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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 AMENDMENTS TO THE TRUST DEED TO REFLECT THE REIT CODE AMENDMENTS AND OTHER MISCELLANEOUS AMENDMENTS (2) PROPOSED INCREASE IN THE PROPERTY DEVELOPMENT CAP AND (3) CLOSURE OF REGISTER OF UNITHOLDERS

The Manager proposes to seek Unitholders' approval at the AGM to increase the Property Development Cap on investments in property development from the 10% to 25% of the gross asset value of Hui Xian REIT and to amend the relevant provisions of the Trust Deed to reflect such increase.

In addition to the proposed Property Development Cap Amendment which requires Unitholders' approval, the Manager also proposes to make other amendments to the Trust Deed to reflect the REIT Code Amendments and certain miscellaneous changes, which do not require Unitholders' approval.

Details of the above amendments are set out in the Circular which is expected to be despatched together with the AGM Notice and the form of proxy for the AGM to the Unitholders on or about Thursday, 8 April 2021. The AGM will be held at 12:00 noon on Tuesday, 11 May 2021 at Harbour Grand Hong Kong, 23 Oil Street, North Point, Hong Kong. In order to determine the entitlement of Unitholders to attend and vote at the AGM, the register of Unitholders will be closed from 6 May 2021 (Thursday) to 11 May 2021 (Tuesday), both days inclusive, during which period no transfer of Units will be effected.

PROPOSED AMENDMENTS TO THE TRUST DEED

A. Background

The REIT Code was amended with effect from 4 December 2020 to provide REITs with greater flexibility in making investments, including but not limited to amendments: (i) allowing REITs to make investments in minority-owned properties subject to certain conditions; (ii) increasing the cap on REITs' investments in property development projects from 10% to 25% of the gross asset value subject to, *inter alia*, unitholders' approval; (iii) increasing the borrowing limit for REITs from 45% to 50% of gross asset value; and (iv) broadly aligning the requirements for REITs' connected party transactions with the requirements for listed companies.

B. Proposed Amendments to the Trust Deed to Reflect the REIT Code Amendments and Other Miscellaneous Amendments

The Trust Deed is proposed to be amended to reflect the REIT Code Amendments. The key amendments to the Trust Deed are as follows:

- (a) to increase the Property Development Cap on investments in property development from the 10% to 25% of the gross asset value of Hui Xian REIT, subject to Unitholders' approval;
- (b) to reflect the amended requirements under the REIT Code in respect of investments in Minority-owned Properties, including, in relation to the conditions of, the valuation of and the restrictions on Hui Xian REIT's investments in Minority-owned Properties, and to include the distributions received and receivable therefrom in the net income for distribution to Unitholders;
- (c) to relax the diversification limit applicable to Relevant Investments issued by any single group of companies from 5% to 10% of the gross asset value of Hui Xian REIT;
- (d) to increase the borrowing limit from 45% to 50% of the gross asset value of Hui Xian REIT;
- (e) broadly to align the requirements in respect of connected party transactions with the REIT Code and the corresponding requirements applicable to companies listed on the Stock Exchange under the Listing Rules;
- (f) to reflect other REIT Code Amendments, including without limitation:
 - (i) to revise the time limits in relation to distribution and filing of semi-annual reports and circulars to align with the requirements under the Listing Rules; and
 - (ii) to permit special purpose vehicles to be used for purposes incidental to Hui Xian REIT's investments and to remove the limitation on the number of layers of special purpose vehicles.

Certain miscellaneous amendments are also proposed to be made to the Trust Deed, including (i) an amendment to align the two different existing requirements in the Trust Deed for the notice period required where a Special Resolution is proposed for consideration in a general meeting, to 21 clear days; and (ii) other minor drafting changes.

C. Proposed Increase in the Property Development Cap

Under the current provisions of the Trust Deed, Hui Xian REIT is allowed to invest in property development projects up to 10% of Hui Xian REIT's gross asset value. The Manager is of the view that, following the REIT Code Amendments, allowing Hui Xian REIT to make investments in property development in excess of the existing limit of 10% of gross asset value to not more than 25% of gross asset value of the Trust, being the proposed increase in the Property Development Cap, is beneficial to Hui Xian REIT and the Unitholders as a whole. In particular, the enhanced flexibility can provide Hui Xian REIT with more options in selecting acquisition targets and will enable the Manager to capture further investment opportunities as and when they arise.

D. Unitholders' Approval

The Property Development Cap Amendment and the proposed increase in the Property Development Cap are subject to Unitholders' approval pursuant to clause 26.1 of the Trust Deed and 7.2AA(a), 7.2AA(b) and 9.6 of the REIT Code. The Manager proposes to seek such approval by way of Special Resolution.

No approval from Unitholders is required for the other proposed amendments to the Trust Deed to reflect the REIT Code Amendments and other miscellaneous amendments as contemplated above provided that the Trustee certifies pursuant to clause 26.1(a) of the Trust Deed and 9.6 of the REIT Code that, in its opinion, such amendments: (a) are necessary to comply with fiscal or other statutory or official requirements; or (b) do not materially prejudice Unitholders' interests, do not to any material extent release the Trustee, the Manager or any other person from any liability to Unitholders and do not increase the costs and charges payable from the properties of Hui Xian REIT; or (c) are necessary to correct a manifest error.

The Trustee has confirmed that it is of the opinion that the other proposed amendments to the Trust Deed to reflect the REIT Code Amendments and other miscellaneous amendments as contemplated above: (a) are necessary to comply with fiscal or other statutory or official requirements; or (b) do not materially prejudice Unitholders' interests, do not to any material extent release the Trustee, the Manager or any other person from any liability to Unitholders and do not increase the costs and charges payable from the properties of Hui Xian REIT; or (c) are necessary to correct a manifest error, and accordingly, such amendments do not require Unitholders' approval under the REIT Code or the Trust Deed. The Trustee has also confirmed that it will provide the relevant certification in the supplemental deed to be entered into by the Manager and the Trustee to make such amendments.

The supplemental deed contemplated above is expected to be entered into after the AGM and will become effective upon execution.

E. Trustee's Opinion

Based and in sole reliance on the information and assurances provided by the Manager and having regard to the Manager's view set out in section C above, and having taken into account the Trustee's duties set out in the Trust Deed and the REIT Code, the Trustee confirms for the purposes of note 2 to 10.5 of the REIT Code that: (a) it presently has no objection to the Property Development Cap Amendment and the proposed increase in the Property Development Cap; and (b) it is satisfied that the Property Development Cap Amendment and the proposed increase in the Property Development Cap, if and when approved by the Unitholders and implemented in the manner contemplated in the Circular, will be in compliance with the REIT Code and the Trust Deed. Subject to: (a) the Unitholders approving the Special Resolution relating to the Property Development Cap Amendment and the proposed increase in the Property Development Cap at the AGM; and (b) the Property Development Cap Amendment and the proposed increase in the Property Development Cap being effected pursuant to the Trust Deed, the Trustee has agreed to provide its no-objection confirmation for the purposes of 7.2AA(c) of the REIT Code in the supplemental deed to be entered into by the Manager and the Trustee to make such amendments.

CIRCULAR AND AGM NOTICE

Please also refer to the Circular and the AGM Notice for details of the relevant proposed amendments to the Trust Deed and the Special Resolution for approving the increase in Property Development Cap and the Property Development Cap Amendment.

The Circular is expected to be despatched together with the AGM Notice and the form of proxy for the AGM to the Unitholders on or about Thursday, 8 April 2021. The AGM will be held at Harbour Grand Hong Kong, 23 Oil Street, North Point, Hong Kong on Tuesday, 11 May 2021 at 12:00 noon.

CLOSURE OF REGISTER OF UNITHOLDERS

In order to determine the entitlement of Unitholders to attend and vote at the AGM, the register of Unitholders will be closed from 6 May 2021 (Thursday) to 11 May 2021 (Tuesday), both days inclusive, during which period no transfer of Units will be effected. In order 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 Wednesday, 5 May 2021.

DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Trust Deed and the draft supplemental deed proposed to be entered into by the Manager and the Trustee for making the above proposed amendments to the Trust Deed are available for inspection at the registered office of the Manager at Unit 303, Cheung Kong Center, 2 Queen's Road Central, Hong Kong at all times during normal office hours.

DEFINITIONS

“AGM”	the annual general meeting of the Unitholders to be convened on 11 May 2021 to approve, among other things, the Property Development Cap Amendment
“AGM Notice”	the notice of the AGM set out in the Circular
“Board”	the board of Directors
“Circular”	the circular which is expected to be issued and despatched to the Unitholders on or about 8 April 2021, containing, among other things, details of (i) the proposed Property Development Cap Amendment and the increase in Property Development Cap; and (ii) the other proposed amendments to the Trust Deed to reflect the REIT Code Amendments and other miscellaneous amendments, and the AGM Notice
“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
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange as amended, supplemented and/or otherwise modified from time to time
“Manager”	Hui Xian Asset Management Limited 滙賢房託管理有限公司, as manager of Hui Xian REIT
“Maximum Cap”	bears the meaning as defined in the REIT Code
“Minority-owned Properties”	jointly owned properties in which Hui Xian REIT will not have majority ownership and control, including both Qualified Minority-owned Properties and Non-qualified Minority-owned Properties
“Non-qualified Minority-owned Properties”	bears the meaning as defined in the REIT Code
“Property Development Cap”	bears the meaning as defined in the REIT Code

“Property Development Cap Amendment”	the proposed amendments to the Trust Deed in connection with the proposed increase in the Property Development Cap, the details of which are set out in the Circular, which are to be considered, and if thought fit, approved by Unitholders at the AGM
“Qualified Minority-owned Properties”	bears the meaning as defined in the REIT Code
“REIT(s)”	real estate investment trust(s)
“REIT Code”	Code on Real Estate Investment Trusts issued by the SFC (as amended, supplemented and/or otherwise modified from time to time)
“REIT Code Amendments”	the amendments to the REIT Code gazetted and effective on 4 December 2020
“Relevant Investments”	bears the meaning as defined in the REIT Code
“SFC”	Securities and Futures Commission of Hong Kong
“Special 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 75% or more of the votes of those Unitholders present and entitled to vote in person or by proxy where the votes shall be taken by way of poll, but with a quorum of two or more Unitholders holding not less than 25% of the Units in issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Trust Deeds”	the supplemental deeds dated 24 May 2013, 16 May 2014, 28 May 2015 and 19 May 2017, all of which 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 Trust Deeds, and 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

“Unitholder(s)”

any person registered as holding a Unit

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, 7 April 2021

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