Group”	(i) Prior to the Existing Manager Waiver became effective, means the Manager and persons which are connected persons of Hui Xian REIT as a result of their connection with the Manager, but excluding the Cheung Kong Connected Persons Group, and (ii) since the Existing Manager Waiver became effective, means the Manager and persons which are connected persons of Hui Xian REIT as a result of their connection with the Manager, but excluding the CK Connected Persons Group
“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
“Proposed Annual Caps”	collectively, (i) the proposed annual caps for the years ending 31 December 2018, 2019 and 2020 for the connected party transactions to be covered under the 2017 CK Property Waiver; and (ii) the proposed annual caps for the years ending 31 December 2018, 2019 and 2020 for the connected party transactions to be covered under the 2017 Manager Waiver, particulars of which are set out in the Circular

“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust Deed”	the trust deed dated 1 April 2011 constituting Hui Xian REIT (as amended by a first supplemental deed dated 24 May 2013, a second supplemental deed dated 16 May 2014 and a third supplemental deed dated 28 May 2015), as may be modified or 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, 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
“Unit Registrar”	Computershare Hong Kong Investor Services Limited, as unit registrar of Hui Xian REIT
“Unitholders”	holders of Units

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)  
**KAM Hing Lam**  
*Chairman of the Manager*

Hong Kong, 20 April 2017

*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 (non-executive Directors); and Mr. CHENG Hoi Chuen, Vincent, Professor LEE Chack Fan and Dr. CHOI Koon Shum, Jonathan (independent non-executive Directors).*