

The Securities and Futures Commission of Hong Kong, Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



FORTUNE REAL ESTATE INVESTMENT TRUST

*(a collective investment scheme authorised under section 104
of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))*

(Stock Code: 778)

Managed by



ARA Asset Management (Fortune) Limited

ANNOUNCEMENT

- (1) PROPOSED INCREASE IN PROPERTY DEVELOPMENT CAP
AND AMENDMENT TO THE TRUST DEED;**
- (2) CONTINUING CONNECTED PARTY TRANSACTIONS;**
- (3) PROPOSED UNIT BUY-BACK MANDATE;**
- AND**
- (4) NOTICE OF ANNUAL GENERAL MEETING AND CLOSURE OF
REGISTER OF UNITHOLDERS**

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



PROPOSED INCREASE IN PROPERTY DEVELOPMENT CAP AND AMENDMENT TO THE TRUST DEED

The Board wishes to announce that the Manager proposes to seek Unitholders' approval by way of Extraordinary Resolution at the AGM to increase the Property Development Cap on investments in Property Development and Related Activities from 10% of the Gross Asset Value of the Deposited Property to 25% of the Gross Asset Value of the Deposited Property and to amend the Trust Deed to reflect such increase.

CONTINUING CONNECTED PARTY TRANSACTIONS

In anticipation of the expiry of the 2018 Extended Waiver, and having regard to the regular, ordinary and ongoing nature of the CK Leasing Transactions, the CK Property Management Transactions and the Manager Leasing Transactions, on 27 April 2021, Fortune REIT (through the Manager) entered into: (i) the CK Leasing Transactions Framework Agreement with CKA, which sets out the framework terms governing the CK Leasing Transactions for the period from 1 January 2022 to 31 December 2024; (ii) the CK Property Management Transactions Framework Agreement with CKA, which sets out the framework terms governing the CK Property Management Transactions (including the transactions under the Property Management Agreement and the Deeds of Mutual Covenants) for the period from 1 January 2022 to 31 December 2024; and (iii) the Manager Leasing Transactions Framework Agreement with the Manager (in its personal capacity), which sets out the framework terms governing the Manager Leasing Transactions (including the transactions under the Manager Lease Agreement) for the period from 1 January 2022 to 31 December 2024.

The CK Leasing Transactions Framework Agreement and the Manager Leasing Transactions Framework Agreement are not conditional upon the approval of the Unitholders. The CK Property Management Transactions Framework Agreement is conditional upon the passing of Ordinary Resolution No. 1 as set out in the Circular. If this condition is not satisfied by 31 December 2021, the CK Property Management Transactions Framework Agreement shall automatically terminate.

The Manager proposes to seek Unitholders' approval by way of Ordinary Resolution at the AGM to approve the CK Property Management Transactions Framework Agreement, the CK Property Management Transactions under the CK Property Management Transactions Framework Agreement and the proposed annual caps applicable thereto for the financial years ending 31 December 2022, 31 December 2023 and 31 December 2024.

PROPOSED UNIT BUY-BACK MANDATE

The Manager further proposes to seek Unitholders' approval by way of Ordinary Resolution at the AGM to grant the Unit Buy-back Mandate to the Manager on behalf of Fortune REIT to buy back Units on the SEHK. Subject to the passing of Ordinary Resolution No. 2, the number of Units which may be bought back pursuant to the Unit Buy-back Mandate is up to 10% of the total number of Units in issue as at the date of the passing of such resolution.

NOTICE OF ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF UNITHOLDERS

Details of the above are more particularly set out in the Circular, which is expected to be despatched to the Unitholders on 28 April 2021.

The AGM will be held at 2:30 p.m. on Friday, 28 May 2021 or any adjournment thereof, at 24th Floor, Admiralty Centre I, 18 Harcourt Road, Hong Kong, for the purpose of considering and, if thought fit, passing with or without amendments, the Ordinary Resolutions set out in the AGM Notice. The Register of Unitholders will be closed from Tuesday, 25 May 2021 to Friday, 28 May 2021 (both days inclusive), during which no transfer of Units will be effected, to determine which Unitholders will qualify to attend and vote at the AGM.

1. PROPOSED INCREASE IN THE PROPERTY DEVELOPMENT CAP AND AMENDMENT TO THE TRUST DEED

On 4 December 2020, the REIT Code was amended to, *inter alia*, relax the Property Development Cap from 10% to up to 25% of the REIT's gross asset value, provided that: (a) its unitholders have given their consent to such increase by way of resolution at a general meeting; (b) the increase is permitted and effected pursuant to its trust deed; and (c) no objection from the trustee of the REIT has been obtained.

Under the current provisions of the Trust Deed, Fortune REIT is allowed to engage in Property Development and Related Activities up to 10% of the Gross Asset Value of the Deposited Property. The Manager is of the view that, following the REIT Code Amendments, allowing Fortune REIT to engage in Property Development and Related Activities in excess of the existing limit of 10% of the Gross Asset Value of the Deposited Property to not more than 25% of the Gross Asset Value of the Deposited Property, being the proposed increase in the Property Development Cap, is beneficial to Fortune REIT and the Unitholders as a whole. In particular, the enhanced flexibility can provide Fortune REIT with more options in selecting acquisition targets and will enable the Manager to pursue further investment opportunities for Fortune REIT as and when they arise.

In connection with the proposed increase in the Property Development Cap, the Manager proposes consequential amendments to the Trust Deed (being the Property Development Cap Amendment), the full text of which is set out in Appendix I to the Circular.

The proposed increase in the Property Development Cap and the Property Development Cap Amendment are subject to Unitholders' approval pursuant to clause 28 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 Extraordinary Resolution No. 1.

2. CONTINUING CONNECTED PARTY TRANSACTIONS

2.1 Background

At the time of authorisation of Fortune REIT in 2010, the Manager had applied for, and the SFC had granted, waivers from strict compliance with Chapter 8 of the REIT Code in respect of certain continuing connected party transactions of Fortune REIT, which were subsequently modified and/or extended on 19 January 2012, 16 September 2013, 17 April 2015 and 27 April 2018. Details of the 2018 Extended Waiver, which is due to expire on 31 December 2021, and the categories of continuing connected party transactions which are the subject of the 2018 Waiver are more particularly set out in the 2018 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 SEHK. 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 shall continue to apply until expiry according to their terms or until otherwise modified or revoked.

Since the 2018 Extended Waiver is due to expire on 31 December 2021, the continuing connected party transactions of Fortune REIT which are the subject of the 2018 Extended Waiver will, upon such expiry, be regulated with reference to Chapter 14A of the Listing Rules.

The categories of such continuing connected party transactions which will be regulated with reference to Chapter 14A of the Listing Rules upon the expiry of the 2018 Extended Waiver on 31 December 2021 are as follows:

- (a) as part of the Fortune REIT Group's ordinary and usual course of business, leasing and licensing transactions have been, or will from time to time be, conducted between a member of the Fortune REIT Group on the one hand and a member of the CKA Connected Persons Group on the other hand in respect of any part of Fortune REIT's Properties (the "**CK Leasing Transactions**");
- (b) as part of the Fortune REIT Group's ordinary and usual course of business, leasing and licensing transactions (including the transactions under the Manager Lease Agreement) have been, or will from time to time be, conducted between a member of the Fortune REIT Group on the one hand and a member of the Manager Group on the other hand in respect of any part of Fortune REIT's Properties (the "**Manager Leasing Transactions**"); and

- (c) as part of the Fortune REIT Group's ordinary and usual course of business, the following categories of property management transactions have been, or will from time to time be, conducted between a member of the Fortune REIT Group on the one hand and a member of the CKA Connected Persons Group on the other hand in respect of any part of Fortune REIT's Properties (the "**CK Property Management Transactions**")
- (i) the transactions under the Property Management Agreement, including the provision of property management, lease management and marketing services by the Property Manager for Fortune REIT's Properties;
 - (ii) the transactions which the Property Manager, as agent for the relevant registered owners of Fortune REIT's Properties, have entered into, or will from time to time enter into, with third party service providers (which may be members of the CKA Connected Persons Group) for the provision of, among other things, cleaning, maintenance, security, car park management and other ancillary services for Fortune REIT's Properties; and
 - (iii) the transactions under the deeds of mutual covenants applicable to any part of Fortune REIT's Properties and by which the registered owners of such properties are bound (the "**Deeds of Mutual Covenants**"), including the provision of maintenance and other ancillary services for the common areas and facilities by the relevant property manager thereunder (which may be members of the CKA Connected Persons Group).

The following table sets out the applicable existing annual caps under the 2018 Extended Waiver:

Categories of continuing connected party transactions	Connected Persons	Annual caps for the financial year ended 31 December 2019	Annual caps for the financial year ended 31 December 2020	Annual caps for the financial year ending 31 December 2021
		(HK\$'000)	(HK\$'000)	(HK\$'000)
CK Leasing Transactions	Existing CK Asset Connected Persons Group	972,000	972,000	972,000
Manager Leasing Transactions	Manager Group ¹	15,200	15,200	15,200
CK Property Management Transactions	Existing CK Asset Connected Persons Group	502,000	527,000	553,000

1. As defined in the 2018 Circular.

In respect of the connected party transactions set out in the table above, the aggregate historical transaction amounts in respect of the CK Leasing Transactions, Manager Leasing Transactions and CK Property Management Transactions for the past financial years ended 31 December 2019 and 31 December 2020 did not exceed the relevant annual caps under the 2018 Extended Waiver.

2.2 Continuing Connected Party Transactions with the CKA Connected Persons Group

2.2.1 CK Leasing Transactions Framework Agreement

In anticipation of the expiry of the 2018 Extended Waiver, and having regard to the regular, ordinary and ongoing nature of the CK Leasing Transactions, on 27 April 2021, Fortune REIT (through the Manager) entered into the CK Leasing Transactions Framework Agreement with CKA, which sets out the framework terms governing the CK Leasing Transactions for the period from 1 January 2022 to 31 December 2024. The CK Leasing Transactions Framework Agreement is not conditional upon the approval of the Unitholders.

The principal terms of the CK Leasing Transactions Framework Agreement are as follows:

Parties: (1) The Manager (for and on behalf of the Fortune REIT Group)
(2) CKA

Term: Three (3) years from 1 January 2022 up to 31 December 2024.

Purpose, consideration and other terms: To set out the framework terms governing leasing and licensing transactions entered or to be entered into between a member of the Fortune REIT Group (as lessor) on the one hand and a member of the CKA Connected Persons Group (as lessee) on the other hand in respect of any part of Fortune REIT's Properties during the term of the CK Leasing Transactions Framework Agreement.

The relevant parties of the Fortune REIT Group and CKA Connected Persons Group shall enter into separate written agreements on normal commercial terms to be negotiated on a case-by-case and at arm's length basis which are fair and reasonable, which shall be no less favourable than those offered to or available from independent third parties.

The rent and/or licence fees (as the case may be) 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.

In assessing whether each transaction under the CK Leasing Transactions Framework Agreement is entered into based on the then prevailing market rate and on normal commercial terms, the Manager shall arrange for an independent valuation to be conducted for each such transaction before the transaction is first entered into except where they are conducted on standard pre-determined rates (subject to periodic review by the Manager) at which the Fortune REIT Group leases or licenses to any parties, including independent third parties.

2.2.2 CK Property Management Transactions Framework Agreement

In anticipation of the expiry of the 2018 Extended Waiver, and having regard to the regular, ordinary and ongoing nature of the CK Property Management Transactions, on 27 April 2021, Fortune REIT (through the Manager) entered into the CK Property Management Transactions Framework Agreement with CKA, which sets out the framework terms governing the CK Property Management Transactions (including the transactions under the Property Management Agreement and the Deeds of Mutual Covenants) for the period from 1 January 2022 to 31 December 2024. The CK Property Management Transactions Framework Agreement is conditional upon the passing of Ordinary Resolution No. 1. If this condition is not satisfied by 31 December 2021, the CK Property Management Transactions Framework Agreement shall automatically terminate.

The principal terms of the CK Property Management Transactions Framework Agreement are as follows:

Parties: (1) The Manager (for and on behalf of the Fortune REIT Group)
(2) CKA

Term: Three (3) years from 1 January 2022 up to 31 December 2024.

Purpose, consideration and other terms: To set out the framework terms governing property management transactions entered or to be entered into between a member of the Fortune REIT Group (as owner of the relevant property) on the one hand and a member of the CKA Connected Persons Group (as service provider) on the other hand in respect of any part of Fortune REIT's Properties during the term of the CK Property Management Transactions Framework Agreement.

The relevant parties of the Fortune REIT Group and CKA Connected Persons Group shall enter into separate written agreements on normal commercial terms to be negotiated on a case-by-case and at arm's length basis which are fair and reasonable, which shall be no less favourable than those offered to or available from independent third parties.

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.

The services provided by the Property Manager under the Property Management Agreement comprise the following:

- (i) Property management services. These include coordinating tenants' fitting out requirements, recommending third party contracts for the provision of property management (including parking facilities management), maintenance services, supervising the performance of service providers and contractors, arranging for adequate insurance and ensuring compliance with building and safety regulations.
- (ii) Lease management services. These include administration of rental collection, management of rental arrears, initiating lease renewals and negotiation of terms.
- (iii) Marketing services. These include providing marketing and marketing coordination services.

Under the Property Management Agreement, the Property Manager is entitled to a fee of 3.0% per annum of the gross property revenue for the provision of property and lease management services. Marketing services fee is to be calculated on the following basis for the provision of marketing services: (a) one (1) month's base rent for securing a tenancy of three (3) years or more; (b) one-half (1/2) month's base rent for securing a tenancy of less than three (3) years; (c) one-half (1/2) month's base rent for securing a renewal of tenancy (irrespective of duration); and (d) 10% of licence fee for securing a licence of less than twelve (12) months.

If and when the Property Management Agreement is renewed, the Manager shall arrange for an independent assessment from a property consultancy firm to be conducted on the new property management fee and marketing services fee to ensure that such property management fee and marketing services fee are reasonable and at market level before the Property Management Agreement is renewed.

In relation to the other services provided by third parties who may be members of the CKA Connected Persons Group, before entering into or renewing the other services provided by such third parties, the Manager shall arrange for invitation of at least three (3) tenders or quotations from contractors and suppliers, including one (1) from the CKA Connected Persons Group and two (2) from independent third parties, to be obtained for each such transaction and conduct a comparison of the prices before the transaction is first entered into, except where they are conducted on standard or published rates, to ensure that the transactions are carried out at arm's length, on normal commercial terms and in the interests of Unitholders.

In relation to the Deeds of Mutual Covenants, the relevant members of the Fortune REIT Group shall ensure that the fees charged to them are at the same rates as those charged to the other owners of the development unrelated to the Fortune REIT Group or the CKA Connected Persons Group, to ensure that the transactions are carried out at arm's length, on normal commercial terms and in the interests of Unitholders.

2.3 Continuing Connected Party Transactions with the Manager

In anticipation of the expiry of the 2018 Extended Waiver, and having regard to the regular, ordinary and ongoing nature of the Manager Leasing Transactions, on 27 April 2021, Fortune REIT (through the Manager) entered into the Manager Leasing Transactions Framework Agreement with the Manager (in its personal capacity), which sets out the framework terms governing the Manager Leasing Transactions (including the transactions under the Manager Lease Agreement) for the period from 1 January 2022 to 31 December 2024. The Manager Leasing Transactions Framework Agreement is not conditional upon the approval of the Unitholders.

The principal terms of the Manager Leasing Transactions Framework Agreement are as follows:

Parties:	(1) The Manager (for and on behalf of the Fortune REIT Group) (2) The Manager (in its personal capacity)
Term:	Three (3) years from 1 January 2022 up to 31 December 2024.
Purpose, consideration and other terms:	To set out the framework terms governing leasing and licensing transactions entered or to be entered into between a member of the Fortune REIT Group (as lessor) on the one hand and a member of the Manager Group (as lessee) on the other hand in respect of any part of Fortune REIT's Properties during the term of the Manager Leasing Transactions Framework Agreement.

The relevant parties of the Fortune REIT Group and Manager Group shall enter into separate written agreements on normal commercial terms to be negotiated on a case-by-case and at arm's length basis which are fair and reasonable, which shall be no less favourable than those offered to or available from independent third parties.

The rent and/or licence fees (as the case may be) 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.

In assessing whether each transaction under the Manager Leasing Transactions Framework Agreement is entered into based on the then prevailing market rate and on normal commercial terms, the Manager shall arrange for an independent valuation to be conducted for each such transaction before the transaction is first entered into except where they are conducted on standard pre-determined rates (subject to periodic review by the Manager) at which the Fortune REIT Group leases or licenses to any parties, including independent third parties.

2.4 Historical Transaction Amounts and Annual Caps

(a) CK Leasing Transactions

For each of the past financial years ended 31 December 2018, 31 December 2019, 31 December 2020 and two months ended 28 February 2021, the aggregate historical transaction amounts received by the Fortune REIT Group from the CKA Connected Persons Group in respect of the CK Leasing Transactions were approximately HK\$33,282,000, HK\$24,387,000, HK\$29,426,000 and HK\$4,781,000 respectively.

It is expected that the maximum aggregate annual amount to be received by Fortune REIT Group from the CKA Connected Persons Group in respect of the CK Leasing Transactions for the three financial years ending 31 December 2024 will not exceed the amounts set out below:

Financial year ending 31 December 2022 (HK\$'000)	Financial year ending 31 December 2023 (HK\$'000)	Financial year ending 31 December 2024 (HK\$'000)
80,000	80,000	80,000

The above proposed new annual cap for the CK Leasing Transactions for the financial year ending 31 December 2022 has been determined after taking into account the following factors: (i) the amounts receivable by the Fortune REIT Group from the CKA Connected Persons Group in respect of the CK Leasing Transactions currently in existence; (ii) the possible increase in rental and charge-out collection assumed at 10% to 20%; (iii) prevailing market conditions; (iv) estimated inflation of not more than 10%; (v) the possible new leases, tenancies and licences which members of the CKA Connected Persons Group may from time to time enter into with members of the Fortune REIT Group during the term of the CK Leasing Transactions Framework Agreement; and (vi) a buffer of 20% for contingencies. The above proposed new annual caps for the CK Leasing Transactions for the two financial years ending 31 December 2023 and 2024 are the same as the annual cap proposed for the CK Leasing Transactions for the financial year ending 31 December 2022, assuming the abovementioned factors remain constant.

(b) Manager Leasing Transactions

For each of the past financial years ended 31 December 2018, 31 December 2019, 31 December 2020 and two months ended 28 February 2021, the aggregate historical amounts received by the Fortune REIT Group from the Manager Group in respect of the Manager Leasing Transactions were approximately HK\$886,000, HK\$5,231,000, HK\$5,204,000 and HK\$867,000 respectively.

It is expected that the maximum aggregate annual amount to be received by Fortune REIT Group from the Manager Group in respect of the Manager Leasing Transactions for the three financial years ending 31 December 2024 will not exceed the amounts set out below:

Financial year ending 31 December 2022 (HK\$'000)	Financial year ending 31 December 2023 (HK\$'000)	Financial year ending 31 December 2024 (HK\$'000)
15,200	15,200	15,200

The above proposed new annual cap for the Manager Leasing Transactions for the financial year ending 31 December 2022 has been determined after taking into account the following factors: (i) the amounts receivable by the Fortune REIT Group from the Manager Group in respect of the Manager Leasing Transactions currently in existence; (ii) the possible increase in rental and charge-out collection assumed at 10% to 20%; (iii) prevailing market conditions (iv) estimated inflation of not more than 10%; (v) the possible new leases, tenancies and licences which members of the Manager Group may from time to time enter into with members of the Fortune REIT Group during the term of the Manager Leasing Transactions Framework Agreement; and (vi) a buffer of 20% for contingencies. The above proposed new annual caps for the Manager Leasing Transactions for the two financial years ending 31 December 2023 and 2024 are the same as the annual cap proposed for the Manager Leasing Transactions for the financial year ending 31 December 2022, assuming the abovementioned factors remain constant.

(c) **CK Property Management Transactions**

For each of the past financial years ended 31 December 2018, 31 December 2019, 31 December 2020 and two months ended 28 February 2021, the aggregate historical amounts paid by the Fortune REIT Group to the CKA Connected Persons Group in respect of the CK Property Management Transactions were approximately HK\$87,121,000, HK\$92,893,000, HK\$80,636,000 and HK\$10,937,000 respectively.

It is expected that the maximum aggregate annual amount to be paid by Fortune REIT Group to the CKA Connected Persons Group in respect of the CK Property Management Transactions for the three financial years ending 31 December 2024 will not exceed the amounts set out below:

Financial year ending 31 December 2022 (HK\$'000)	Financial year ending 31 December 2023 (HK\$'000)	Financial year ending 31 December 2024 (HK\$'000)
250,000	290,000	330,000

The above proposed new annual cap for the CK Property Management Transactions for the financial year ending 31 December 2022 has been determined after taking into account the following factors: (i) the historical transaction amounts paid to the CKA Connected Persons Group for the financial year ended 31 December 2019; (ii) a 10% increment in management expenses taking into account potential inflation and possible increase in costs and wages; (iii) the resulting increase in property management fees and marketing service fees due to a 10% to 20% increase in rental; (iv) the possible acquisition of properties by Fortune REIT in future resulting in an increase in the property management fees and marketing service fees; and (v) a buffer of 20% for contingencies. After determining the proposed new annual caps for the financial year ending 31 December 2022,

an annual growth of 15% is assumed for the proposed new annual caps for the CK Property Management Transaction for the two financial years ending 31 December 2023 and 2024.

The proposed new annual caps provide the flexibility for contingencies when more transactions are entered into with the CKA Connected Persons Group during the term of the CK Property Management Transactions Framework Agreement.

2.5 Reasons for and Benefits of the Transactions

The Fortune REIT Group is principally engaged in real estate investment for property income. The CK Leasing Transactions and the Manager Leasing Transactions are in the ordinary and usual course of business of the Fortune REIT Group and will contribute towards the occupancy rate of and property income generated by Fortune REIT's Properties.

The Manager is responsible under the Trust Deed and the REIT Code for ensuring that Fortune REIT's Properties are professionally managed. Since the initial public offering of Fortune REIT, the Property Manager has been appointed to operate, maintain, manage and market Fortune REIT's Properties under the overall management and supervision of the Manager. From time to time, the Property Manager (as agent for the relevant member of the Fortune REIT Group) will enter into contracts with third party service providers (which may include members of the CKA Connected Persons Group) for the provision of cleaning, maintenance, security, car park management and other ancillary services for the relevant property. The Manager expects that the Fortune REIT Group will continue to enter into CK Property Management Transactions with the CKA Connected Persons Group to ensure business continuity and efficiency. Furthermore, pursuant to the Deeds of Mutual Covenants, property managers (which may include members of the CKA Connected Persons Group) are appointed to provide maintenance and other ancillary services for the common areas and facilities of developments in which Fortune REIT's Properties are located, and all owners, including the relevant members of the Fortune REIT Group and other independent third parties, and their successors-in-title are bound by the Deeds of Mutual Covenants through such ownership irrespective of whether they were an original party thereto.

2.6 Regulatory Implications

2.6.1 Approval

2.6.1.1 CKA Connected Persons Group

So far as the Manager is aware having made all reasonable enquiries, as at the Latest Practicable Date, Focus Eagle held 413,074,684 Units and Ballston Profits held 112,556,000 Units, collectively representing approximately 26.78% of the Units in issue. Focus Eagle and Ballston Profits are indirect wholly-owned subsidiaries of CKA, therefore, members of CKA Connected Persons Group are connected persons of Fortune REIT. Accordingly, the CK Leasing Transactions and the CK Property Management Transactions entered into with members of the CKA Connected Persons Group constitute connected party transactions of Fortune REIT.

As the highest applicable percentage ratio (as calculated pursuant to Rule 14.07 of the Listing Rules) in respect of the annual caps applicable to the CK Leasing Transactions under the CK Leasing Transactions Framework Agreement is less than 5%, such transactions are subject to the announcement, reporting and annual review requirements but are exempted from the independent unitholders' approval requirement under the REIT Code and/or Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the CK Leasing Transactions under the CK Leasing Transactions Framework Agreement. Accordingly, no Director is required to abstain from voting on the Board resolutions to approve the CK Leasing Transactions Framework Agreement and the annual caps applicable thereto.

As the highest applicable percentage ratio (as calculated pursuant to Rule 14.07 of the Listing Rules) in respect of the annual caps applicable to the CK Property Management Transactions under the CK Property Management Transactions Framework Agreement exceeds 5%, such transactions are subject to the independent unitholders' approval, announcement, reporting, annual review and other requirements under the REIT Code and/or Chapter 14A of the Listing Rules. Therefore, such CK Property Management Transactions are conditional upon the passing of Ordinary Resolution No. 1.

None of the Directors has any material interest in the CK Property Management Transactions under the CK Property Management Transactions Framework Agreement, and therefore, none of them is required to abstain from voting on the relevant board resolutions of the Manager for approving the CK Property Management Transactions.

2.6.1.2 Manager

As the Manager is a Connected Person of Fortune REIT, therefore members of the Manager Group will be considered as Connected Persons of Fortune REIT. Therefore, the Manager Leasing Transactions with members of the Manager Group constitute connected party transactions of Fortune REIT.

As the highest applicable percentage ratio (as calculated pursuant to Rule 14.07 of the Listing Rules) in respect of the annual caps applicable to the Manager Leasing Transactions under the Manager Leasing Transactions Framework Agreement is less than 5%, such transactions are subject to the announcement, reporting and annual review requirements but are exempted from the independent unitholders' approval requirement under the REIT Code and/or Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the Manager Leasing Transactions under the Manager Leasing Transactions Framework Agreement except by virtue of his or her position as a director of the Manager. Having regard to the nature of such interest, the Board has collectively determined that no Director is required to abstain from voting on the Board resolutions to approve the Manager Leasing Transactions Framework Agreement and the annual caps applicable thereto.

2.7 Internal Controls

The Manager has established an internal control system to ensure that connected party transactions between the Fortune REIT Group and its Connected Persons are monitored and that such transactions are undertaken on terms in compliance with the REIT Code. As required by the REIT Code, all connected party transactions must, among other things, be carried out at arm's length, on normal commercial terms and in the interests of Unitholders. The following internal control measures are in place to ensure that such transactions satisfy the foregoing criteria:

- (a) The Manager maintains a register to record all connected party transactions which are entered into by members of the Fortune REIT Group and where applicable, the bases, including quotations from independent third parties and/or independent valuations obtained to support such bases, on which they are entered into. The Manager will review the quotations to ensure reasonableness having regard to the scale, scope and quality of services required, and the reputation, experience and track record of performance of the service providers.
- (b) The register of connected party transactions is reviewed on a quarterly basis to ensure the relevant annual caps are not exceeded.
- (c) As a general rule, the Manager will demonstrate to the Audit Committee of the Board that all connected party transactions are carried out at arm's length, on normal commercial terms and in the interests of Unitholders. In particular, the Audit Committee is provided with a summary of the connected party transactions including their transaction amounts on a half-yearly basis.
- (d) The internal auditor of the Manager will review all connected party transactions entered into by the Fortune REIT Group on an annual basis. The Manager will incorporate into its internal audit plan a review of all connected party transactions entered into by the Fortune REIT Group.

2.8 Review and Reporting

The Connected Transactions will be subject to the following review and reporting processes pursuant to paragraph 8.7A of the REIT Code and Rules 14A.55 to 14A.59, Rule 14A.71 and Rule 14A.72 of the Listing Rules (as modified under the REIT Code)::

2.8.1 Annual Review by the Independent Non-executive Directors

The Independent Non-executive Directors shall review the Connected Transactions annually and confirm in Fortune REIT's annual report for the relevant financial period that each Connected Transaction has been entered into: (a) in the ordinary and usual course of business of the Fortune REIT Group; (b) on normal commercial terms or better; and (c) in accordance with the relevant agreement governing it on terms that are fair and reasonable and in the interests of Fortune REIT and the Unitholders as a whole.

2.8.2 Annual Review by the Auditors

In respect of each relevant financial year, the Manager shall engage the auditors of Fortune REIT to report on the Connected Transactions annually. The auditors of Fortune REIT must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that any such transactions: (a) have not been approved by the Board; (b) were not, in all material respects, in accordance with the pricing policies of the Fortune REIT Group; (c) were not entered into, in all material respects, in accordance with the relevant agreement governing it; and (d) have exceeded the applicable annual cap. The Manager shall provide a copy of such auditors' letter to the SFC at least 10 business days before the bulk printing of the annual report of Fortune REIT.

2.8.3 Auditors' Access to Records

The Manager shall allow, and ensure that the counterparties to the Connect Transactions allow, the auditors of Fortune REIT sufficient access to their records for the purpose of reporting on such transactions.

2.8.4 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 Fortune REIT cannot confirm the matters set out in sections 3.8.1 and/or 3.8.2 of the Circular. The SFC may require Fortune REIT to re-comply the announcement and unitholders' approval requirements and may impose additional conditions.

2.8.5 Annual Reports

A brief summary of the Connected Transactions containing the information specified in Rules 14A.71 and 14A.72 of the Listing Rules shall be included in Fortune REIT's annual reports.

2.9 Information on the Parties

Fortune REIT is a Hong Kong collective investment scheme constituted as a unit trust by the Trust Deed, and is authorised under section 104 of the SFO. Fortune REIT is principally engaged in the business of ownership of and investment in a portfolio of retail shopping malls located in Hong Kong with the primary objective of producing stable distributions for Unitholders and to achieve long-term growth in the net asset per Unit. The manager of Fortune REIT is ARA Asset Management (Fortune) Limited, a wholly-owned subsidiary of ARA Asset Management Limited, and the principal business activity of ARA Asset Management (Fortune) Limited is being the manager of Fortune REIT. ARA Asset Management Limited is a leading Asia Pacific real assets fund manager with a global reach.

The principal activity of the Property Manager is the provision of property management services and its ultimate holding company is CKA. CKA 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, aircraft leasing, pub operation and investment in infrastructure and utility asset operation. The shares of CKA are listed on the Main Board of the SEHK (Stock Code: 1113).

3. PROPOSED UNIT BUY-BACK MANDATE

At the annual general meeting of the Unitholders held on 24 April 2020, an Ordinary Resolution was passed to grant a general mandate to the Manager on behalf of Fortune REIT to buy back up to 10% of the number of Units in issue as at 24 April 2020. This general mandate will expire at the conclusion of the forthcoming AGM. The Manager proposes to seek Unitholders' approval by way of Ordinary Resolution at the AGM to grant the Unit Buy-back Mandate to the Manager on behalf of Fortune REIT to buy back Units on the SEHK.

The Unit Buy-back Mandate, if approved by Unitholders, will be in force for the period commencing from the date of the AGM and expiring on the earliest of the following dates:

- (a) the date on which the next annual general meeting of the Unitholders is held (unless by Ordinary Resolution passed at that meeting the Unit Buy-back Mandate is renewed, either unconditionally or subject to conditions) or required by the Rules to be held;
- (b) the date on which the authority conferred by the Unit Buy-back Mandate is revoked or varied by Unitholders by way of Ordinary Resolution in a general meeting; and
- (c) the date on which repurchase of Units pursuant to the Unit Buy-back Mandate is carried out to the full extent mandated.

Pursuant to the SFC Repurchase Circular, Fortune REIT shall comply with the restrictions and notification requirements applicable to listed companies purchasing their own shares on the SEHK under Rule 10.06 of the Listing Rules, with necessary changes being made, as if the provisions therein were applicable to REITs. These include, but are not limited to, the dealing restrictions, the restrictions on subsequent issues, the reporting requirements and status of purchased shares.

Subject to the passing of Ordinary Resolution No. 2, the number of Units which may be bought back pursuant to the Unit Buy-back Mandate is up to 10% of the total number of Units in issue as at the date of the passing of such resolution.

The Explanatory Statement in connection with the Unit Buy-back Mandate is set out in Appendix IV to the Circular, which contains further information on the Unit Buy-back Mandate and sets out the terms and conditions on which the Manager may exercise its power under the Unit Buy-back Mandate, if granted, to effect on-market buy-back(s) of Units on the SEHK on behalf of Fortune REIT.

4. VIEWS AND RECOMMENDATIONS

4.1 Proposed Increase in Property Development Cap

4.1.1 Directors

Having taken into account the duties of the Manager under the Trust Deed and the REIT Code, the Board considers that the Property Development Cap Amendment is being made in compliance with the modification provisions of the Trust Deed and the REIT Code, and that the proposed increase in the Property Development Cap and the Property Development Cap Amendment in line with the relaxations under the REIT Code Amendments and are in the interests of Fortune REIT and the Unitholders as a whole. Accordingly, the Board recommends all Unitholders to vote in favour of the Extraordinary Resolution No. 1 to approve the proposed increase in the Property Development Cap and the Property Development Cap Amendment.

4.1.2 Trustee

Having taken into account the duties of the Trustee under the Trust Deed and the REIT Code, and based on the information contained in the Circular, the Trustee is of the view that the Property Development Cap Amendment is being made in compliance with the modification provisions of the Trust Deed and the REIT Code.

Accordingly, and subject to Unitholders' approval being obtained, and to the requisite amendment being made to the Trust Deed: (a) pursuant to sub-paragraph (i) of note (2) to 10.5 of the REIT Code, the Trustee has no objection to the Property Development Cap Amendment and the proposed increase in the Property Development Cap; and (b) in compliance with 7.2AA(c) of the REIT Code, the Trustee has agreed to provide its no objection view in respect of the proposed increase in the Property Development Cap .

The Trustee's view and confirmation above are not to be taken as a recommendation or representation by the Trustee of the merits of the Property Development Cap Amendment or any statements or information made or disclosed in the Circular. The Trustee has not made any assessment of the impact or merits of the Property Development Cap Amendment other than for the purposes of fulfilling its fiduciary duties set out in the Trust Deed and the REIT Code. Accordingly, the Trustee urges all Unitholders, including those who are in any doubt as to the impact or merits of the Property Development Cap Amendment, to seek their own financial or other professional advice.

4.2 Continuing Connected Party Transactions

As stated in section 3.6.1 of the Circular: (a) Unitholders' approval is required for the entry into of the CK Property Management Transactions under the CK Property Management Transactions Framework Agreement and the proposed annual caps applicable thereto; and (b) Unitholders' approval is not required for the entry into of the CK Leasing Transactions under the CK Leasing Transactions Framework Agreement and the Manager Leasing Transactions under the Manager Leasing Transactions Framework Agreement and the annual caps applicable thereto.

Pursuant to Rule 14A.40 of the Listing Rules, the Independent Board Committee (comprising all of the Independent Non-executive Directors) has been established by the Board to advise the Independent Unitholders on the matters relating to the CK Property Management Transactions. Pursuant to Rule 14A.44 of the Listing Rules, the Independent Financial Adviser has been appointed to make recommendations to the Independent Board Committee, the Independent Unitholders and the Trustee on the matters relating to the CK Property Management Transactions under Rule 14A.45 of the Listing Rules.

4.2.1 Independent Financial Adviser

The Independent Financial Adviser has confirmed that it is of the view that:

- (a) the terms of the CK Property Management Transactions Framework Agreement and the basis for the CK Property Management Transactions (including the proposed new annual caps and the basis of arriving at the same) are fair and reasonable as far as the Independent Unitholders are concerned and are in the interests of Fortune REIT, the Independent Unitholders, as well as the Unitholders as a whole; and
- (b) the CK Property Management Transactions will be: (i) conducted in the ordinary and usual course of business of Fortune REIT and consistent with the investment objectives and strategy of Fortune REIT and in compliance with the REIT Code and the Trust Deed; (ii) on terms which are and will be at arm's length and on normal commercial terms; and (iii) fair and reasonable and in the interests of Fortune REIT, the Independent Unitholders, as well as the Unitholders as a whole.

Your attention is drawn to the Letter from the Independent Financial Adviser set out in Appendix III to the Circular which contains the Independent Financial Adviser's opinion and recommendation (including the reasons for its opinion, the key assumptions made and the factors that it has taken into consideration in forming the opinion).

4.2.2 Independent Board Committee

The Independent Board Committee, having taken into account the opinion and recommendation of the Independent Financial Adviser, is of the view that:

- (a) the terms of the CK Property Management Transactions Framework Agreement and the basis for the CK Property Management Transactions (including the proposed new annual caps and the basis of arriving at the same) are fair and reasonable as far as the Independent Unitholders are concerned and are in the interests of Fortune REIT, the Independent Unitholders, as well as the Unitholders as a whole; and
- (b) the CK Property Management Transactions will be: (i) conducted in the ordinary and usual course of business of Fortune REIT and consistent with the investment objectives and strategy of Fortune REIT and in compliance with the REIT Code and the Trust Deed; (ii) on terms which are and will be at arm's length and on normal commercial terms; and (iii) fair and reasonable and in the interests of Fortune REIT, the Independent Unitholders, as well as the Unitholders as a whole.

Accordingly, the Independent Board Committee recommends that the Independent Unitholders vote at the AGM in favour of Ordinary Resolution No. 1 to approve the CK Property Management Transactions and the proposed annual caps applicable thereto.

Your attention is drawn to the Letter from the Independent Board Committee set out in Appendix II to the Circular which contains the Independent Board Committee's opinion and recommendation.

4.2.3 Board

The Board considers that the CK Property Management Transactions form an integral part of the normal operations of Fortune REIT. In particular, the Property Manager has been a key and important delegate of the Manager since the listing of Fortune REIT in relation to the management of the properties of Fortune REIT.

The Board considers that the terms of the CK Property Management Transactions and the annual caps thereof for the three financial years ending 31 December 2024 are fair and reasonable and in the interests of Fortune REIT and the Unitholders as a whole and that the CK Property Management Transactions are on normal commercial terms and the transactions thereunder will be carried out on an arm's length basis. The Board is of the view that the CK Property Management Transactions are consistent with the investment objectives and strategy of Fortune REIT and in compliance with the REIT Code and the Trust Deed. The Board therefore recommends that the Independent Unitholders vote in favour of the Ordinary Resolution No. 1 to approve the CK Property Management Transactions and the proposed annual caps applicable thereto at the AGM.

Furthermore, in respect of the CK Leasing Transactions under the CK Leasing Transactions Framework Agreement and the Manager Leasing Transactions under the Manager Leasing Transactions Framework Agreement and the annual caps thereof for the three financial years ending 31 December 2024, the Board (including the Independent Non-executive Directors) is of the view that:

- (a) the terms of each such transaction are fair and reasonable;
- (b) each such transaction is on normal commercial terms or better and in the ordinary and usual course of business of the Fortune REIT Group; and
- (c) each such transaction is in the interests of Fortune REIT and the Unitholders as a whole, and is consistent with Fortune REIT's investment objectives and strategy, and in compliance with the REIT Code and the Trust Deed.

4.2.4 Trustee

Based and in sole reliance on: (a) the opinion of the Board in this letter and the information and assurances provided by the Manager; (b) the Letter from the Independent Board Committee; and (c) the Letter from the Independent Financial Adviser, the Trustee, having taken into account its duties set out in the Trust Deed and the REIT Code:

- (a) has no objection to the entering into of each Connected Transaction;

- (b) is of the view that each Connected Transaction is consistent with Fortune REIT's investment objectives and strategy, and in compliance with the REIT Code and the Trust Deed; and
- (c) is of the view that each Connected Transaction is on normal commercial terms, fair and reasonable and in the interests of the Unitholders as a whole.

The Trustee also confirms that Unitholders' approval is not required under the REIT Code or the Trust Deed for the entry into of the CK Leasing Transactions under the CK Leasing Transactions Framework Agreement and the Manager Leasing Transactions under the Manager Leasing Transactions Framework Agreement.

The Trustee's confirmation is being furnished for the sole purpose of complying with 8.7D of the REIT Code, and is not to be taken as a recommendation or representation by the Trustee of the merits of the Connected Transactions or of any statements or information made or disclosed in the Circular. The Trustee has not made any assessment of the merits or impact of the Connected Transactions, other than for the purposes 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 Connected Transactions, to consider the Letter from the Independent Financial Adviser set out in Appendix III to the Circular and seek their own financial or other professional advice.

4.3 Proposed Unit Buy-back Mandate

4.3.1 Directors

The Directors have considered the relevant factors, including the rationale for the proposed Unit Buy-back Mandate as set out in the Explanatory Statement in connection with the Unit Buy-back Mandate in Appendix IV to the Circular, and considers the proposed Unit Buy-back Mandate to be in the best interests of Fortune REIT and the Unitholders as a whole and accordingly recommend that Unitholders vote at the AGM in favour of Ordinary Resolution No. 2 to approve the Unit Buy-back Mandate.

4.3.2 Trustee

The Trustee has confirmed that, in its opinion, the proposed Unit Buy-back Mandate complies with the Trust Deed, and subject to Unitholders' approval, the Trustee does not have any objection to the buy-back of Units pursuant to the Unit Buy-back Mandate.

The Trustee's confirmation is being furnished for the sole purpose of complying with the SFC Repurchase Circular, and is not to be taken as a recommendation or representation by the Trustee of the merits of the proposed Unit Buy-back Mandate or of any statements or information made or disclosed in the Circular. The Trustee has not made any assessment of the merits or impact of the proposed Unit Buy-back Mandate or of any repurchases of Units which may be made thereunder, other than for the purposes 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 Unit Buy-back Mandate, to seek their own financial or other professional advice.

5. AGM AND CLOSURE OF REGISTER OF UNITHOLDERS

The Circular is expected to be despatched to the Unitholders on 28 April 2021.

The AGM will be held at 2:30 p.m. on Friday, 28 May 2021 or any adjournment thereof, at 24th Floor, Admiralty Centre I, 18 Harcourt Road, Hong Kong, for the purpose of considering and, if thought fit, passing with or without amendments, the Extraordinary Resolution and the Ordinary Resolutions set out in the AGM Notice. Unitholders' attention is drawn to the "Notice of Annual General Meeting" as set out in the Circular, which contains the full text of the proposed Extraordinary Resolution and the proposed Ordinary Resolutions.

The Register of Unitholders will be closed from Tuesday, 25 May 2021 to Friday, 28 May 2021 (both days inclusive), during which no transfer of Units will be effected, to determine which Unitholders will qualify to attend and vote at the AGM. For those Unitholders who are not already on the Register of Unitholders, in order to qualify to attend and vote at the AGM, all duly completed transfers of Units accompanied by the relevant Unit certificates 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 by 4:30 p.m. on Monday, 24 May 2021.

6. DEFINITIONS

In this announcement, the following definitions apply throughout unless otherwise stated.

2018 Circular	The circular of Fortune REIT dated 21 March 2018.
2018 Extended Waiver	The waiver from strict compliance with Chapter 8 of the REIT Code granted by the SFC in respect of certain continuing connected party transactions of Fortune REIT, the extension of which was approved by the SFC and the Independent Unitholders at the extraordinary general meeting of the Unitholders held on 27 April 2018, as described in the 2018 Circular.
AGM	An annual general meeting of the Unitholders to be convened on Friday, 28 May 2021 at 24th Floor, Admiralty Centre I, 18 Harcourt Road, Hong Kong.
AGM Notice	The notice included in the Circular in respect of the AGM to consider and, if thought fit, approve the Ordinary Resolutions to be proposed at the AGM.
Associate	Has the meaning ascribed to it under the REIT Code.

Ballston Profits	Ballston Profits Limited, which was an indirect wholly-owned subsidiary of CKA as at the Latest Practicable Date.
Board	The board of Directors.
CCASS	The Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited.
Circular	The circular of Fortune REIT dated 28 April 2018.
CK Leasing Transactions	Has the meaning ascribed to it under section 3.1 of the Circular.
CK Leasing Transactions Framework Agreement	The framework agreement dated 27 April 2021 entered into by the Manager (on behalf of the Fortune REIT Group) and CKA setting out the framework terms governing the CK Leasing Transactions for the period from 1 January 2022 to 31 December 2024.
CK Property Management Transactions	Has the meaning ascribed to it under section 3.1 of the Circular.
CK Property Management Transactions Framework Agreement	The framework agreement dated 27 April 2021 entered into by the Manager (on behalf of the Fortune REIT Group) and CKA setting out the framework terms governing the CK Property Management Transactions for the period from 1 January 2022 to 31 December 2024.
CKA	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 SEHK (Stock Code: 1113).
CKA Connected Persons Group	CKA and its subsidiaries and Associates (which for the avoidance of doubt, exclude the Fortune REIT Group, but include without limitation Focus Eagle, Ballston Profits and the Property Manager).
Connected Person	Has the meaning ascribed to it under the REIT Code.
Connected Transactions	The CK Leasing Transactions, the CK Property Management Transactions and the Manager Leasing Transactions.

Deeds of Mutual Covenants	Has the meaning ascribed to it under section 3.1 of the Circular.
Director(s)	The director(s) of the Manager.
Existing CK Asset Connected Persons Group	Has the meaning ascribed to the term “CK Asset Connected Persons Group” in the 2018 Circular.
Explanatory Statement	The explanatory statement set out in Appendix IV to the Circular.
Extraordinary Resolution	A resolution proposed and passed as such by a majority consisting of 75% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders duly convened under the provisions of the Trust Deed.
Focus Eagle	Focus Eagle Investments Limited, which was an indirect wholly-owned subsidiary of CKA as at the Latest Practicable Date.
Fortune REIT	Fortune Real Estate Investment Trust.
Fortune REIT Group	Fortune REIT and its subsidiaries.
Fortune REIT's Properties	The real estate assets owned by Fortune REIT from time to time, whether held directly through the Trustee or indirectly through one or more SPVs or joint venture entities (where applicable).
Gross Asset Value of the Deposited Property	Has the meaning ascribed to it under the Trust Deed.
Hong Kong	The Hong Kong Special Administrative Region of the People’s Republic of China.
Independent Board Committee	The independent committee of the Board established to advise the Independent Unitholders on the CK Property Management Transactions.
Independent Financial Adviser	Ballas Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising in corporate finance) regulated activities as defined under the SFO.
Independent Non-executive Director(s)	The independent non-executive director(s) of the Manager.

Independent Unitholders	Unitholders other than those who are required to abstain or prohibited from voting on Ordinary Resolution No.1 to be proposed at the AGM.
Latest Practicable Date	14 April 2021, being the latest practicable date prior to the printing of the Circular for the purpose of ascertaining certain information contained in the Circular.
Listing Rules	The Rules Governing the Listing of Securities on the SEHK, as amended, supplemented or modified from time to time (modified as appropriate pursuant to 2.26 of the REIT Code).
Manager	ARA Asset Management (Fortune) Limited, in its capacity as manager of Fortune REIT.
Manager Group	Unless otherwise stated, the group comprising: (a) the Manager; (b) the directors and the chief executive of the Manager or any subsidiary of Fortune REIT (including persons who were such directors in the last 12 months from the date on which the relevant transaction was entered into); and (c) persons who are Associates of the Manager.
Manager Lease Agreement	The lease and licence agreements dated 1 February 2019 and 22 January 2019 entered into by Vision Million Limited (being an SPV of Fortune REIT) as lessor and the Manager as lessee in respect of the premises known as Shop Nos. 901-906, 948-950, Level 9, Fortune Metropolis, 6 Metropolis Drive, Hung Hom, Hong Kong, being the premises at which the Manager's place of business in Hong Kong is situated. The current term of the Manager Lease Agreement is five (5) years, expiring on 13 January 2024.
Manager Leasing Transactions	Has the meaning ascribed to it under section 3.1 of the Circular.
Manager Leasing Transactions Framework Agreement	The framework agreement dated 27 April 2021 entered into by the Manager (on behalf of the Fortune REIT Group) and the Manager (in its personal capacity) setting out the framework terms governing the Manager Leasing Transactions for the period from 1 January 2022 to 31 December 2024.

Ordinary Resolution	A resolution proposed and passed as such by a majority consisting of more than 50% of the total number of votes cast for and against such resolution at a meeting of Unitholders duly convened under the provisions of the Trust Deed.
PMA Amendment Deed	The supplemental deed to be entered into by the Manager and the Property Manager (with the consent of the Trustee) to remove the Trustee as a party to the Property Management Agreement.
Property Development and Related Activities	Has the meaning ascribed to it under the REIT Code.
Property Development Cap	Has the meaning ascribed to it under the REIT Code.
Property Development Cap Amendment	The proposed amendment to the Trust Deed relating to the proposed increase in the Property Development Cap, details of which are set out in Appendix I to the Circular.
Property Management Agreement	The property management agreement dated 7 July 2003 entered into by the previous trustee of Fortune REIT, the Manager and the Property Manager, as amended by an extension letter dated 1 August 2008, supplemented by a supplemental property management agreement dated 30 April 2010, amended by an extension letter dated 7 August 2013, supplemented by an amending and restating property management agreement dated 29 February 2016, amended by an extension letter dated 3 August 2018 and supplemented by a deed of novation dated 24 October 2019 (pursuant to which the rights and obligations of the previous trustee thereunder were novated to the Trustee. The Manager and the Property Manager, with the consent of the Trustee, will enter into the PMA Amendment Deed to remove the Trustee as a party to the Property Management Agreement. The current term of the Property Management Agreement is five (5) years, expiring on 11 August 2023.
Property Manager	Goodwell-Fortune Property Services Limited, which was an indirect wholly-owned subsidiary of CKA as at the Latest Practicable Date.
Register of Unitholders	The register of Unitholders.

REIT	Real estate investment trust.
REIT Code	The Code on Real Estate Investment Trusts issued by the SFC, as amended, supplemented or modified from time to time.
REIT Code Amendments	The amendments to the REIT Code which took effect on 4 December 2020.
Rules	Any laws, rules or regulations, including the Trust Deed, the REIT Code, the Listing Rules, the SFO and the Takeovers and Share Buy-backs Code (where applicable).
SEHK	The Stock Exchange of Hong Kong Limited.
SFC	The Securities and Futures Commission of Hong Kong.
SFC Repurchase Circular	The “Circular to Management Companies of SFC- authorised Real Estate Investment Trusts – On-market Unit Repurchases by SFC- authorised REITs”, issued by the SFC on 31 January 2008.
SFO	The Securities and Futures Ordinance of Hong Kong (Cap. 571 of the Laws of Hong Kong), as amended, supplemented or modified from time to time.
SPV	A special purpose vehicle.
Takeovers and Share Buy-backs Code	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or modified from time to time.
	The trust deed entered into between the Trustee and the Manager constituting Fortune REIT, dated 4 July 2003 and as amended, supplemented or modified from time to time.
Trust Deed	The trust deed entered into between the Trustee and the Manager constituting Fortune REIT, dated 4 July 2003 and as amended, supplemented or modified from time to time.
Trustee	HSBC Institutional Trust Services (Asia) Limited, in its capacity as trustee of Fortune REIT.

Unit	One undivided unit in Fortune REIT.
Unit Buy-back Mandate	The proposed general mandate to be given to the Manager to repurchase Units for and on behalf of Fortune REIT.
Unitholder(s)	Any person(s) registered as holding Unit(s) and any person(s) holding Unit(s) through CCASS.
%	Per cent or percentage.

By order of the board of directors of
ARA Asset Management (Fortune) Limited
(in its capacity as manager of Fortune Real Estate Investment Trust)
Chiu Yu, Justina
Chief Executive Officer

Hong Kong, 27 April 2021

The Directors of the Manager as at the date of this announcement are Mr. Chui Sing Loi (alias Tsui Sing Loi) as Chairman and Independent Non-executive Director; Dr. Chiu Kwok Hung, Justin, Mr. Lim Hwee Chiang, Ms. Yeung, Eirene and Mr. Ma Lai Chee, Gerald as Non-executive Directors; Ms. Chiu Yu, Justina as Executive Director; Ms. Cheng Ai Phing, Ms. Yeo Annie (alias Yeo May Ann) and Ms. Koh Poh Wah as Independent Non-executive Directors.