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Prosperity 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: 808)

Managed by



ARA Asset Management (Prosperity) Limited

POLL RESULTS OF THE ANNUAL GENERAL MEETING HELD ON 17 MAY 2019

At the AGM held on 17 May 2019, the Ordinary Resolutions to approve: (1) the 2019 Waiver Extension and the New Annual Caps; (2) the continual service of Dr. Lan Hong Tsung, David as an INED until the third annual general meeting of Unitholders following the AGM; (3) the continual service of Mrs. Sng Sow-Mei (alias Poon Sow Mei) as an INED until the third annual general meeting of Unitholders following the AGM; and (4) the Buy-back Mandate, were duly passed by way of poll.

Reference is made to the circular dated 10 April 2019 (the “**Circular**”) issued by the REIT Manager to the Unitholders containing the AGM Notice. Unless the context requires otherwise, terms used in this announcement shall have the same meaning as those defined in the Circular.

At the AGM, the resolutions to approve: (a) the 2019 Waiver Extension and the New Annual Caps; (b) the continual service of Dr. Lan Hong Tsung, David as an INED until the third annual general meeting of Unitholders following the AGM; (c) the continual service of Mrs. Sng Sow-Mei (*alias* Poon Sow Mei) as an INED until the third annual general meeting of Unitholders following the AGM; and (d) the Buy-back Mandate were proposed as Ordinary Resolutions and decided on by way of poll.

As at the date of the AGM, the total number of Units in issue was 1,494,142,362. Pursuant to the REIT Code and the Trust Deed:

- (a) CK Asset has abstained, and procured that each member of the CK Asset Connected Persons Group abstained, from voting on the Ordinary Resolution to approve the 2019 Waiver Extension and the New Annual Caps, except pursuant to a proxy where a specific direction by an Independent Unitholder as to voting was given;

- (b) ARA Asset Management Limited (being the ultimate holding company of the REIT Manager) has abstained, and procured that each member of the Manager Group abstained, from voting on the Ordinary Resolution to approve the 2019 Waiver Extension and the New Annual Caps, except pursuant to a proxy where a specific direction by an Independent Unitholder as to voting was given; and
- (c) Dr. Lan abstained from voting on the Ordinary Resolution to approve his continual service as an INED until the third annual general meeting of Unitholders following the AGM, except pursuant to a proxy where a specific direction by an Independent Unitholder as to voting was given.

To the best of the REIT Manager's knowledge, information and belief, after having made reasonable enquiries, no other Unitholder was required to abstain from voting at the AGM in respect of any resolution proposed at the AGM.

Accordingly, the total number of Units entitling the Independent Unitholders to vote for or against the Ordinary Resolution to approve the 2019 Waiver Extension and the New Annual Caps was 1,214,967,688 (representing approximately 81.32% of the 1,494,142,362 Units in issue), and the total number of Units entitling the Independent Unitholders to vote for or against the Ordinary Resolution to approve Dr. Lan's continual service as an INED until the third annual general meeting of Unitholders following the AGM was 1,493,792,362 (representing approximately 99.98% of the 1,494,142,362 Units in issue).

The Unit Registrar of Prosperity REIT, Computershare Hong Kong Investor Services Limited, acted as scrutineer for the poll taken at the AGM.

POLL RESULTS OF THE AGM

As more than 50% of the votes were cast in favour of each of the Ordinary Resolutions, they were duly passed as Ordinary Resolutions based on the voting details set out below:

No.	Ordinary Resolutions	Number of votes (% of the total Units present and voted at the AGM) (%)	
		For	Against
1.	To approve the 2019 Waiver Extension and the New Annual Caps.	226,606,473 (99.998235%)	4,000 (0.001765%)
2.	To approve the continual service of Dr. Lan Hong Tsung, David as an INED until the third annual general meeting of Unitholders following the AGM.	485,576,704 (96.712984%)	16,503,457 (3.287016%)
3.	To approve the continual service of Mrs. Sng Sow-Mei (alias Poon Sow Mei) as an INED until the third annual general meeting of Unitholders following the AGM.	492,720,597 (98.136038%)	9,358,564 (1.863962%)
4.	To approve the grant of the Buy-back Mandate.	502,140,161 (99.999403%)	3,000 (0.000597%)

WAIVER IN RELATION TO EXTENSION OF CERTAIN CONTINUING CONNECTED PARTY TRANSACTIONS WITH THE CK ASSET CONNECTED PERSONS GROUP AND THE MANAGER GROUP

In connection with the Ordinary Resolution to approve the 2019 Waiver Extension and the New Annual Caps, the REIT Manager has applied to the SFC for an extension of the 2016 Extended Waiver from strict compliance with the disclosure and unitholders' approval requirements under Chapter 8 of the REIT Code in respect of the Continuing Connected Party Transactions, and in making such application, proposed the New Annual Caps for the extended period. On 17 May 2019, the SFC granted the abovementioned extension so that the resulting extended waiver (being the 2019 Extended Waiver) applies for the three financial years ending 31 December 2022 subject to the New Annual Caps and the following waiver conditions:

(a) *Due approval by Independent Unitholders*

The due approval by Independent Unitholders and adoption of the ordinary resolution in respect of the 2019 Waiver Extension and the New Annual Caps as set out in the AGM Notice dated 10 April 2019, without material amendments thereto.

(b) *Modification or extension*

The 2019 Extended Waiver may be extended beyond 31 December 2022, and/or the terms and conditions of the 2019 Extended Waiver may be modified from time to time, provided that:

- (i) Independent Unitholders' approval - the due approval of Independent Unitholders is obtained by way of an ordinary resolution passed in a general meeting of Unitholders;
- (ii) Disclosure - 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 REIT Manager of such proposal, and a circular and notice shall be issued to Unitholders in accordance with Chapter 10 of the REIT Code; and
- (iii) Extension period - any extension of the period of the 2019 Extended 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 Prosperity REIT after the date on which the approval referred to in (i) above is obtained.

For the avoidance of doubt, any material change to the transactions covered under the 2019 Extended Waiver (including without limitation the scope or nature of the transactions) as set out in the Circular based on which the waiver is sought and granted must be approved by the Independent Unitholders pursuant to (i) above and details of the proposed changes shall be disclosed in the manner as referred to in (ii) above.

(c) *Annual caps*

The annual value of the Continuing Connected Party Transactions shall not exceed the respective annual monetary limits set out below:

Categories of Continuing Connected Party Transactions	For the year ending 31 December 2020	For the year ending 31 December 2021	For the year ending 31 December 2022
(i) Revenue transactions - Leasing/licensing transactions with the CK Asset Connected Persons Group	HK\$33,000,000	HK\$33,000,000	HK\$33,000,000
(ii) Revenue transactions - Leasing/licensing transactions with the Manager Group	HK\$5,100,000	HK\$5,100,000	HK\$5,100,000
(iii) Expenditure transactions - Property management arrangements, third party services and other operational transactions with the CK Asset Connected Persons Group	HK\$43,400,000	HK\$45,600,000	HK\$47,900,000

In respect of leasing/licensing transactions, an independent valuation shall be conducted for each of such leasing/licensing transactions except where they are conducted on standard or published rates.

(d) *Disclosure in interim and annual reports*

Details of the Continuing Connected Party Transactions shall be disclosed in Prosperity REIT's interim and annual reports, as required under 8.14 of the REIT Code.

(e) *Auditors' review procedures*

In respect of each relevant financial year, the REIT Manager shall engage and agree with the auditors of Prosperity REIT to perform certain review procedures on the Continuing Connected Party Transactions. The auditors shall then report to the REIT Manager on the factual findings based on the work performed by them (and a copy of such report shall be provided to the SFC), confirming whether all such Continuing Connected Party Transactions:

- (i) have received the approval of the board of directors of the REIT Manager (including its independent non-executive directors);
- (ii) are in accordance with the pricing policies of Prosperity REIT;
- (iii) have been entered into in accordance with the terms of the agreements governing the transactions; and

- (iv) the total value in respect of which has not exceeded the respective annual monetary limits (where applicable) as set out above.

(f) *Review by the independent non-executive directors of the REIT Manager*

The independent non-executive directors of the REIT Manager shall review the Continuing Connected Party Transactions annually, and confirm in Prosperity REIT's annual report for the relevant financial year that such transactions have been entered into:

- (i) in the ordinary and usual course of business of Prosperity REIT;
- (ii) on normal commercial terms (to the extent that there are comparable transactions) or, where there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to Prosperity REIT than terms available to or from (as appropriate) independent third parties; and
- (iii) in accordance with the relevant agreement and the REIT Manager's internal procedures governing them (if any) on terms that are fair and reasonable and in the interests of Independent Unitholders, as well as the Unitholders as a whole.

(g) *Auditors' access to books and records*

The REIT Manager shall allow, and shall procure the counterparty to the relevant Continuing Connected Party Transactions to allow, the auditors of Prosperity REIT sufficient access to their records for the purpose of reporting on the transactions.

(h) *Notification to the SFC*

The REIT Manager shall promptly notify the SFC and publish an announcement if it knows or has reason to believe that the auditors and/or the independent non-executive directors will not be able to confirm the matters set out in paragraphs (e) and (f) above.

(i) *Subsequent increases in annual caps with Independent Unitholders' approval*

If necessary, for example, where there are further asset acquisitions by Prosperity REIT thereby increasing the scale of its operations generally, or where there are changes in market or operating conditions, the REIT Manager may, from time to time in the future, seek to increase one or more of the annual limits set out in the above, provided that:

- (i) Independent Unitholders' approval - the approval of Independent Unitholders is obtained by way of an ordinary resolution passed in a general meeting of Unitholders;
- (ii) Disclosure - disclosure of details of the proposal to increase the relevant annual cap amounts shall be made by way of an announcement by the REIT Manager of such proposal, and a circular and notice shall be issued to Unitholders in accordance with Chapter 10 of the REIT Code; and
- (iii) Other compliance requirements - all the waiver terms and conditions described herein shall continue to apply to the relevant transactions, save that the relevant increased annual cap amounts shall apply.

(j) **8.14 of the REIT Code**

The REIT Manager shall comply with all requirements under 8.14 of the REIT Code where there is any material change to the terms of the relevant connected party transactions or where there is any subsequent change to the REIT Code which may impose stricter requirements in respect of disclosure and/or Unitholders' approval.

Details of the Continuing Connected Party Transactions shall be disclosed in the interim and annual reports of Prosperity REIT in the relevant financial year as required under 8.14 of the REIT Code. The independent non-executive directors shall review the Continuing Connected Party Transactions annually and confirm whether such transactions are carried out in the ordinary and usual course of business of Prosperity REIT based on normal commercial terms and in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Unitholders.

By order of the board of directors of
ARA Asset Management (Prosperity) Limited
(as manager of Prosperity Real Estate Investment Trust)
Wong Lai Hung
Executive Director and Chief Executive Officer

Hong Kong, 17 May 2019

The Directors of the REIT Manager as at the date of this announcement are Dr. Chiu Kwok Hung, Justin (Chairman), Mr. Lim Hwee Chiang and Mr. Ma Lai Chee, Gerald as Non-executive Directors; Ms. Wong Lai Hung as Executive Director; Dr. Lan Hong Tsung, David, Mrs. Sng Sow-Mei (alias Poon Sow Mei) and Mr. Wong Kwai Lam as Independent Non-executive Directors.