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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution licensed to deal in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your units in **Hui Xian REIT**, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**This circular is for information purposes only and does not constitute an offer or invitation to subscribe for or purchase any securities, nor is it calculated to invite any such offer and invitation.**

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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**

#### **CIRCULAR TO UNITHOLDERS IN RELATION TO (1) GENERAL MANDATE TO BUY BACK UNITS (2) CONTINUING CONNECTED PARTY TRANSACTIONS AND NOTICE OF ANNUAL GENERAL MEETING**

**INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE,  
THE INDEPENDENT UNITHOLDERS AND THE TRUSTEE**



**Crescendo Capital Limited**

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A letter from the Board is set out on pages 1 to 20 of this circular.

A notice convening the AGM to be held at 12:00 noon on Thursday, 11 May 2023 at Harbour Grand Hong Kong, 23 Oil Street, North Point, Hong Kong (or in the event that a black rainstorm warning signal or tropical cyclone warning signal no. 8 or above is in force in Hong Kong at 9:00 a.m. on that day, at the same time and place on Friday, 12 May 2023) is set out on pages N-1 to N-3 of this Circular. Whether or not you are able to attend and vote at the Annual General Meeting in person, please complete and return the accompanying form of proxy to the Unit Registrar of Hui Xian REIT, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof should you so wish.

11 April 2023

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## CORPORATE INFORMATION

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<b>Hui Xian Real Estate Investment Trust</b>	A collective investment scheme constituted as a unit trust and authorised under section 104 of the SFO
<b>Manager</b>	Hui Xian Asset Management Limited Unit 303, Cheung Kong Center 2 Queen's Road Central Hong Kong
<b>Directors of the Manager</b>	
<i>Non-executive Directors</i>	Mr. KAM Hing Lam ( <i>Chairman</i> ) Mr. IP Tak Chuen, Edmond Mr. LIM Hwee Chiang
<i>Executive Directors</i>	Mr. CHEUNG Ling Fung, Tom ( <i>Chief Executive Officer</i> ) Mr. LEE Chi Kin, Casey ( <i>Chief Operating Officer</i> ) Ms. LAI Wai Yin, Agnes ( <i>Chief Financial Officer</i> )
<i>Independent Non-executive Directors</i>	Professor LEE Chack Fan Dr. CHOI Koon Shum, Jonathan Mr. YIN Ke Mr. WU Ting Yuk, Anthony
<b>Trustee</b>	DB Trustees (Hong Kong) Limited Level 60 International Commerce Centre 1 Austin Road West Kowloon, Hong Kong
<b>Unit Registrar</b>	Computershare Hong Kong Investor Services Limited 17M Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong

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## DEFINITIONS

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*In this circular, the following expressions shall have the following meanings unless the context otherwise requires:*

<b>2020 Circular</b>	the circular of Hui Xian REIT dated 3 April 2020
<b>2020 CK/Manager Waivers</b>	the waivers from strict compliance with Chapter 8 of the REIT Code granted by the SFC, as described in the 2020 Circular
<b>AGM or Annual General Meeting</b>	the annual general meeting of Unitholders convened by and referred to in the notice of AGM as set out on pages N-1 to N-3 of this circular
<b>associate</b>	has the meaning ascribed to it under the REIT Code
<b>Board</b>	the board of Directors
<b>Buy-back Mandate</b>	the general mandate proposed to be granted to the Manager to allow the Manager to buy back on behalf of Hui Xian REIT up to 10% of the total number of Units in issue as at the date of the passing of the resolution approving such mandate in accordance with the terms and conditions as set out in the notice of AGM
<b>CK Asset</b>	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 Stock Exchange (Stock Code: 1113)
<b>CK Group</b>	CK Asset and its subsidiaries and associates from time to time, which, for the avoidance of doubt, exclude the Hui Xian REIT Group but includes the Manager and its subsidiaries
<b>CK Property Management Annual Caps</b>	the maximum annual amount payable by members of the Hui Xian REIT Group to members of the CK Group in respect of the CK Property Management Transactions for each of the three years ending 31 December 2024, 2025 and 2026
<b>CK Property Management Master Agreement</b>	the master agreement dated 6 April 2023 entered into by the Manager and CK Asset setting out the framework terms governing the CK Property Management Transactions for the period from 1 January 2024 to 31 December 2026

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## DEFINITIONS

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<b>CK Property Management Transactions</b>	the provision of services by members of the CK Group to members of the Hui Xian REIT Group in relation to property management, operation arrangements and marketing in respect of the relevant Properties or companies in which Hui Xian REIT may directly or indirectly be interested and any transaction in relation to the usage of club and other facilities of the CK Group by the Hui Xian REIT Group
<b>close associate(s)</b>	has the meaning ascribed to it under the Listing Rules (modified as appropriate pursuant to Paragraph 2.26 of the REIT Code)
<b>connected person</b>	has the meaning ascribed to it under the REIT Code
<b>Director(s)</b>	the director(s) of the Manager
<b>Explanatory Statement</b>	the explanatory statement set out in Appendix I to this circular
<b>Hong Kong</b>	the Hong Kong Special Administrative Region of the People's Republic of China
<b>Hui Xian REIT</b>	Hui Xian Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorised under section 104 of the SFO
<b>Hui Xian REIT Group</b>	Hui Xian REIT and its subsidiaries
<b>IFA letter</b>	the letter of advice from the Independent Financial Adviser to the Independent Board Committee, the Independent Unitholders and the Trustee prepared for the purpose of inclusion in this circular, the text of which is set out in this circular
<b>Independent Board Committee</b>	the independent committee of the Board comprising all the independent non-executive Directors established to advise the Independent Unitholders on the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps
<b>Independent Financial Adviser</b>	Crescendo Capital Limited, which is licensed by the SFC to carry out type 6 (advising on corporate finance) regulated activities under the SFO

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## DEFINITIONS

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<b>Independent Unitholders</b>	Unitholders other than those who have a material interest in the relevant resolution(s) within the meaning of Paragraph 8.7F of the REIT Code
<b>INEDs</b>	the independent non-executive Directors
<b>Latest Practicable Date</b>	24 March 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
<b>Listing Rules</b>	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented and/or otherwise modified from time to time
<b>Manager</b>	Hui Xian Asset Management Limited 滙賢房託管理有限公司, as manager of Hui Xian REIT
<b>NPI</b>	as defined under the IFA letter
<b>Offering Circular</b>	the offering circular of Hui Xian REIT dated 11 April 2011 issued in connection with the initial public offering and listing of the Units on the Main Board of the Stock Exchange
<b>Ordinary Resolution</b>	a resolution passed at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed and carried by a simple majority of the votes of those Unitholders present and entitled to vote in person or by proxy, and such votes being taken by way of poll with a quorum of two or more Unitholders holding not less than 10% of the Units in issue
<b>PRC</b>	the People's Republic of China
<b>Properties</b>	the properties owned by the Hui Xian REIT Group from time to time
<b>Property Manager</b>	the property manager which is a subsidiary of the Manager and to which the Manager has delegated the property management functions in respect of any property
<b>Register</b>	the register of Unitholders
<b>REIT(s)</b>	real estate investment trust(s)

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## DEFINITIONS

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<b>REIT Code</b>	Code on Real Estate Investment Trusts issued by the SFC (as amended, supplemented and/or otherwise modified from time to time)
<b>RMB</b>	Renminbi, the lawful currency of the PRC
<b>SFC</b>	Securities and Futures Commission of Hong Kong
<b>SFC Repurchase Circular</b>	the “Circular to Management Companies of SFC-authorized Real Estate Investment Trusts – On-market Unit Repurchases by SFC-authorized REITs”, issued by the SFC on 31 January 2008
<b>SFO</b>	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented and/or otherwise modified from time to time
<b>Stock Exchange</b>	The Stock Exchange of Hong Kong Limited
<b>subsidiary</b>	has the meaning ascribed to it under the REIT Code
<b>substantial holder</b>	has the meaning ascribed to it under the REIT Code
<b>Takeovers Code</b>	the Codes on Takeovers and Mergers and Share Buy-Backs issued by the SFC as amended, supplemented and/or otherwise modified from time to time
<b>Trust Deed</b>	the trust deed dated 1 April 2011 constituting Hui Xian REIT as amended, modified or supplemented from time to time
<b>Trustee</b>	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
<b>Unit(s)</b>	the unit(s) of Hui Xian REIT
<b>Unit Registrar</b>	Computershare Hong Kong Investor Services Limited, as unit registrar of Hui Xian REIT
<b>Unitholder(s)</b>	any person(s) registered as holding a Unit

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference to a time of day in this circular shall be a reference to Hong Kong time unless otherwise stated.

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## LETTER FROM THE BOARD

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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**

***Directors of the Manager:***

*Non-executive Directors*

Mr. KAM Hing Lam (*Chairman*)

Mr. IP Tak Chuen, Edmond

Mr. LIM Hwee Chiang

***Registered Office:***

Unit 303,

Cheung Kong Center

2 Queen's Road Central

Hong Kong

*Executive Directors*

Mr. CHEUNG Ling Fung, Tom (*Chief Executive Officer*)

Mr. LEE Chi Kin, Casey (*Chief Operating Officer*)

Ms. LAI Wai Yin, Agnes (*Chief Financial Officer*)

*Independent Non-executive Directors*

Professor LEE Chack Fan

Dr. CHOI Koon Shum, Jonathan

Mr. YIN Ke

Mr. WU Ting Yuk, Anthony

11 April 2023

*To: Unitholders*

Dear Sir/Madam,

**CIRCULAR TO UNITHOLDERS IN RELATION TO  
(1) GENERAL MANDATE TO BUY BACK UNITS  
(2) CONTINUING CONNECTED PARTY TRANSACTIONS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

Reference is made to (i) the SFC Repurchase Circular pursuant to which the Manager proposes to seek Unitholders' approval at the AGM to grant a general mandate to the Manager to effect on-market buyback(s) of Units on behalf of Hui Xian REIT and (ii) the announcement of Hui Xian REIT dated 6 April 2023 disclosing, *inter alia*, that the Manager in its capacity as manager (for and on behalf of Hui Xian REIT) entered into the CK Property Management Master Agreement with CK Asset.

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## LETTER FROM THE BOARD

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The purposes of this circular are to:

- (1) provide you with information with respect to (i) the grant of the Buy-back Mandate; and (ii) the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps;
- (2) set out the recommendations of the Independent Board Committee to the Independent Unitholders, and the advice of the Independent Financial Adviser to the Independent Board Committee, the Independent Unitholders and the Trustee, in relation to the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps; and
- (3) provide you with the AGM notice and further information on the Ordinary Resolutions to be proposed at the AGM to approve (i) the grant of the Buy-back Mandate; and (ii) the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps.

### **1. GENERAL MANDATE TO BUY BACK UNITS**

#### **1.1 Buy-back Mandate**

The Manager wishes to seek the approval of the Unitholders at the AGM to grant the Buy-back Mandate to the Manager for the buy-back of Units on behalf of Hui Xian REIT pursuant to the SFC Repurchase Circular.

The Buy-back Mandate will, if granted, become effective from the date of the passing of the resolution approving the Buy-back Mandate and remain valid until the earlier of:

- (i) the conclusion of the next annual general meeting of Hui Xian REIT following the passing of the resolution to approve the grant of the Buy-back Mandate unless by Ordinary Resolution passed at that meeting the Buy-back Mandate is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the meeting referred to in (i) above is required to be held under the Trust Deed, the REIT Code or any applicable laws; and
- (iii) its revocation or variation by an Ordinary Resolution of the Unitholders passed at a general meeting of the Unitholders.

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## LETTER FROM THE BOARD

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Hui Xian REIT shall comply with the restrictions and notification requirements applicable to listed companies purchasing their own shares on the Stock Exchange 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.

### **1.2 Explanatory Statement**

The Explanatory Statement in connection with the Buy-back Mandate is set out in Appendix I to this circular, which contains further information on the Buy-back Mandate and sets out the terms and conditions on which the Manager may exercise its power under the Buy-back Mandate, if granted, to effect on-market buy-back(s) of Units on the Stock Exchange on behalf of Hui Xian REIT.

### **1.3 Maximum number of Units that may be bought back**

Subject to the passing of the proposed Ordinary Resolution for approving the Buy-back Mandate, the number of Units which may be bought back pursuant to the Buy-back Mandate is up to 10% of the total number of Units in issue as at the date of the passing of the resolution approving the Buy-back Mandate.

### **1.4 Approval required**

Pursuant to the SFC Repurchase Circular, the Manager proposes to seek Unitholders' approval by way of an Ordinary Resolution at the AGM to grant a general mandate to the Manager to buy back Units on the Stock Exchange on behalf of Hui Xian REIT.

Pursuant to Paragraph 3.3 of Schedule 1 to the Trust Deed, at any meeting a resolution put to the vote of the meeting shall be decided on a poll and the result of the poll shall be deemed to be the resolution of the meeting.

The proposed Ordinary Resolution in relation to the grant of the Buy-back Mandate to the Manager will be decided on a poll at the AGM and the result of the poll shall be deemed to be the resolution of the meeting.

### **1.5 Opinion of the Board and Directors' recommendation**

The Directors are of the opinion that the granting of the Buy-back Mandate is in the interests of Hui Xian REIT and the Unitholders as a whole and accordingly recommend the Unitholders to vote in favour of the Ordinary Resolution with respect to the Buy-back Mandate to be proposed at the AGM.

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## LETTER FROM THE BOARD

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### 1.6 Trustee's opinion and consent

The Trustee (i) is of the opinion that the granting of the Buy-back Mandate complies with the Trust Deed, and, (ii) subject to Unitholders' approval, has given its consent to the Manager to proceed with any proposed buy-backs pursuant to the Buy-back Mandate.

The Trustee's confirmation is being furnished for the sole purpose of complying with the requirements of the SFC Repurchase Circular and is not to be taken as a recommendation or representation by the Trustee of the merits of the Buy-back Mandate or any statements or information made or disclosed in this circular. The Trustee has not made any assessment of the merits or impact of the Buy-back Mandate other than for the purposes of fulfilling its fiduciary duties set out in the Trust Deed and the REIT Code. Accordingly, all Unitholders, including those who are in any doubt as to the merits or impact of the Buy-back Mandate, should seek their own financial or other professional advice.

## 2. CONTINUING CONNECTED PARTY TRANSACTIONS

### 2.1 Background

At the time of authorisation of Hui Xian REIT under section 104 of the SFO in April 2011 before the first listing of the Units on the Stock Exchange, waivers were granted by the SFC in relation to certain connected party transactions between the Hui Xian REIT Group on the one hand, and (i) the Cheung Kong Connected Persons Group (as defined in the Offering Circular) or (ii) the Manager Group (as defined in the Offering Circular) (as the case may be) on the other hand, for a period up to and including 31 December 2013, which were subsequently modified and/or extended in 2012, 2014, 2015, 2017 and 2020. Details of the 2020 CK/Manager Waivers, which are due to expire on 31 December 2023, and the categories of continuing connected party transactions which are the subject of the 2020 CK/Manager Waivers are more particularly set out in the 2020 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 Stock Exchange. 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 in respect of connected party transactions shall continue to apply until expiry according to their terms or until otherwise modified or revoked. Since the 2020 CK/Manager Waivers are due to expire on 31 December 2023, the continuing connected party transactions of Hui Xian REIT which are the subject of the 2020 CK/Manager Waivers will, upon such expiry, be

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## LETTER FROM THE BOARD

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regulated with reference to Chapter 14A of the Listing Rules (modified as appropriate pursuant to Paragraph 2.26 of the REIT Code), in addition to Chapter 8 of the REIT Code.

One of the categories of continuing connected party transactions of Hui Xian REIT under the 2020 CK/Manager Waivers is property management and club facilities transactions, which include services provided or to be provided by the CK Connected Persons Group (as defined in the 2020 Circular) or the Manager Group (as defined in the 2020 Circular) (as the case may be) to the Hui Xian REIT Group in relation to property management, operation arrangements and marketing in respect of the Properties or companies in which Hui Xian REIT may directly or indirectly be interested and any transaction in relation to the usage of club and other facilities of the CK Connected Persons Group (as defined in the 2020 Circular) or the Manager Group (as defined in the 2020 Circular) (as the case may be) by the Hui Xian REIT Group. (collectively, the “**Previous Property Management Transactions**”)

### 2.2 CK Property Management Master Agreement

#### 2.2.1 Principal terms

As the 2020 CK/Manager Waivers will expire on 31 December 2023 and having regard to the regular, ordinary and ongoing nature of the CK Property Management Transactions, on 6 April 2023, the Manager in its capacity as manager of Hui Xian REIT entered into the CK Property Management Master Agreement with CK Asset, to set out the framework terms governing the CK Property Management Transactions (being the same scope of property management and club facilities transactions covered under the 2020 CK/Manager Waivers, i.e., the Previous Property Management Transactions) for the period from 1 January 2024 to 31 December 2026 (both days inclusive).

The principal terms of the CK Property Management Master Agreement are set out below:

Date:	6 April 2023
Parties:	(i) CK Asset; and (ii) the Manager (in its capacity as manager for and on behalf of Hui Xian REIT)
Term:	Three years from 1 January 2024 up to 31 December 2026 (both days inclusive)

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## LETTER FROM THE BOARD

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- Condition precedent: The CK Property Management Master Agreement is conditional upon the passing of an Ordinary Resolution by the Independent Unitholders at a general meeting of Unitholders to approve the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps. If this condition cannot be fulfilled on or before 31 December 2023 (or such later date as may be agreed between CK Asset and the Manager in writing), the CK Property Management Master Agreement shall terminate with immediate effect and none of the parties thereto shall have any rights against the other of them except in relation to any antecedent breach of the CK Property Management Master Agreement.
- Purpose and other terms: To set out the framework terms on which the CK Property Management Transactions shall be entered into, renewed or extended during the term of the CK Property Management Master Agreement.
- The Manager (for and on behalf of Hui Xian REIT) and CK Asset shall respectively procure the relevant members of the Hui Xian REIT Group and the relevant members of the CK Group (being the relevant parties to the CK Property Management Transactions) to enter into a separate written agreement with respect to each CK Property Management Transaction to be negotiated on a case-by-case and at arm's length basis, and shall be on normal commercial terms which from the Hui Xian REIT Group's perspective shall be no less favourable than those which members of the Hui Xian REIT Group could obtain from independent third parties.
- Pricing policy: 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.

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## LETTER FROM THE BOARD

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To ensure that each transaction under the CK Property Management Master Agreement is entered into based on the then prevailing market rate, the Manager has in place the following internal control procedures:

(a) Building Management Services (as defined in the IFA Letter)

(i) In respect of building management fees which are to be paid by Hui Xian REIT, the Manager will obtain, to the extent practicable, at least three quotations, of which at least two quotations are from independent third parties and at least one quotation is from a member of the CK Group in respect of the Building Management Services for the Properties and will compare the fees to ensure that such fees are at the then prevailing market rate and on normal commercial terms.

(ii) In respect of expenses incurred in relation to the provision of the Building Management Services by the CK Group which are to be reimbursed by Hui Xian REIT, in order to ensure that the expenses to be reimbursed to the CK Group are on normal commercial terms, the Manager will review the monthly reimbursement breakdown and assess the reasonableness of the claimed amounts before making the reimbursement of such expenses.

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## LETTER FROM THE BOARD

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(b) Property Manager Services (as defined in the IFA Letter)

- (i) The Property Manager will prepare an annual budget for the projected annual expenses and monthly reimbursement breakdown of the relevant Property, which will be reviewed by the Manager before making the payment to ensure the claimed expenses are reasonable and on normal commercial terms.
- (ii) In case members of the CK Group other than the Property Manager are proposed to be engaged for the provision of the Property Manager Services, the Manager will arrange to obtain, to the extent practicable, at least three quotations, of which at least two quotations are from independent third parties and at least one quotation is from a member of the CK Group in respect of fees to be incurred in relation to the provision of the Property Manager Services and will compare the fees to ensure that the fees quoted by members of the CK Group are in line with those offered by independent service providers and on prevailing market rates.

(c) Use of club and other facilities

The Manager will obtain, to the extent practicable, at least three quotations, of which at least two quotations are from independent third parties and at least one quotation is from a member of the CK Group covering similar services and will compare the fees to ensure that the fees to be charged by the relevant member of the CK Group are in line with those offered by independent service providers and on prevailing market rates.

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## LETTER FROM THE BOARD

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### 2.2.2 Historical transaction amounts

The table below sets out the aggregate historical transaction amounts paid or payable by members of the Hui Xian REIT Group to members of the CK Group in respect of the CK Property Management Transactions for each of the two years ended 31 December 2021 and 2022 and the two months ended 28 February 2023:

<b>For the year ended 31 December</b>		<b>For the two months</b>
<b>2021</b>	<b>2022</b>	<b>ended</b>
<i>RMB'000</i>	<i>RMB'000</i>	<b>28 February 2023</b>
		<i>RMB'000</i>
126,479 ( <i>Note 1</i> )	121,813 ( <i>Note 1</i> )	20,026 ( <i>Note 2</i> )

*Notes:*

1. The annual cap amounts in respect of the CK Property Management Transactions under the 2020 CK/Manager Waivers for the two years ended 31 December 2021 and 2022 were RMB242,500,000 and RMB266,700,000 respectively.
2. Based solely on the historical figures for the two months ended 28 February 2023, the annualized transaction amount in respect of the CK Property Management Transactions for the year ending 31 December 2023 is projected to be approximately RMB120,156,000. Such annualized amount is for illustration purpose only and no representation is made that the actual transaction amount in respect of the CK Property Management Transactions for the year ending 31 December 2023 will be of such an amount. Notwithstanding, the annual cap for the year ending 31 December 2023 in the amount of RMB293,400,000 under the Previous Property Management Transactions has not been, and it is expected that it will not be, exceeded.

### 2.2.3 CK Property Management Annual Caps and basis for determining the CK Property Management Annual Caps

The maximum annual amount payable by members of the Hui Xian REIT Group to members of the CK Group in respect of the CK Property Management Transactions for each of the three years ending 31 December 2024, 2025 and 2026 (i.e. the CK Property Management Annual Caps) will not exceed the amounts set out below:

<b>For the year ending 31 December</b>		
<b>2024</b>	<b>2025</b>	<b>2026</b>
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
220,200	239,100	259,600

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## LETTER FROM THE BOARD

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The CK Property Management Annual Caps are determined with general reference to the historical transaction amounts and:

- (a) an approximate 10% annual increase in staff and wages costs, which was determined having regard to the growth rate between 2020 and 2022 which ranged from -1.2% to +9.3%, which the Manager believes is reasonable;
- (b) an increase of the property manager's fee from 2% of the NPI to a maximum of 3% of the NPI to be received by the property manager in respect of Beijing Oriental Plaza is assumed, given that Manager might elect to allocate the 3% per annum variable fee between the Manager and the property manager;
- (c) the NPI of Beijing Oriental Plaza for the year ended 31 December 2019 was used as the basis for estimating the property manager's fee in respect of Beijing Oriental Plaza for the year ending 31 December 2024 as the Manager considered that the NPI of Beijing Oriental Plaza during the outbreak of COVID-19 in 2020, 2021 and 2022 could not properly reflect the NPI of Beijing Oriental Plaza in the coming years;
- (d) an approximate 6% increase of NPI is assumed with reference to the NPI growth for the past 10 years which ranged from -25.9% to 9.9%; and
- (e) the inclusion of a buffer of approximately 25% for contingencies such as unforeseeable market fluctuations, possible upgrades, repair and renovation works to be carried out in the properties of the Hui Xian REIT Group and the possibilities that new properties may be added in the property portfolio of the Hui Xian REIT Group or new service providers of property management services may be acquired by the CK Group during the three years ending 31 December 2026.

As members of the CK Group include the Manager and its subsidiaries, there is no need to set one annual cap for the CK Property Management Transactions with the Manager and its subsidiaries and a separate annual cap for the CK Property Management Transactions with the CK Group excluding the Manager and its subsidiaries. As the Manager Group (as defined under the 2020 Circular) includes not only the Manager and its subsidiaries but also other parties which do not fall within the CK Connected Persons Group (as defined under the 2020 Circular), there was a need to have separate annual caps governing the transactions with each of the CK Connected Persons Group and the Manager Group at the time under the 2020 CK/Manager Waivers.

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## LETTER FROM THE BOARD

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### **2.3 Reasons for and benefits of the CK Property Management Transactions**

Members of the Hui Xian REIT Group have been engaging members of the CK Group to provide certain property management related services and property manager related services for a long time. The Manager expected that the abovementioned transactions between the Hui Xian REIT Group and the CK Group would continue in the future so as to facilitate the daily operation and management of the Properties of the Hui Xian REIT Group. Having considered that (i) the Hui Xian REIT Group has the practical need to use the services under the CK Property Management Transactions from time to time in its ordinary and usual course of business; (ii) the relevant members of the CK Group have solid experiences and expertise in providing property management, operation arrangements and marketing services and the CK Property Management Transactions can facilitate an effective management of the Properties; (iii) the CK Property Management Master Agreement offers a greater flexibility for the Hui Xian REIT Group in the selection of service providers by allowing the Hui Xian REIT Group to use the relevant services of the CK Group as and when appropriate, and (iv) this will enable the Hui Xian REIT Group to provide its tenants or hotel guest the use of certain club or other facilities of the CK Group, which has a value added effect and will makes the leasing of properties or staying at hotels owned by Hui Xian REIT more attractive. The CK Property Management Transactions contemplated under the CK Property Management Master Agreement are commercial transactions conducted in the ordinary and usual course of business of the Hui Xian REIT Group and are fair and reasonable, in the interests of the Hui Xian REIT Group and the Unitholders as a whole.

### **2.4 Implications under the REIT Code**

CK Asset is the holding company of Noblecrown Investment Limited (a substantial holder of Hui Xian REIT) and through Noblecrown Investment Limited and other CK Group entities is interested in approximately 33.53% of the total number of issued units, CK Asset is therefore a connected person of Hui Xian REIT and the CK Property Management Transactions therefore constitutes continuing connected party transactions of Hui Xian REIT under the REIT Code and the Listing Rules (modified as appropriate pursuant to Paragraph 2.26 of the REIT Code).

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the highest CK Property Management Annual Caps exceeds 5%, the CK Property Management Master Agreement and the CK Property Management Transactions and the CK Property Management Annual Caps are subject to the announcement, reporting, annual review and Independent Unitholders' approval requirements under the REIT Code and the Listing Rules (modified as appropriate pursuant to Paragraph 2.26 of the REIT Code).

None of the Directors has a material interest in the CK Property Management Transactions or was required to abstain from voting on the relevant resolution of the Board approving the same. However, as good corporate governance, Mr. KAM Hing

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## LETTER FROM THE BOARD

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Lam and Mr. IP Tak Chuen, Edmond, who are also directors of CK Asset, have voluntarily abstained from voting on the resolutions approving the CK Property Management Transactions.

### 2.5 Internal control

The Manager has an internal control system in place to ensure that connected party transactions (including continuing connected party transactions) between the Hui Xian REIT Group and its connected persons are monitored and dealt with properly in accordance with the guidelines and policies established and that such transactions are undertaken on terms in compliance with the REIT Code. As required by the REIT Code, all connected party transactions (including continuing connected party transactions) must, among other things, be carried out at arm's length, on normal commercial terms and in the interests of the Unitholders. The following internal control measures, among others, are in place to ensure that such transactions satisfy the foregoing criteria:

- (a) As a general rule, the Manager must demonstrate to the audit committee of the Manager that all connected party transactions satisfy the criteria under Paragraph 8.7 of the REIT Code, which may entail (where practicable) obtaining quotations from independent third parties, or obtaining one or more valuations from independent professional valuers if necessary. The audit committee of the Manager reviews all the connected party transactions on a half-yearly basis.
- (b) The Manager investigates and monitors all transactions by the Hui Xian REIT Group in order to determine whether such transactions are connected party transactions or, as the case may be, are becoming connected party transactions. Where practicable, each counterparty to such transactions shall be required to confirm to the Manager whether it is a connected person of Hui Xian REIT.
- (c) The Manager maintains a register to record all connected party transactions which are entered into by members of the Hui Xian REIT Group and the bases, including quotations from independent third parties obtained to support such bases, on which they are entered into. The Manager reviews and monitors the annual caps from time to time on an on-going basis to ensure it has not been, and will not be, exceeded.
- (d) The Manager incorporates into its internal audit plan a review of all connected party transactions entered into by the Hui Xian REIT Group.
- (e) The audit committee of the Manager has the right to review the register of connected party transactions to ascertain that the guidelines and procedures established to monitor connected party transactions have been complied with and, among others, whether the transactions (including the CK Property

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## LETTER FROM THE BOARD

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Management Transactions) are fair and reasonable. The Trustee also has the right to review such register to ascertain that the REIT Code has been complied with.

### **2.6 Review and reporting**

The CK Property Management Transactions will be subject to the review and reporting processes pursuant to Paragraph 8.7A of the REIT Code and Rules 14A.55 to 14A.59, Rules 14A.71 and 14A.72 of the Listing Rules (modified as appropriate pursuant to Paragraph 2.26 of the REIT Code).

#### ***(a) Annual review by the independent non-executive Directors***

The independent non-executive Directors shall review the CK Property Management Transactions annually and confirm in Hui Xian REIT's annual report for the relevant financial year that each such transaction has been entered into:

- (i) in the ordinary and usual course of business of the Hui Xian REIT Group;
- (ii) at arm's length and on normal commercial terms or better; and
- (iii) in accordance with the relevant agreement on terms that are fair and reasonable and in the interests of Hui Xian REIT and the Unitholders as a whole.

#### ***(b) Annual review by the auditors of Hui Xian REIT***

In respect of each relevant financial period, the Manager shall engage the auditors of Hui Xian REIT to perform certain review procedures on the CK Property Management Transactions annually. The auditors of Hui Xian REIT shall report to the audit committee of the Manager on the factual findings based on the work performed by them confirming whether anything has come to their attention that causes them to believe that any such transaction:

- (i) has not been approved by the Board (including all of the independent non-executive Directors);
- (ii) was not, in all material respects, in accordance with the pricing policies of Hui Xian REIT;
- (iii) was not entered into, in all material respects, in accordance with its terms of agreement; or
- (iv) has exceeded the applicable annual cap.

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## LETTER FROM THE BOARD

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The Manager shall allow the auditors of Hui Xian REIT and the independent non-executive Directors sufficient access to their records for the purpose of reporting on the transactions. The Manager shall also, to the extent reasonably practicable, procure the counterparty to the CK Property Management Transactions to allow, the auditors of Hui Xian REIT sufficient access to their records for the purpose of reporting on the transactions.

The Manager shall provide a copy of the auditors' report to the SFC at least 10 business days before the bulk printing of the annual report of Hui Xian REIT.

*(c) 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 Hui Xian REIT cannot confirm the matters set out in (a) and/or (b) above. The SFC may require Hui Xian REIT to re-comply with the announcement and unitholders approval requirements and may impose additional conditions.

*(d) Annual reports*

A brief summary of the CK Property Management Transactions containing the information specified in Rules 14A.71 and 14A.72 of the Listing Rules (modified as appropriate pursuant to Paragraph 2.26 of the REIT Code) shall be included in Hui Xian REIT's annual reports.

### **2.7 Information on the parties**

Hui Xian REIT is a collective investment scheme constituted as a unit trust and authorised by the SFC under section 104 of the SFO, which units are listed on the Main Board of the Stock Exchange. The principal activity of Hui Xian REIT and its subsidiaries is to own and invest in high quality commercial properties with the objective of producing stable and sustainable distributions to Unitholders. The Manager is the manager of Hui Xian REIT and is principally engaged in the business of managing Hui Xian REIT. The Manager is a direct wholly-owned subsidiary of World Deluxe Enterprises Limited, which in turn is indirectly owned as to 70% by CK Asset and 30% by ARA Asset Management Limited which is a wholly-owned subsidiary of ESR Group Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1821).

CK Asset 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, pub operation and investment in infrastructure and utility asset operation. The shares of CK Asset are listed on the Main Board of the Stock Exchange (Stock Code: 1113).

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## LETTER FROM THE BOARD

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### **2.8 Approval required**

Pursuant to the condition precedent of the CK Property Management Master Agreement, the Manager proposes to seek the Independent Unitholders' approval by way of an Ordinary Resolution at the AGM to approve the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps.

Pursuant to Paragraph 3.3 of Schedule 1 to the Trust Deed, at any meeting a resolution put to the vote of the meeting shall be decided on a poll and the result of the poll shall be deemed to be the resolution of the meeting.

The proposed Ordinary Resolution in relation to the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps will be decided on a poll at the AGM and the result of the poll shall be deemed to be the resolution of the meeting.

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

Pursuant to rule 14A.44 of the Listing Rules, Crescendo Capital Limited has been appointed as the Independent Financial Adviser to provide its opinion on the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps to the Independent Board Committee, the Independent Unitholders and the Trustee. Your attention is drawn to the "Letter from the Independent Financial Adviser" set out in this circular.

The Independent Financial Adviser confirms that, having considered the principal factors and reasons stated in its above letter, (i) each of the CK Property Management Transactions is conducted in the ordinary and usual course of business of the Hui Xian REIT Group and the terms of which are at arm's length and on normal commercial terms; and (ii) the terms of the CK Property Management Master Agreement, CK Property Management Transactions and the CK Property Management Annual Caps (and their basis) are fair and reasonable, and are in the interests of Hui Xian REIT and the Unitholders as a whole.

The Independent Financial Adviser recommends the Independent Board Committee to advise the Independent Unitholders, and Independent Financial Adviser also recommends the Independent Unitholders, to vote in favour of the Ordinary Resolution to approve the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps at the AGM.

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## LETTER FROM THE BOARD

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### **2.10 Opinion of the Independent Board Committee**

Pursuant to rule 14A.40 of the Listing Rules, the Independent Board Committee (comprising all INEDs) has been established by the Board to advise the Independent Unitholders on the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps. Your attention is drawn to the “Letter from the Independent Board Committee” set out in this circular.

Having taken into account the opinion of, and the principal factors and reasons considered by, the Independent Financial Adviser, the Independent Board Committee considers that:

- (a) the CK Property Management Transactions will be carried out on an arm’s length basis and on normal commercial terms and in the ordinary and usual course of business of the Hui Xian REIT Group;
- (b) the CK Property Management Transactions are consistent with the investment objectives and strategy of the Hui Xian REIT Group and comply with the REIT Code and Trust Deed; and
- (c) the terms of the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps (and their basis) are on normal commercial terms and are fair and reasonable and in the interests of Hui Xian REIT and the Unitholders as a whole.

The Independent Board Committee therefore recommends that the Independent Unitholders to vote in favour of the Ordinary Resolution to approve the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps at the AGM.

### **2.11 Opinion and recommendation of the Board**

The Board (including all INEDs) is of the view that:

- (a) the CK Property Management Transactions will be carried out on an arm’s length basis and on normal commercial terms and in the ordinary and usual course of business of the Hui Xian REIT Group;
- (b) the CK Property Management Transactions are consistent with the investment objectives and strategy of the Hui Xian REIT Group and comply with the REIT Code and Trust Deed; and

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## LETTER FROM THE BOARD

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- (c) the terms of the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps (and their basis) are on normal commercial terms and are fair and reasonable and in the interests of Hui Xian REIT and the Unitholders as a whole.

The Board (including all INEDs) therefore recommends that the Independent Unitholders to vote in favour of the Ordinary Resolution to approve the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps at the AGM.

### **2.12 Opinion of the Trustee**

Based on and in sole reliance upon: (1) the opinion of the Board in this letter and the information and assurances provided by the Manager; (2) the letter from the Independent Financial Adviser; and (3) the letter from the Independent Board Committee, the Trustee, having taken into account its duties under the REIT Code and Trust Deed, is of the view that:

- (a) the CK Property Management Transactions are consistent with Hui Xian REIT's investment objectives and strategy and in compliance with the REIT Code and the Trust Deed; and the CK Property Management Transactions, the terms of the CK Property Management Master Agreement and the CK Property Management Annual Caps (and their basis) are on normal commercial terms and are fair and reasonable and in the interests of Hui Xian REIT and the Independent Unitholders, as well as the Unitholders as a whole; and
- (b) Independent Unitholders' approval is required for the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps.

The Trustee does not have any objection to the entry into of the CK Property Management Transactions in accordance with the terms of the CK Property Management Master Agreement (including the CK Property Management Annual Caps).

The above views are expressed solely to comply with Paragraph 8.7D of the REIT Code, and are not to be taken as a recommendation or representation by the Trustee of the merits of the CK Property Management Transactions or of any statements or information made or disclosed in this circular. The Trustee has not made any assessment of the merits or impact of the CK Property Management Transactions, other than for the purpose 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 merits or impact of the CK Property Management Transactions to consider the "Letter from the Independent Financial Adviser" set out in this circular and seek their own financial or other professional advice.

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## LETTER FROM THE BOARD

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### 3. ANNUAL GENERAL MEETING

The AGM will be held at Harbour Grand Hong Kong, 23 Oil Street, North Point, Hong Kong on Thursday, 11 May 2023 at 12:00 noon (or in the event that a black rainstorm warning signal or tropical cyclone warning signal no. 8 or above is in force in Hong Kong at 9:00 a.m. on that day, at the same time and place on Friday, 12 May 2023), for the purposes of, among others, considering and, if thought fit, passing, with or without modifications, the Ordinary Resolutions set out in the notice of AGM, which is set out on pages N-1 to N-3 of this circular.

#### 3.1 Restrictions on voting

Paragraph 9.9(f) of the REIT Code provides that where a unitholder has a material interest in the business to be contracted at a general meeting of the unitholders, and that interest is different from the interests of all other unitholders, such unitholder shall be prohibited from voting. Paragraph 8.7F of the REIT Code also provides that any Unitholder who has a material interest in a connected party transaction tabled for approval, and that interest is different from that of all other Unitholders, shall abstain from voting at the general meeting.

Further, under Paragraph 3.2 of Schedule 1 to the Trust Deed, where a Unitholder has a material interest in the business to be conducted at a general meeting of Hui Xian REIT, and that interest is different from the interests of other Unitholders, such Unitholder shall be prohibited from voting its Units at, or being counted in the quorum for, the general meeting.

With respect to the proposed Ordinary Resolution relating to the Buy-back Mandate, the Manager is not aware of any Unitholders that are required to abstain from voting on such Ordinary Resolutions.

With respect to the proposed Ordinary Resolution to approve the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps, members of the CK Group are, or may from time to time become, parties to the CK Property Management Transactions and as such have a material interest in such Ordinary Resolution which is different from the interests of other Unitholders. Accordingly, to the extent that any member of the CK Group is a Unitholder, such person will be required to abstain from voting on the Ordinary Resolution to approve the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps.

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## LETTER FROM THE BOARD

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So far as the Manager is aware, as at the Latest Practicable Date, holdings of Units of the CK Group were as follows:

Entities	Number of Units held	Approximate percentage of unitholding
Noblecrown Investment Limited	1,091,083,328	17.51%
Heathcliff Developments Limited	586,884,405	9.42%
Wisdom Ally Limited	277,042,723	4.45%
Wealth Finder Limited	87,907,917	1.41%
Manager	45,884,057	0.74%
<b>Total</b>	<b>2,088,802,430</b>	<b>33.53%</b>

*Note:* As at the Latest Practicable Date, the total number of issued Units was 6,230,359,272. All entities set out in the table above are subsidiaries of CK Asset and they will all abstain from voting on the Ordinary Resolution to approve the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps in respect of all Units held by them. These entities all held their respective Units beneficially.

Mr. KAM Hing Lam and Mr. IP Tak Chuen, Edmond will abstain from voting on the Ordinary Resolution to approve the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps at the AGM to uphold the highest corporate governance standards in REIT.

As at the Latest Practicable Date, to the best of the Manager's knowledge, information and belief after having made reasonable enquiries, save as disclosed above, the Manager is not aware of any Unitholder who is required to abstain from voting on the Ordinary Resolution to approve the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps.

### 3.2 Closure of register of members

For the purposes of determining the entitlements of Unitholders to vote at the AGM, the Register will be closed from Monday, 8 May 2023 to Thursday, 11 May 2023, both days inclusive, during which period no transfer of Units will be effected. For those Unitholders who are not already on the Register, in order to qualify to vote at the AGM, all Unit certificates accompanied by 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 Friday, 5 May 2023.

You can vote at the AGM by proxy if you are a Unitholder on Thursday, 11 May 2023. You will find enclosed with this circular the notice of AGM (see pages N-1 to N-3 of this circular) and a form of proxy for use for the AGM.

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## LETTER FROM THE BOARD

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Please complete, sign and date the enclosed form of proxy, whether or not you are able to attend the AGM in person, in accordance with the instructions printed on the form of proxy, and return it to the Unit Registrar of Hui Xian REIT, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. The form of proxy should be completed and returned as soon as possible but in any event not less than 48 hours before the time appointed for holding the AGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you wish.

#### 4. GENERAL

In case of any inconsistency between the English and Chinese versions of this circular, the English version shall prevail.

Yours faithfully,

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*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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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**

11 April 2023

*To the Independent Unitholders of Hui Xian REIT*

Dear Sir/Madam,

#### **CONTINUING CONNECTED PARTY TRANSACTIONS**

We have been appointed as members of the Independent Board Committee to advise you in respect of the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps, details of which are set out in the “Letter from the Board” in the circular dated 11 April 2023 from the Manager to the Unitholders (the “**Circular**”), of which this letter forms a part. Terms defined in the Circular shall have the same meanings when used in this letter unless the context otherwise requires.

Crescendo Capital Limited has been appointed by the Manager to advise us, the Independent Unitholders and the Trustee in connection with the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps.

Details of their opinion, together with the principal factors and reasons taken into consideration, and assumptions and qualifications in arriving at such opinion, are set out in the “Letter from the Independent Financial Adviser”, the text of which is contained in the Circular.

Having taken into account the opinion of, and the principal factors and reasons considered by Crescendo Capital Limited, we consider that:

- (a) the CK Property Management Transactions will be carried out on an arm’s length basis and on normal commercial terms and in the ordinary and usual course of business of the Hui Xian REIT Group;
- (b) the CK Property Management Transactions are consistent with the investment objectives and strategy of the Hui Xian REIT Group and comply with the REIT Code and Trust Deed; and

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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- (c) the terms of the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps (and their basis) are on normal commercial terms and are fair and reasonable and in the interests of Hui Xian REIT and the Unitholders as a whole.

Accordingly, we recommend that the Independent Unitholders vote in favour of the Ordinary Resolution to approve the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps.

Yours faithfully,

Independent Board Committee

**Hui Xian Asset Management Limited**

滙賢房託管理有限公司

(as the Manager of Hui Xian Real Estate Investment Trust)

**LEE Chack Fan    CHOI Koon Shum, Jonathan    YIN Ke    WU Ting Yuk, Anthony**

*Independent non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of a letter of advice from the Independent Financial Adviser prepared for the purpose of inclusion in this circular, setting out its advice to the Independent Board Committee, the Independent Unitholders and the Trustee in respect of the CK Property Management Master Agreement, CK Property Management Transactions and the CK Property Management Annual Caps.*



1105 Tai Tung Building  
8 Fleming Road  
Wanchai, Hong Kong

11 April 2023

Hui Xian Real Estate Investment Trust  
Unit 303, Cheung Kong Center  
2 Queen's Road Central  
Hong Kong

*To the Independent Board Committee, the Independent Unitholders and the Trustee*

Dear Sirs,

### CONTINUING CONNECTED PARTY TRANSACTIONS

#### INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee, the Independent Unitholders and the Trustee with respect to the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps, details of which are set out in the Letter from the Board contained in the circular dated 11 April 2023 to the Unitholders (the “**Circular**”), of which this letter forms part. Capitalized terms used in this letter have the same meanings as those defined elsewhere in the Circular unless the context requires otherwise.

At the time of authorization of Hui Xian REIT under section 104 of the SFO in April 2011 before the first listing of the Units on the Stock Exchange, waivers were granted by the SFC in relation to certain connected party transactions between the Hui Xian REIT Group on the one hand, and (i) the Cheung Kong Connected Persons Group (as defined in the Offering Circular) or (ii) the Manager Group (as defined in the Offering Circular) (as the case may be) on the other hand, for a period up to and including 31 December 2013. The Manager applied for, and the SFC granted, subsequent modifications and/or extensions (as the case may be) of such initial waivers and each of the 2020 CK/Manager Waivers was granted for a period up to and including 31 December 2023.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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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 Stock Exchange. 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 in respect of connected party transactions shall continue to apply until expiry according to their terms or until otherwise modified or revoked. Since the 2020 CK/Manager Waivers are due to expire on 31 December 2023, the continuing connected party transactions of Hui Xian REIT which are the subject of the 2020 CK/Manager Waivers will, upon such expiry, be regulated with reference to Chapter 14A of the Listing Rules (modified as appropriate pursuant to Paragraph 2.26 of the REIT Code), in addition to Chapter 8 of the REIT Code.

One of the categories of continuing connected party transactions of Hui Xian REIT under the 2020 CK/Manager Waivers is property management and club facilities transactions, which include services provided or to be provided by the CK Connected Persons Group (as defined in the 2020 Circular) or the Manager Group (as defined in the 2020 Circular) (as the case may be) to the Hui Xian REIT Group in relation to property management, operation arrangements and marketing in respect of the Properties or companies in which Hui Xian REIT may directly or indirectly be interested and any transaction in relation to the usage of the club and other facilities of the CK Connected Persons Group (as defined in the 2020 Circular) or the Manager Group (as defined in the 2020 Circular) (as the case may be) by the Hui Xian REIT Group.

In view of the expiry of the 2020 CK/Manager Waivers on 31 December 2023, the Manager in its capacity as manager for and on behalf of Hui Xian REIT entered into the CK Property Management Master Agreement with CK Asset on 6 April 2023 to set out the framework terms governing the CK Property Management Transactions (being the same scope of property management and club facilities transactions covered under the 2020 CK/Manager Waivers) for the period from 1 January 2024 to 31 December 2026 (both days inclusive).

As at the Latest Practicable Date, CK Asset, being the holding company of Noblecrown Investment Limited, a substantial Unitholder, and through Noblecrown Investment Limited and other CK Group entities was interested in a total of 2,088,802,430 Units, representing approximately 33.53% of the Units in issue. CK Assets is therefore a connected person of Hui Xian REIT, and the CK Property Management Transactions constitute continuing connected party transactions of Hui Xian REIT under the REIT Code and the Listing Rules (modified as appropriate pursuant to Paragraph 2.26 of the REIT Code) accordingly.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the CK Property Management Annual Caps exceeds 5%, the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps are subject to the announcement, reporting, annual review and Independent Unitholders' approval requirements under the REIT Code and the Listing Rules (modified as appropriate pursuant to Paragraph 2.26 of the REIT Code).

Members of the CK Group are, or may from time to time become, parties to the CK Property Management Transactions and as such have a material interest, which is different from the interests of other Unitholders, in the Ordinary Resolution to approve the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps. Accordingly, to the extent that any member of the CK Group is a Unitholder, such person will be required to abstain from voting on the Ordinary Resolution to approve the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps. As at the Latest Practicable Date, CK Asset, through Noblecrown Investment Limited and other CK Group entities, is interested in a total of 2,088,802,430 Units, representing approximately 33.53% of the Units in issue.

So far as the Manager is aware, as at the Latest Practicable Date, the holdings of Units of the CK Group were as follows:

<b>Entities</b>	<b>Number of Units held</b>	<b>Approximate percentage of unitholding</b>
Noblecrown Investment Limited	1,091,083,328	17.51%
Heathcliff Developments Limited	586,884,405	9.42%
Wisdom Ally Limited	277,042,723	4.45%
Wealth Finder Limited	87,907,917	1.41%
Manager	45,884,057	0.74%
Total	<u>2,088,802,430</u>	<u>33.53%</u>

*Note:* As at the Latest Practicable Date, the total number of issued Units was 6,230,359,272. All entities set out in the table above are subsidiaries of CK Asset and they will all abstain from voting on the Ordinary Resolution to approve the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps in respect of all Units held by them. These entities all held their respective Units beneficially.

Mr. Kam Hing Lam and Mr. Ip Tak Chuen, Edmond will abstain from voting on the Ordinary Resolution to approve the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps at the AGM to uphold the highest corporate governance standards in REITs.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Independent Board Committee, comprising all INEDs, namely Professor Lee Chack Fan, Dr. Choi Koon Shum, Jonathan, Mr. Yin Ke and Mr. Wu Ting Yuk, Anthony, has been established to advise the Independent Unitholders in respect of the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps. We, Crescendo Capital Limited, have been appointed to advise the Independent Board Committee, the Independent Unitholders and the Trustee in connection with the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps, in particular as to whether the CK Property Management Transactions are conducted in the ordinary and usual course of business of Hui Xian REIT, and whether the terms of the CK Property Management Transactions are at arm's length and on normal commercial terms, fair and reasonable so far as the Independent Unitholders are concerned and in the interests of Hui Xian REIT and the Unitholders as a whole.

Crescendo Capital Limited is independent of (i) the Hui Xian REIT Group; (ii) the Trustee; (iii) the Manager Group; (iv) the counterparties of the CK Property Management Master Agreement and their respective core connected persons or associates; and (v) each of the substantial Unitholders of Hui Xian REIT and their respective associates, and does not have any shareholding in any member of the Hui Xian REIT Group or the right (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, securities in any member of the Hui Xian REIT Group. Save for acting as an independent financial adviser in this appointment, we have not acted as a financial adviser or an independent financial adviser to Hui Xian REIT and its associates in the past two years immediately preceding the Latest Practicable Date. Apart from normal professional fees payable to us in connection with this appointment, no arrangements exist whereby we will receive any fee or benefit from each of the abovementioned entities or persons. We were not aware of any relationship or interest between our firm and Hui Xian REIT or any other parties that would be reasonably considered to affect our independence to act as an independent financial adviser to the Independent Board Committee, the Independent Unitholders and the Trustee and we are independent of Hui Xian REIT pursuant to the requirements under Rule 13.84 of the Listing Rules.

### **BASIS OF OUR OPINION**

In formulating our opinion and recommendation, we have relied on the information and representations supplied, and the opinions expressed, by the Directors and management of the Manager and have assumed that such information and statements, and representations made to us or referred to in the Circular are true, accurate and complete in all material respects as of the date hereof and will continue as such at the date of the AGM. The Manager and the Directors, collectively and individually, accepted full responsibility for the accuracy of the information contained in the Circular, which includes particulars given in compliance with the Listing Rules (to the extent applicable pursuant to the REIT Code) for the purpose of giving information with regard to Hui Xian REIT. The Manager and the Directors confirmed, having made all reasonable enquiries, that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts or matters the omission of which would make any statement in the Circular misleading.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and provide a reasonable basis for our recommendation. The documents we have reviewed include, among others, the Circular, the annual results announcement of Hui Xian REIT for the year ended 31 December 2022, the CK Property Management Master Agreement, quotations provided by independent third parties in respect of transactions similar and comparable to the CK Property Management Transactions, the internal control and compliance procedures contained in the compliance manual of the Manager for governing connected party transactions, the published documents of other listed real estate investment trusts and other market information. We have no reasons to suspect that any material information has been withheld by the Manager, or is misleading, untrue or inaccurate, and consider that they may be relied upon in formulating our opinion. We have not, however, for the purpose of this exercise, conducted any independent investigation or audit into the businesses or affairs or future prospects of the Hui Xian REIT Group, the Manager and the related subjects of, and parties to, the CK Property Management Master Agreement. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps, we have considered the following principal factors and reasons:

#### 1. Background information of the parties

Hui Xian REIT is a collective investment scheme constituted as a unit trust and authorised under section 104 of the SFO by the SFC, whose Units are listed on the Main Board of the Stock Exchange. The principal activity of Hui Xian REIT and its subsidiaries is to own and invest in high quality commercial properties with the objective of producing stable and sustainable distributions to Unitholders and achieving long-term growth in its NAV per Unit.

Based on the information disclosed in Hui Xian REIT's annual report for the year ended 31 December 2021, Hui Xian REIT's portfolio spans retail, office, serviced apartment and hotel sectors in four key cities, covering an aggregate area of over 1.1 million square metres. As disclosed in the interim report of Hui Xian REIT for the six months ended 30 June 2022, as at 30 June 2022, Hui Xian REIT's portfolio included:

- (1) investment in Hui Xian (B.V.I.) Limited, which in turn holds Hui Xian Investment Limited, the foreign joint venture partner of 北京東方廣場有限公司 (Beijing Oriental Plaza Co., Ltd.#) (“**BOP**”), which is a Sino-foreign cooperative joint venture established in the PRC. BOP holds the land use rights and building ownership rights of Beijing Oriental Plaza. Beijing Oriental Plaza is a commercial complex comprising a shopping mall, office towers, serviced apartments, a five-star hotel, car-parking spaces and other ancillary facilities;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (2) investment in Chongqing Overseas Investment Limited, which in turn holds Chongqing Investment Limited. Chongqing Investment Limited owns the entire interest in 重慶大都會東方廣場有限公司 (Chongqing Metropolitan Oriental Plaza Co., Ltd#) (“**COP**”), which holds the land use rights and building ownership rights of Chongqing Metropolitan Oriental Plaza. Chongqing Metropolitan Oriental Plaza consists of a shopping mall (with car-parking spaces) and an office tower;
- (3) investment in Shenyang Investment (BVI) Limited, which in turn holds Shenyang Investment (Hong Kong) Limited, the foreign joint venture partner of 瀋陽麗都商務有限公司 (Shenyang Lido Business Co. Ltd#) (“**Shenyang Lido**”). Shenyang Investment (Hong Kong) Limited is entitled to 70% of the distributions of Shenyang Lido, which is a Sino-foreign cooperative joint venture established in the PRC. Shenyang Lido holds the land use rights and building ownership rights of Sofitel Shenyang Lido, a five-star hotel with serviced apartments;
- (4) investment in Chongqing Hotel Investment Limited, which in turn holds Highsmith (HK) Limited. Highsmith (HK) Limited owns the entire interest in 重慶東廣飯店有限公司 (Chongqing Oriental Plaza Hotel Co., Ltd#), which holds the land use rights and building ownership rights of Hyatt Regency Liberation Square Chongqing (formerly known as Harbour Plaza Chongqing), an international hotel; and
- (5) investment in New Sense Resources Limited, which in turn holds Chengdu Investment Limited, the foreign joint venture partner of 成都長天有限公司 (Chengdu Changtian Co., Ltd.#) (“**Chengdu Changtian**”). Chengdu Investment Limited is entitled to 69% interest in Chengdu Changtian, which is a Sino-foreign cooperative joint venture established in the PRC. Chengdu Changtian holds the land use rights and building ownership rights in Sheraton Chengdu Lido Hotel, an international hotel.

According to Hui Xian REIT’s annual report for the year ended 31 December 2021 and the interim report for the six months ended 30 June 2022, the total revenue of the Hui Xian REIT Group for the two years ended 31 December 2020 and 2021 and the six months ended 30 June 2022 amounted to approximately RMB2,499 million, RMB2,560 million and RMB1,100 million, respectively.

The Manager is the manager of Hui Xian REIT and is principally engaged in the business of managing Hui Xian REIT. The Manager is a direct wholly-owned subsidiary of World Deluxe Enterprises Limited, which in turn is indirectly owned as to 70% by CK Asset and 30% by ARA Asset Management Limited, which is a wholly-owned subsidiary of ESR Group Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1821).

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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CK Asset and its subsidiaries and associates have diverse capabilities with activities encompassing property development and investment, hotel and serviced suite operation, property and project management, pub operation and investment in infrastructure and utility asset operation. The shares of CK Asset are listed on the Main Board of the Stock Exchange (Stock Code: 1113).

### 2. Reasons for the CK Property Management Transactions

Members of the Hui Xian REIT Group have been engaging members of the CK Group to provide certain property management related services and property manager related services for a long time.

BOP, a Sino-foreign cooperative joint venture holding the land use rights and building ownership rights of Beijing Oriental Plaza, and COP, an indirect wholly-owned subsidiary of Hui Xian REIT and the registered legal owner of the land use rights and building ownership rights of Chongqing Metropolitan Oriental Plaza, have been engaging members of the CK Group to provide certain property and building management services such as cleaning, security, patrolling, maintenance and other building management services in the ordinary and usual course of management and operation of Beijing Oriental Plaza (other than Grand Hyatt Beijing at Beijing Oriental Plaza) (the “**Beijing Plaza**”) and Chongqing Metropolitan Oriental Plaza (the “**Building Management Services**”).

Meanwhile, the Property Manager, being a member of the CK Group, is engaged by the Hui Xian REIT Group to provide certain services relating to property management services such as coordinating tenants’ fitting out requirements, maintenance services, supervising the performance of service providers and contractors, operation arrangements such as administration of rental collection, lease renewals and negotiation of terms, and marketing services, including the provision of marketing and marketing coordination services, of Beijing Oriental Plaza and Chongqing Metropolitan Oriental Plaza (the “**Property Manager Services**”).

To achieve a value-added effect and make the leasing of properties or staying at hotels owned by Hui Xian REIT more attractive, Hui Xian REIT Group’s tenants or hotel guests may also be offered to use certain club or other facilities of the CK Group (the “**Use of Club Facilities**”).

The Manager expected that the Building Management Services and the Property Manager Services between the Hui Xian REIT Group and the CK Group would continue, and the Use of Club Facilities might be conducted, in the future so as to facilitate the daily operation and management of the Properties of the Hui Xian REIT Group.

Having considered that (i) the Hui Xian REIT Group has the practical need to use the services under the CK Property Management Transactions from time to time in its ordinary and usual course of business; (ii) the relevant members of the CK Group have solid experiences and expertise in providing the property management, operation arrangements and marketing services and the CK Property Management Transactions can facilitate an effective management of the Properties; (iii) the offering of the Use of Club Facilities to Hui Xian REIT Group’s tenants or hotel guests will create a value-added effect and make the leasing of Properties or staying at hotels owned by Hui Xian REIT more attractive; and (iv) the CK

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Property Management Master Agreement offers a greater flexibility for the Hui Xian REIT Group in the selection of service providers by allowing the Hui Xian REIT Group to use the relevant services of the CK Group as and when appropriate, we consider that the CK Property Management Transactions contemplated under the CK Property Management Master Agreement are commercial transactions conducted in the ordinary and usual course of business of the Hui Xian REIT Group and are fair and reasonable, and in the interests of Hui Xian REIT and the Unitholders as a whole.

### **3. Principal terms of the CK Property Management Transactions**

The CK Property Management Master Agreement is a framework agreement that sets out the framework terms governing the CK Property Management Transactions, being the Building Management Services, the Property Manager Services and the Use of Club Facilities, for the period from 1 January 2024 to 31 December 2026 (both days inclusive).

The Manager (for and on behalf of Hui Xian REIT) and CK Asset shall respectively procure the relevant members of the Hui Xian REIT Group and the relevant members of the CK Group (being the relevant parties to the CK Property Management Transactions) to enter into a separate written agreement with respect to each CK Property Management Transaction to be negotiated on a case-by-case and at arm's length basis, and shall be on normal commercial terms which from the Hui Xian REIT Group's perspective shall be no less favourable than those which could be obtained from independent third parties by members of the Hui Xian REIT Group.

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. To ensure that each transaction under the CK Property Management Master Agreement is entered into based on the then prevailing market rate, the Manager has in place the following internal control procedures:

*(a) Building Management Services*

- (i) In respect of building management fees which are to be paid by Hui Xian REIT, the Manager will obtain, to the extent practicable, at least three quotations, of which at least two quotation are from independent third parties and at least one quotation is from a member of the CK Group in respect of the Building Management Services for the Properties and will compare the fees to ensure that such fees are at the then prevailing market rate and on normal commercial terms.
- (ii) In respect of expenses incurred in relation to the provision of the Building Management Services by the CK Group which are to be reimbursed by Hui Xian REIT, in order to ensure that the expenses to be reimbursed to the CK Group are on normal commercial terms the Manager will review the monthly reimbursement breakdown and assess the reasonableness of the claimed amounts before making the reimbursement of such expenses.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*(b) Property Manager Services*

- (i) The Property Manager will prepare an annual budget for the projected annual expenses and monthly reimbursement breakdown of the relevant Property, which will be reviewed by the Manager before making the payment to ensure the claimed expenses are reasonable and on normal commercial terms.
- (ii) In case members of the CK Group other than the Property Manager are proposed to be engaged by the Property Manager on behalf of the Manager for the provision of the Property Manager Services, the Manager will procure the Property Manager to obtain, to the extent practicable, at least three quotations, of which at least two quotations are from independent third parties and at least one quotation is from a member of the CK Group in respect of fees to be incurred in relation to the provision of the Property Manager Services and will compare the fees to ensure that such fees are in line with those offered by independent service providers and on prevailing market rates.

*(c) Use of Club Facilities*

The Manager will obtain, to the extent practicable, at least three quotations, of which at least two quotations are from independent third parties and at least one quotation is from a member of the CK Group covering similar services and will compare the fees to ensure that the fees to be charged by the relevant member of the CK Group are in line with those offered by independent service providers and on prevailing market rates.

The CK Property Management Master Agreement is conditional upon the passing of an Ordinary Resolution by the Independent Unitholders at a general meeting of Unitholders to approve the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps. If this condition cannot be fulfilled on or before 31 December 2023 (or such later date as may be agreed between CK Asset and the Manager in writing), the CK Property Management Master Agreement shall terminate with immediate effect and none of the parties thereto shall have any rights against the other of them except in relation to any antecedent breach of the CK Property Management Master Agreement.

*(i) Building Management Services*

As at the Latest Practicable Date, members of the CK Group were engaged by members of the Hui Xian REIT Group to provide the Building Management Services including cleaning, security, patrolling, maintenance and other building management services in respect of Beijing Plaza and Chongqing Metropolitan Oriental Plaza. The Manager confirmed that the Building Management Services under the CK Property Management Transactions provided by the CK Group were and would continue to be conducted in the ordinary and usual course of business of Hui Xian REIT and the terms of such transactions were and would continue to be determined on normal commercial terms.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We understand from the Manager that no agreements have been entered into by the Hui Xian REIT Group with independent third parties regarding the Building Management Services up to the Latest Practicable Date. However, we noted that the Manager has complied with its internal procedures for procuring the Building Management Services by obtaining at least two quotations from independent third parties and at least one quotation from a member of the CK Group in respect of the Building Management Services for Beijing Plaza and Chongqing Metropolitan Oriental Plaza respectively to ensure that each transaction of the Building Management Services was entered into based on the then prevailing market rate and no normal commercial terms. We have reviewed the service agreements in relation to building management services entered into between the Hui Xian REIT Group and the CK Group for Beijing Plaza and Chongqing Metropolitan Oriental Plaza respectively, and compared the service fees charged by the CK Group as well as the nature of the scope of services and general terms and conditions provided by the CK Group with two quotations obtained from independent third parties for each corresponding transaction, and noted that the applicable terms (including the contract price) offered by the relevant members of the CK Group under the contract for Building Management Services were generally in line with the terms of the quotations obtained from independent third parties.

Apart from the fixed building management fee charged by the CK Group, the CK Group is reimbursed, on an actual cost basis, by BOP and COP for expenses incurred solely and exclusively for the provision of its services relating to Beijing Plaza and Chongqing Metropolitan Oriental Plaza respectively. In order to ensure the expenses reimbursed to the CK Group are on normal commercial terms, the Manager would review the monthly reimbursement breakdown and assess the reasonableness of the claimed amounts before making the payment. We have reviewed the breakdown of the monthly reimbursements charged by the CK Group for the months of October 2022, November 2022 and December 2022, which were randomly selected, and noted that the reimbursements charged by the CK Group mainly comprised the employment costs and remuneration for the personnel procured by the CK Group solely and exclusively for the provision of services relating to Beijing Plaza and Chongqing Metropolitan Oriental Plaza as set out in the service agreements. We have also obtained and reviewed the staff records of five randomly selected personnel on the reimbursement lists and noted that they were charged to Hui Xian REIT on an actual cost basis and the claimed amounts were fair and reasonable. We are of the view that adequate and appropriate procedures were set to govern the expenses reimbursement in relation to the Building Management Services and the internal control and compliance procedures were properly implemented by the Manager in carrying out the transactions in relation to the Building Management Services.

In light of the above, we are of the opinion that the terms of the CK Property Management Transactions in respect of the Building Management Services carried out with the CK Group in the past were at arm's length and on normal commercial terms and fair and reasonable so far as the Independent Unitholders are concerned.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *(ii) Property Manager Services*

Under the Trust Deed, the Manager is entitled to receive a variable fee of an annual amount equal to 3% per annum of the net property income (before deduction of the variable fee and, where the Property Manager is a subsidiary of the Manager, the Property Manager's fee) (the "NPI") of the Properties for each financial year. The Manager may elect at any time and from time to time to allocate, within the 3% per annum variable fee, such proportion of fees to be split between the Manager and the Property Manager, provided that such Property Manager is a wholly-owned subsidiary of the Manager.

The Manager has elected that with effect from 1 July 2017, the 3% rate in respect of Beijing Oriental Plaza be split into 2 portions comprising a variable fee payable to the Manager which is equal to 1% per annum, and a Property Manager's fee payable to the Property Manager which is equal to 2% per annum, of NPI of Beijing Oriental Plaza.

We have reviewed the operation management agreement entered into between the Hui Xian REIT Group and the Property Manager and noted that pursuant to the operation management agreement, the Property Manager was engaged by BOP to provide certain services relating to the operation, management and marketing of Beijing Oriental Plaza. Currently, the Property Manager receives a fee of 2% per annum of the NPI and the Property Manager is reimbursed, on an actual cost basis without any markup, by BOP for certain expenses incurred in relation to its provision of services to Beijing Oriental Plaza, including certain costs in respect of the employees of the Property Manager engaged solely and exclusively for the provision of its services relating to Beijing Oriental Plaza.

We have also reviewed the operation management agreement entered into between COP and the Property Manager and noted that pursuant to the operation management agreement, the Property Manager is responsible for providing business advisory and management services, marketing and lease management services and property management coordination services in respect of Chongqing Metropolitan Oriental Plaza. Currently, no Property Manager's fees are receivable by the Property Manager while the Property Manager is fully reimbursed, on an actual cost basis without any markup, by the Hui Xian REIT Group for (i) the employment costs and remuneration of the personnel provided or procured by the Property Manager engaged solely and exclusively for the provision of its services relating to Chongqing Metropolitan Oriental Plaza; and (ii) management expenses incurred by the Property Manager on Chongqing Metropolitan Oriental Plaza, including but not limited to the costs and expenses incurred under contracts entered into with third-party service providers by the Property Manager (as agent for the Hui Xian REIT Group) at the request of the Hui Xian REIT Group for the provision of cleaning, maintenance, security, car park management and other services for Chongqing Metropolitan Oriental Plaza.

According to the operation management agreements relating to BOP and COP, the Property Manager should prepare an annual budget for the projected annual expenses for Beijing Oriental Plaza and Chongqing Metropolitan Oriental Plaza, which would then be reviewed and subject to approval by the Manager. We understand from the Manager that it would discuss the details of the budget with the Property Manager and assess whether the proposed expenses are fair and reasonable for the operations. We have reviewed the

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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respective annual budget of Beijing Oriental Plaza and Chongqing Metropolitan Oriental Plaza for the year ending 31 December 2023 and noted that they were reviewed and approved by the Manager.

The Manager confirmed that the Property Manager Services under the CK Property Management Transactions provided by the CK Group were and would continue to be conducted in the ordinary and usual course of business of the Hui Xian REIT Group and the terms of such transactions would be on normal commercial terms or, where there were insufficient comparable transactions to judge whether they were on normal commercial terms, on terms no less favourable to the Hui Xian REIT Group than terms available from/to independent third parties. According to the internal control procedures of the Manager, in case member(s) of the CK Group other than the Property Manager are proposed to be engaged by the Property Manager on behalf of the Manager for the provision of services under the Property Manager Services, the Manager shall procure the Property Manager to obtain, to the extent practicable, at least three quotations, of which at least two quotations from independent third parties and at least one quotation from a member of the CK Group, for such expenses to ensure that the price quoted from the relevant member of the CK Group is in line with those offered by independent service providers and on prevailing market rates. We understand from the Manager that no services under the scope of Property Manager Services were provided by the CK Group (other than the Property Manager) during the two years ended 31 December 2022 and two months ended 28 February 2023.

In respect of the services which are carried out by the Property Manager for Beijing Oriental Plaza and Chongqing Metropolitan Oriental Plaza, the Manager would review the monthly reimbursement breakdown prepared by the Property Manager before making the payment to ensure the claimed expenses are reasonable and on normal commercial terms. We have reviewed the breakdown of the monthly reimbursements charged by the Property Manager for the months of October 2022, November 2022, and December 2022, which were randomly selected, and noted that the reimbursements charged by the Property Manager mainly comprised the employment costs and remuneration for the personnel procured by the Property Manager solely and exclusively for the provision of services relating to Beijing Oriental Plaza and Chongqing Metropolitan Oriental Plaza as stated in the operation management agreements. We have obtained and reviewed the staff records of five randomly selected personnel on the reimbursement list and noted that they were charged to Hui Xian REIT on an actual cost basis and the claimed amounts are reasonable and on normal commercial terms.

We are of the view that adequate and appropriate procedures were set to govern the connected party transactions. We also noted that the internal control and compliance procedures were properly implemented by the Manager in carrying out the transactions in relation to Property Manager Services and there were no material deviations from the compliance manual of the Manager. We were confirmed by the Manager that the same internal control and compliance procedures would be consistently applied in the future for determining the terms of the Property Manager Services in respect of expenses reimbursement for Beijing Oriental Plaza and Chongqing Metropolitan Oriental Plaza. Based on the above, we are of the view that the terms of the CK Property Management Transactions in respect of expense reimbursement for Beijing Oriental Plaza and Chongqing

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Metropolitan Oriental Plaza under the Property Manager Services carried out with the CK Group in the past were at arm's length and on normal commercial terms and fair and reasonable so far as the Independent Unitholders are concerned.

In order to assess the fairness and reasonableness of the variable fee receivable by the Property Manager in respect of Beijing Oriental Plaza and Chongqing Metropolitan Oriental Plaza, we have reviewed the terms of similar transactions regarding the property manager services of other listed real estate investment trusts, which (a) are currently listed on the Stock Exchange; and (b) have a market capitalization in the range of RMB3.4 billion, being 50% of the market capitalization of Hui Xian REIT as at the Latest Practicable Date, and RMB10.1 billion, being 150% of the market capitalization of Hui Xian REIT as at the Latest Practicable Date. Based on the abovementioned criteria, we have, on our best effort, identified three comparable REITS (the “**Comparables**”), namely Yuexiu REIT (Stock Code: 405), Sunlight REIT (Stock Code: 435) and Regal REIT (Stock Code: 1881), as benchmarks for comparison. We consider such Comparables represent an exhaustive list of relevant comparable companies based on the said criteria, and are fair and representative samples for assessing the fairness and reasonableness of the subject fees as their core business are similar to the business of the Hui Xian REIT Group and their size of market capitalization is comparable to that of Hui Xian REIT Group. Given that the nature of property management services is not uncommon and there are available comparable transactions on the market for similar services, we consider that the adoption of market approach as the basis for the independent assessment of the variable fees of the Property Manager Services is fair and reasonable.

Based on the public information available, we noted that the major terms of the property manager services, including property and building management and marketing services, disclosed by the Comparables are of similar nature as the Property Manager Services provided to Hui Xian REIT by the Property Manager, and the charges of the Comparables also consist of variable fee and expenses reimbursement. Two of the samples adopted a fee rate of 3% per annum of net property revenue, of which one has set a maximum cap of 5% per annum of net property revenue, while another one adopted a fee rate of 3% per annum of the gross property revenue. Given the current rates of 2% and 0% per annum of NPI charged by the Property Manager in respect of Beijing Oriental Plaza and Chongqing Metropolitan Oriental Plaza respectively are no less favourable to the Hui Xian REIT Group than those adopted by other listed real estate investment trusts, we are of the opinion that the terms of the CK Property Management Transactions in respect of the variable fee for the Property Manager Services carried out with the CK Group in the past were at arm's length and on normal commercial terms and fair and reasonable so far as the Independent Unitholders are concerned.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *(iii) Use of Club Facilities*

Under the CK Property Management Transactions, the Hui Xian REIT Group may offer its guests or tenants the use of club and other facilities of the CK Group during the three years from 1 January 2024 to 31 December 2026 (both days inclusive), subject to the passing of an Ordinary Resolution by the Independent Unitholders at a general meeting of Unitholders to approve the CK Property Management Master Agreement, the transactions contemplated thereunder and the relevant annual caps. The fees chargeable for such transactions shall be based on the then prevailing market rates for similar services. We were advised by the Manager that at least three quotations covering similar services would be obtained, of which at least two quotations from independent third parties and at least one quotation from a member of the CK Group, to ensure that the fee to be charged by the relevant member of the CK Group is in line with those offered by independent service providers and on prevailing market rates.

We were given to understand that no transactions in relation to the Use of Club Facilities were conducted during the two years ended 31 December 2022 and the two months ended 28 February 2023. As such, we are unable to assess whether the terms of the Use of Club Facilities were conducted on normal commercial terms. However, given quotations would be obtained from independent third parties to ensure the terms of the Use of Club Facilities to be conducted on normal commercial terms, we consider that the Use of Club Facilities would be at arm's length and on normal commercial terms if such internal control procedure is properly followed. Despite no transactions in relation to the Use of Club Facilities were conducted for more than two years, we concur with the Manager's view that new club facilities of the CK Group might be established near the properties held by the Hui Xian REIT Group from time to time and it would be in the interests of the Hui Xian REIT Group to give a privilege access of its guests and/or tenants to those facilities during its normal course of business.

Given all the factors mentioned above, we consider that the terms of the CK Property Management Transactions are at arm's length and on normal commercial terms and are fair and reasonable so far as the Independent Unitholders are concerned and in the interests of Hui Xian REIT and the Unitholders as a whole.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### 4. Bases of the CK Property Management Annual Caps

The historical transaction amounts and the breakdown of the annual caps for the CK Property Management Transactions are summarized as follows:

	Historical Transaction Amount				CK Property Management Annual Caps		
	For the year ended 31 December		For the two months ended 28 February	Annualized amount for 2023 <i>Note 2</i>	For the year ending 31 December		
	2021	2022	2023		2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Building Management Services & Use of Club Facilities <sup>Note 1</sup>	57,001	62,062	10,975	65,850	75,094	82,604	90,864
Property Manager Services							
– Variable fee	32,290	28,767	4,881	29,286	63,558	67,372	71,414
– Expenses reimbursement	37,188	30,984	4,170	25,020	37,491	41,240	45,364
Sub-total	69,478	59,751	9,051	54,306	101,049	108,612	116,778
Buffer	N/A	N/A	N/A	N/A	44,057	47,884	51,958
<b>Total</b>	<b>126,479</b>	<b>121,813</b>	<b>20,026</b>	<b>120,156</b>	<b>220,200</b>	<b>239,100</b>	<b>259,600</b>
Historical total annual caps	242,500	266,700	293,400	293,400			
Annual cap utilization rate	52.2%	45.7%	N/A	41.0%	N/A	N/A	N/A

*Notes:*

- No historical transaction amounts for the Use of Club Facilities were recorded for each of the two years ended 31 December 2021 and 2022 and the two months ended 28 February 2023.
- The annualized amount is for illustration purpose only and no representations are made that the actual transaction amount in respect of the CK Property Management Transactions for the year ending 31 December 2023 will be of such an amount.

The CK Property Management Annual Caps represent the maximum annual amount payable by the members of the Hui Xian REIT Group to members of the CK Group in respect of the CK Property Management Transactions, being the Building Management Services and Use of Club Facilities as well as the Property Manager Services, for each of the three years ending 31 December 2024, 2025 and 2026. According to the Manager, an aggregate amount of annual cap is sought to cover all the CK Property Management Transactions for each of the three years ending 31 December 2024, 2025 and 2026, instead of separating the annual caps amount into individual caps for different category of services as in 2020 CK/Manager Waivers, to give more flexibility to the Manager for managing its daily operation. We were advised that it is common for property management companies to have internal employment transfer among the group's various management companies based on the business needs and development of the group's property portfolio. A transfer of employment of staff may give rise of a change in the category of the costs. For example, some of the staff providing property management services to the Hui Xian REIT Group who

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was employed by the Property Manager might be transferred to other members of the CK Group and continued to provide property management services to the Hui Xian REIT Group. In such case, the relevant staff cost would be originally recorded under the Property Manager and reimbursed under the category of Property Manager Services by the Hui Xian REIT Group to the Property Manager. After the transfer of employment, the relevant staff cost would be treated as a cost item under the Building Management Services instead. Given that the services under the Building Management Services and the Property Manager Services are similar in nature, grouping the annual caps of the transactions in a pool can reduce the workload of the Manager for categorizing the costs and the chance of mis-calculation of the transaction amount of the CK Property Management Transactions. In addition, the projected transaction amount of the Use of Club Facilities is relatively small as compared to the rest of the CK Property Management Transactions. Given the above, we consider that it is fair and reasonable to aggregate the annual caps for all the CK Property Management Transactions in a pool to give more flexibility to the Manager for managing its daily operation and easier monitoring of the connected party transactions.

As disclosed in the Letter from the Board contained in the Circular, the CK Property Management Annual Caps were determined with general reference to the historical transaction amounts and:

- (a) an approximate 10% annual increase in staff and wages costs, which was determined having regard to the growth rate between 2020 and 2022 which ranged from -1.2% to +9.3%, which the Manager believes is reasonable;
- (b) an increase of the Property Manager's fee from 2% of the NPI to a maximum of 3% of the NPI to be received by the Property Manager in respect of Beijing Oriental Plaza is assumed, given that the Manager might elect to allocate the 3% per annum variable fee between the Manager and the Property Manager;
- (c) the NPI of Beijing Oriental Plaza for the year ended 31 December 2019 was used as the basis for estimating the Property Manager's fee in respect of Beijing Oriental Plaza for the year ending 31 December 2024 as the Manager considered that the NPI of Beijing Oriental Plaza during the outbreak of COVID-19 in 2020, 2021 and 2022 could not properly reflect the NPI of Beijing Oriental Plaza in the coming years;
- (d) an approximate 6% increase of NPI is assumed with reference to the NPI growth for the past 10 years which ranged from -25.9% to 9.9%; and
- (e) the inclusion of a buffer of approximately 25% for contingencies such as unforeseeable market fluctuations for the three years ending 31 December 2026.

*(i) Building Management Services and the Use of Club Facilities*

Based on our review of the calculation schedule prepared by the Manager for budgeting the CK Property Management Annual Caps (the "**Calculation Schedule**"), we noted that the annual caps for the Building Management Services and the Use of Club Facilities was

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projected based on the historical transaction amount incurred for the year ended 31 December 2022 and applying an annual growth rate of 10% for each of the subsequent years.

To assess the fairness and reasonableness of the budgeted annual caps, we have compared the historical transaction amount for the Building Management Services and the Use of Club Facilities for the two years ended 31 December 2022 and noted that there were no historical transaction amounts for the Use of Club Facilities during the review period while the transaction amount of the Building Management Services under the CK Property Management Transactions for the year ended 31 December 2022 increased by approximately 8.9% as compared to the previous year and there was an increment of approximately 6.1% for the annualized transaction amount for the year ended 31 December 2023, as compared to the transaction amount for the year ended 31 December 2022.

For the projection of the annual caps for the Building Management Services and the Use of Club Facilities, the Manager has made an assumption that there would be an approximate 10% annual increase in staff and wages costs, which was determined having regard to the growth rate between 2020 and 2022 which ranged from -1.2% to +9.3%. We have reviewed the list of staff and wages costs prepared by the Manager and noted that the growth rate of wages conformed with the aforementioned figures. We were also given to understand that the business operation of the Hui Xian REIT Group for the year ended 31 December 2022 was adversely affected by the resurgence of COVID-19 in the PRC during 2022 leading to the reintroduction of pandemic-related restrictions and community lockdowns. However, it is expected that the business operation of the Hui Xian Group would recover in the coming years having considered the recent ease of the epidemic in the PRC and the lifting of pandemic restrictions such as the lifting of travel restrictions and centralized quarantine requirements and removal of mass testing. The Manager expected that a higher wages increment is needed for staff retention and incentivization. Therefore, the projected increment in wages for 2024 to 2026 is higher than the historical increases in wages in 2022 and 2023.

We have also reviewed the latest statistics released by the National Bureau of Statistics of the PRC and noted that the gross domestic product (“GDP”) of the PRC for the year ended 31 December 2022 was approximately RMB121,020.7 billion, representing a growth rate of approximately 3.0% over the last year, and the national per capita disposable income was approximately RMB36,883 for the year ended 31 December 2022, representing a real growth of approximately 2.9% over the previous year. The statistics also showed that the national consumer price index for 2022 had increased by 2.0% as compared to 2021. The OECD Economic Outlook, Volume 2022 Issue 2 released in November 2022 by the Organization for Economic Cooperation and Development, an international organization with 34 country members, forecasted that the GDP growth rates in the PRC for 2023 and 2024 would be 4.6% and 4.1% respectively.

Having taken into account the effect of expected economic growth in the PRC and the expected annual increment in staff and wages costs as mentioned in the above section, we consider that it is reasonable to adopt a growth rate of 10% for budgeting the Building Management Services under the CK Property Management Transactions for the three years ending 31 December 2026.

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Although no historical transaction amounts for the Use of Club Facilities were recorded for the two years ended 31 December 2021 and 2022 and the two months ended 28 February 2023, the Manager consider that the possibility of using the club and other facilities of the CK Group by the Hui Xian REIT Group cannot be ruled out. Having considered that there are no historical references for the transaction amount of the Use of Club Facilities and the future transaction amount for the Use of Club Facilities is expected to be relatively small as compared to the projected transaction amount of the Building Management Services, we concur with the Manager's view that it is fair and reasonable to assume that the annual caps for the Building Management Services and the Use of Club Facilities can be shared in the same pool of annual caps for the years ending 31 December 2024, 2025 and 2026.

Based on the above, we consider that the CK Property Management Annual Caps with respect to the Building Management Services are fair and reasonable so far as the Independent Unitholders are concerned.

### *(ii) Property Manager Services*

The CK Property Management Annual Caps for the Property Manager Services under the CK Property Management Transactions comprises (i) the variable fee of 3% per annum of the NPI in respect of Beijing Oriental Plaza; and (ii) the expenses reimbursement payable to the Property Manager.

Based on the Calculation Schedule, we noted that the Manager has assumed an increase of the Property Manager's fee from 2% of the NPI to a maximum of 3% of the NPI to be received by the Property Manager in respect of Beijing Oriental Plaza while no variable fees were receivable by the Property Manager in respect of other properties of the Hui Xian REIT managed by the Property Manager. We have reviewed the Trust Deed to confirm that it is in the discretion of the Manager to allocate the 3% per annum variable fee between the Manager and the Property Manager, provided that such Property Manager is a wholly-owned subsidiary of the Manager. Moreover, we noted that the NPI of Beijing Oriental Plaza for the year ended 31 December 2019 was used as the basis for estimating the Property Manager's fee in respect of Beijing Oriental Plaza for the year ending 31 December 2024 as the Manager considered that the NPI of Beijing Oriental Plaza during the outbreak of COVID-19 in 2020, 2021 and 2022 could not properly reflect the NPI of Beijing Oriental Plaza in the coming years. Based on the information provided by the Manager, the NPI of Beijing Oriental Plaza were approximately RMB2.01 billion, RMB1.52 billion, RMB1.53 billion and RMB1.36 billion for 2019, 2020, 2021 and 2022 respectively.

Given that the devastating effects of COVID-19 pandemic on the economic conditions of the PRC are exceptional and non-recurring and the epidemic in the PRC is easing recently as evidenced by the lifting of pandemic restrictions such as the lifting of travel restrictions and centralized quarantine requirements and removal of mass testing, we consider that it is justifiable to use the NPI of Beijing Oriental Plaza for the year ended 31 December 2019, instead of 2020-2022, as the basis for estimating the Property Manager's fee in respect of Beijing Oriental Plaza for the year ending 31 December 2024.

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The Manager expected that the NPI of Beijing Oriental Plaza would increase with an annual growth rate of approximately 6% for each of the three years ending 31 December 2026 after taking into account the historical NPI growth rate of Hui Xian REIT and the growth of the GDP in the PRC. We have reviewed the 10-year movement of the NPI of Hui Xian REIT from 2013 to 2022 as summarized below and noted that the annual growth rates of the NPI ranged from -25.9% to 9.9% with an average of approximately -1.9%. If only positive annual growth rates are considered, the positive annual growth rates of the NPI ranged between 1.9% and 9.9% with an average annual growth rate of approximately 5.1%.

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
NPI (RMB' million)	1,764	1,852	2,036	2,074	2,074	2,060	2,012	1,491	1,540	1,300
Growth rate	5.6%	5.0%	9.9%	1.9%	0%	-0.7%	-2.3%	-25.9%	3.3%	-15.6%

Having considered that the growth rate of 6% falls within the range of the historical growth rate of 1.9% and 9.9% and the NPI of Beijing Oriental Plaza might record a substantial growth in commensurate with the strong economic recovery in the post pandemic period, we are of the view that it is reasonable to include a growth factor of 6% on the NPI of Beijing Oriental Plaza for calculating the variable fees for the Property Manager in relation to the Property Manager Services for the three years ending 31 December 2026.

Meanwhile, the Manager expected that the transaction amounts for the Property Manager Services in respect of the expenses reimbursed to the Property Manager for Beijing Oriental Plaza and Chongqing Metropolitan Oriental Plaza would increase with an annual growth rate of approximately 10% for each of the three years ending 31 December 2026 after taking into account the expected economic growth rate in the PRC and the anticipated increase in reimbursement of expenses. We noted that the historical transaction amount of Property Manager Services in respect of the expenses reimbursed to the Property Manager for the year ended 31 December 2022 decreased by approximately 16.7%, as compared to the previous year, and the annualized amount of expenses reimbursed to the Property Manager for the year ended 31 December 2023 decreased by approximately 19.2%, as compared to the transaction amount for the year ended 31 December 2022.

We were advised by the Manager that such decreases were mainly attributable to the decreases in promotional activities and events organized in Beijing Oriental Plaza and Chongqing Metropolitan Oriental Plaza during the pandemic of COVID-19 and thus the expenses reimbursement to the Property Manager. In addition, as some of the staff providing Building Management Services to the Hui Xian REIT Group who were originally employed by the Property Manager had been transferred to other members of the CK Group during 2022, the relevant staff costs were reimbursed to other members of the CK Group and recorded under the Building Management Services, instead of reimbursing to the Property Manager and recorded under the Property Manager Services.

Having considered that the business operation of the Hui Xian REIT Group is expected to recover in the coming years with the ease of the COVID-19 pandemic in the PRC, the Manager expected that more promotional activities and events would be organized and manpower would be added in the properties of Hui Xian REIT Group and thus more expenses would be incurred and reimbursed to the Property Manager. Therefore, the

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projected increment in expenses reimbursement for the years ending 31 December 2024, 2025 and 2026 are significantly higher than that of the historical growth rate. Having taken into account the expected economic growth rate in the PRC, the anticipated annual increase of 10% in staff and wages costs as abovementioned and the projected increase in promotional activities and events to be organized in the Properties of the Hui Xian REIT Group in the coming years, we are of the view that it is reasonable to include a growth factor of 10% for the transactions in relation to the Property Manager Services in respect of the expenses reimbursed to the Property Manager for the three years ending 31 December 2026.

### *(iii) Buffer*

We were advised by the Manager that a contingency buffer of 25% was adopted for the CK Property Management Annual Caps for the three years ending 31 December 2026 so as to cope with the unforeseeable fluctuations resulting from any change in market conditions, possible upgrades, repair and renovation works to be carried out in the properties of the Hui Xian REIT Group and the possibilities that new properties may be added in the property portfolio of the Hui Xian REIT Group which may then use the Building Management Services and/or Property Manager Services of the CK Group or new service providers of property management services may be acquired by the CK Group and transactions between such entities and the Hui Xian REIT Group shall then fall under the scope of the CK Property Management Transactions.

We have conducted research on the buffer for annual caps of transactions of similar nature of other listed real estate investment trusts and noted that a buffer in a range of 10% to 25% was normally adopted by other listed real estate investment trusts for the budget of annual caps. Given that the buffer rate of 25% proposed by the Manager falls within the range of other listed real estate investment trusts and the buffer is budgeted with legitimate reasons, we are of the opinion that the contingency buffer of 25% proposed by the Manager is reasonable.

Based on the above, we consider the CK Property Management Annual Caps fair and reasonable so far as the Independent Unitholders are concerned.

### **5. Internal control and review and reporting requirements**

The Manager has an internal control system in place to ensure that connected party transactions (including continuing connected party transactions) between the Hui Xian REIT Group and its connected persons are monitored and dealt with properly in accordance with the guidelines and policies established and that such transactions are undertaken on terms in compliance with the REIT Code. As required by the REIT Code, all connected party transactions (including continuing connected party transactions) must, among other things, be carried out at arm's length, on normal commercial terms and in the interests of the Unitholders. The following internal control measures, among others, are in place to ensure that such transactions satisfy the foregoing criteria:

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- (a) As a general rule, the Manager must demonstrate to the audit committee of the Manager that all connected party transactions satisfy the criteria under Paragraph 8.7 of the REIT Code, which may entail (where practicable) obtaining quotations from independent third parties, or obtaining one or more valuations from independent professional valuers if necessary. The audit committee of the Manager reviews all the connected party transactions on a half-yearly basis.
- (b) The Manager investigates and monitors all transactions by the Hui Xian REIT Group in order to determine whether such transactions are connected party transactions or, as the case may be, are becoming connected party transactions. Where practicable, each counterparty to such transactions shall be required to confirm to the Manager whether it is a connected person of Hui Xian REIT.
- (c) The Manager maintains a register to record all connected party transactions which are entered into by members of the Hui Xian REIT Group and the bases, including quotations from independent third parties obtained to support such bases, on which they are entered into. The Manager reviews and monitors the annual caps from time to time on an on-going basis to ensure it has not been, and will not be, exceeded.
- (d) The Manager incorporates into its internal audit plan a review of all connected party transactions entered into by the Hui Xian REIT Group.
- (e) The audit committee of the Manager has the right to review the register of connected party transactions to ascertain that the guidelines and procedures established to monitor connected party transactions have been complied with and, among others, whether the transactions (including the CK Property Management Transactions) are fair and reasonable. The Trustee also has the right to review such register to ascertain that the REIT Code has been complied with.

In addition, the CK Property Management Transactions will be subject to the review and reporting processes pursuant to Paragraph 8.7A of the REIT Code and Rules 14A.55 to 14A.59, Rules 14A.71 and 14A.72 of the Listing Rules (modified as appropriate pursuant to Paragraph 2.26 of the REIT Code).

***(a) Annual review by the independent non-executive Directors***

The independent non-executive Directors shall review the CK Property Management Transactions annually and confirm in Hui Xian REIT's annual report for the relevant financial year that each such transaction has been entered into:

- (i) in the ordinary and usual course of business of the Hui Xian REIT Group;
- (ii) at arm's length and on normal commercial terms or better; and
- (iii) in accordance with the relevant agreement on terms that are fair and reasonable and in the interests of Hui Xian REIT and the Unitholders as a whole.

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***(b) Annual review by the auditors of Hui Xian REIT***

In respect of each relevant financial period, the Manager shall engage the auditors of Hui Xian REIT to perform certain review procedures on the CK Property Management Transactions annually. The auditors of Hui Xian REIT shall report to the audit committee of the Manager on the factual findings based on the work performed by them confirming whether anything has come to their attention that causes them to believe that any such transaction:

- (i) has not been approved by the Board (including all of the independent non-executive Directors);
- (ii) was not, in all material respects, in accordance with the pricing policies of Hui Xian REIT;
- (iii) was not entered into, in all material respects, in accordance with its terms of agreement; or
- (iv) has exceeded the applicable annual cap.

The Manager shall allow the auditors of Hui Xian REIT and the independent non-executive Directors sufficient access to their records for the purpose of reporting on the transactions. The Manager shall also, to the extent reasonably practicable, procure the counterparty to the CK Property Management Transactions to allow, the auditors of Hui Xian REIT sufficient access to their records for the purpose of reporting on the transactions.

The Manager shall provide a copy of the auditors' report to the SFC at least 10 business days before the bulk printing of the annual report of Hui Xian REIT.

***(c) 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 Hui Xian REIT cannot confirm the matters set out in (a) and/or (b) above. The SFC may require Hui Xian REIT to re-comply with the announcement and Unitholders' approval requirements and may impose additional conditions.

***(d) Annual reports***

A brief summary of the CK Property Management Transactions containing the information specified in Rules 14A.71 and 14A.72 of the Listing Rules (modified as appropriate pursuant to Paragraph 2.26 of the REIT Code) shall be included in Hui Xian REIT's annual reports.

We are of the view that those internal control and review and reporting requirements can provide appropriate measures to govern the Manager in carrying out the relevant transactions and safeguard the interests of the Independent Unitholders.

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### RECOMMENDATION

Having considered the abovementioned principal factors and reasons, we consider that (i) each of the CK Property Management Transactions is conducted in the ordinary and usual course of business of Hui Xian REIT Group and the terms of which are at arm's length and on normal commercial terms; and (ii) the terms of the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps (and their basis) are fair and reasonable, and are in the interests of Hui Xian REIT and the Unitholders as a whole. We, therefore, recommend the Independent Board Committee to advise the Independent Unitholders, and we also recommend the Independent Unitholders, to vote in favour of the Ordinary Resolutions to approve the CK Property Management Master Agreement, the CK Property Management Transaction and the CK Property Management Annual Caps in the upcoming AGM.

Yours faithfully,  
For and on behalf of  
**Crescendo Capital Limited**

**Amilia Tsang**  
*Managing Director*

**Helen Fan**  
*Director*

*Notes:*

1. Ms. Amilia Tsang is a licensed person under the SFO permitted to engage in Type 6 (advising on corporate finance) regulated activity and has over 18 years of experience in corporate finance.
2. Ms. Helen Fan is a licensed person under the SFO permitted to engage in Type 6 (advising on corporate finance) regulated activity and has over 14 years of experience in corporate finance.

This is the explanatory statement as required by the SFC Repurchase Circular to provide requisite information to enable you to make an informed decision on whether to vote for or against the Ordinary Resolution to approve the grant of the Buy-back Mandate to the Manager.

**(A) ISSUED UNITS**

As at the Latest Practicable Date, 6,230,359,272 Units were in issue. Subject to the passing of the Ordinary Resolution as referred to in the Letter from the Board in this circular and as set out in the notice of AGM in respect of the Buy-back Mandate, the Manager will be allowed under the Buy-back Mandate to buy back up to 10% of the total number of Units in issue as at the date of the resolution approving the Buy-back Mandate, which, if no Units will be bought back and no additional Units will be issued prior to the AGM, would be equivalent to a maximum of 623,035,927 Units. The number of Units in issue as at the date of the passing of the resolution approving the Buy-back Mandate may be different from the number of Units in issue as at the Latest Practicable Date as a result of cancellation of Units which may be bought back after the Latest Practicable Date and before the AGM pursuant to the buy-back mandate granted by the Unitholders at the annual general meeting of Hui Xian REIT held on 13 May 2022 (if any). As at the Latest Practicable Date, the Manager had no present intention to buy back Units pursuant to the Buy-back Mandate.

**(B) REASONS FOR THE BUY-BACK**

The Manager believes that it is in the best interests of Hui Xian REIT and the Unitholders as a whole to seek the Buy-back Mandate. Unit buy-backs may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Unit and/or earnings per Unit and will only be made when the Manager believes that such buy-back will benefit Hui Xian REIT and the Unitholders as a whole.

**(C) FUNDING OF BUY-BACKS**

For the purposes of any buy-backs, the Manager will only use funds legally available for such purposes in accordance with the Trust Deed, the REIT Code, the guidelines issued by the SFC from time to time and the applicable laws of Hong Kong.

If the Buy-back Mandate is exercised in full at any time during the proposed buy-back period, it may have a material adverse effect on the working capital and gearing position of Hui Xian REIT as compared with the position disclosed in its most recent published audited financial statements. The Manager does not propose to exercise the Buy-back Mandate to such an extent as would, in the circumstances, have any material adverse impact on the working capital or gearing position of Hui Xian REIT (as compared with the position disclosed in its most recent published audited financial statements).

**(D) UNIT PRICES**

The highest and lowest prices at which the Units have traded on the Stock Exchange in each of the previous twelve months were as follows:

	<b>Highest</b>	<b>Lowest</b>
	<i>RMB</i>	<i>RMB</i>
March 2022	1.41	0.98
April 2022	1.15	1.00
May 2022	1.06	1.00
June 2022	1.02	1.00
July 2022	1.02	0.79
August 2022	1.02	0.81
September 2022	0.90	0.80
October 2022	0.88	0.79
November 2022	0.85	0.79
December 2022	1.05	0.82
January 2023	1.31	0.99
February 2023	1.25	1.12
From 1 March 2023 up to the Latest Practicable Date	1.19	1.07

**(E) UNITS BOUGHT-BACK**

The Manager has not bought back any Units on behalf of Hui Xian REIT (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

**(F) STATUS OF BOUGHT-BACK UNITS**

The listing of all Units which are bought back by the Manager pursuant to the Buy-back Mandate shall be automatically cancelled upon purchase. The Manager will ensure that the documents of title of purchased Units are cancelled and destroyed as soon as reasonably practicable following settlement of any such buy-back.

**(G) DIRECTORS' UNDERTAKING**

The Directors have undertaken to the SFC that when the Manager exercises the power to buy back Units pursuant to the Buy-back Mandate, it will exercise the power in accordance with the provisions of the Trust Deed, the laws of Hong Kong, the Takeovers Code, the REIT Code and the guidelines issued by the SFC from time to time.

**(H) DISCLOSURE OF INTERESTS**

None of the Directors or, to the best of their knowledge, having made all reasonable enquiries, their associates (as defined in the REIT Code), have any present intention to sell to the Manager on behalf of Hui Xian REIT any of the Units if the Buy-back Mandate is approved at the AGM.

As at the Latest Practicable Date, no connected person (as defined in the REIT Code) of Hui Xian REIT has notified the Manager that he/she/it has a present intention to sell any Units nor has such connected person (as defined in the REIT Code) undertaken not to sell any of the Units held by him/her/it to the Manager on behalf of Hui Xian REIT in the event that the Buy-back Mandate is granted.

**(I) TRUSTEE'S OPINION AND CONSENT**

The Trustee (i) is of the opinion that the granting of the Buy-back Mandate complies with the Trust Deed, and, (ii) subject to Unitholders' approval, has given its consent to the Manager to proceed with any proposed buy-backs pursuant to the Buy-back Mandate.

The Trustee's confirmation is being furnished for the sole purpose of complying with the requirements of the SFC Repurchase Circular and is not to be taken as a recommendation or representation by the Trustee of the merits of the Buy-back Mandate or any statements or information made or disclosed in this circular. The Trustee has not made any assessment of the merits or impact of the Buy-back Mandate other than the purposes of fulfilling its fiduciary duties set out in the Trust Deed and the REIT Code. Accordingly, all Unitholders, including those who are in any doubt as to the merits or impact of the Buy-back Mandate, should seek their own financial or other professional advice.

**(J) RULE 10.06 OF THE LISTING RULES**

Hui Xian REIT shall comply with the restrictions and notification requirements applicable to listed companies purchasing their own shares on the Stock Exchange 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.

**(K) DIRECTORS' RECOMMENDATION**

The Directors are of the opinion that the granting of the Buy-back Mandate is in the interests of Hui Xian REIT and the Unitholders as a whole and accordingly recommend the Unitholders to vote in favour of the Ordinary Resolution approving the Buy-back Mandate to be proposed at the AGM.

**(L) EFFECT OF TAKEOVERS CODE**

If, on exercise of the power to buy back Units pursuant to the Buy-back Mandate, a Unitholder's proportionate interest in the voting rights of Hui Xian REIT increases, pursuant to Rule 6 of the Code on Share Buy-backs issued by the SFC and Rule 32 of the Takeovers Code, such increase will be treated as an acquisition of voting rights for purposes of the Takeovers Code. As a result, a Unitholder, or group of Unitholders acting in concert, could obtain or consolidate control of Hui Xian REIT and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code, unless a waiver is available.

As at the Latest Practicable Date and so far as the Manager is aware, Noblecrown Investment Limited ("**Noblecrown**"), directly held 1,091,083,328 Units (representing approximately 17.51% of the Units then in issue). As at the same date and so far as the Manager is aware, Noblecrown together with certain parties which are acting in concert with it (including the Manager) held a total of approximately 33.57% of the Units then in issue.

Further, as at the Latest Practicable Date, the Manager (in its own capacity) held 45,884,057 Units (representing approximately 0.74% of the Units in issue).

Should the Buy-back Mandate be exercised in full, assuming that the number of Units currently held by Noblecrown and those parties which are acting in concert with it (including the Manager) remain unchanged, based on 6,230,359,272 Units in issue as at the Latest Practicable Date, the aggregate percentage unitholding of such group would be increased to approximately 37.30% and such increase will give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. In any event, the Manager does not intend to exercise the Buy-back Mandate to such extent as to give rise to an obligation to make a mandatory general offer under Rule 26 of the Takeovers Code.

## 1. RESPONSIBILITY STATEMENT

The Manager and the Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular, which includes particulars given in compliance with the Listing Rules (to the extent applicable pursuant to the REIT Code) for the purpose of giving information with regard to Hui Xian REIT. The Manager and the Directors confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts or matters the omission of which would make any statement in this circular misleading.

## 2. INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the interests and short positions of the Manager and each Director and chief executive of the Manager in Units and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Manager and the Stock Exchange pursuant to the provisions of Part XV of the SFO as deemed to be applicable by virtue of clause 30 of the Trust Deed, or which were recorded in the register required to be kept by the Manager pursuant to clause 30.3.1 of the Trust Deed, or which were required, pursuant to the code governing dealings in securities of Hui Xian REIT adopted by Directors, the terms of which are no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) of Appendix 10 to the Listing Rules (as if it were applicable to Hui Xian REIT), to be notified to the Manager and the Stock Exchange, were as follows:

### Long position in the Units

Name	Nature of interest and capacity	Number of Units held	Approximate percentage of unitholding
Manager	Beneficial owner	45,884,057	0.74%
KAM Hing Lam	Bare trustee	841,316 <sup>(Note)</sup>	0.01%
IP Tak Chuen, Edmond	Beneficial owner	1,100,000	0.02%
CHEUNG Ling Fung, Tom	Beneficial owner	104,475	0.00%
TONG BARNES Wai Che, Wendy	Beneficial owner	142,856	0.00%

*Note:* These Units were held by Mr. Kam as a bare trustee and this is a voluntary disclosure made by Mr. Kam.

Save as disclosed above, as at the Latest Practicable Date, none of the Manager, the Directors or chief executive of the Manager had or deemed to have any interest or short positions in Units, underlying Units and any debentures of Hui Xian REIT or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Manager and the Stock Exchange pursuant to the provisions of Part XV of the SFO as deemed to be applicable by virtue of clause 30 of the Trust Deed, or which were recorded in the register required to be kept by the Manager pursuant to clause 30.3.1 of the

Trust Deed, or which were required, pursuant to the code governing dealings in securities of Hui Xian REIT adopted by Directors, the terms of which are no less exacting than those set out in the Model Code (as if it were applicable to Hui Xian REIT), to be notified to the Manager and the Stock Exchange.

### 3. COMMON DIRECTORS

As at the Latest Practicable Date, the following Directors were also directors of the following companies which had interests in Units or underlying Units which would fall to be disclosed to the Manager under clause 30 of the Trust Deed:

<b>Name of common director</b>	<b>Name of company</b>
KAM Hing Lam	CK Asset Noblecrown Investment Limited Heathcliff Developments Limited Wealth Finder Limited
IP Tak Chuen, Edmond	CK Asset Noblecrown Investment Limited Wisdom Ally Limited Wealth Finder Limited

### 4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Hui Xian REIT Group which do not expire or are not terminable within one year without payment of compensation (other than statutory compensation).

### 5. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Hui Xian REIT Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of Hui Xian REIT were made up.

### 6. MATERIAL ADVERSE CHANGE

The Manager confirms that after making reasonable enquiries, as at the Latest Practicable Date, it was not aware of any material adverse change in the financial or trading position of the Hui Xian REIT Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of Hui Xian REIT were made up.

## 7. COMPETING INTERESTS

At the Latest Practicable Date, the following Directors had interests in the following businesses which were considered to compete or were likely to compete, either directly or indirectly, with the business of the Hui Xian REIT Group other than those business where the Directors were appointed as directors to represent the interests of the Hui Xian REIT Group:

Name of Director	Business which was considered to compete or likely to compete with the business of the Hui Xian REIT Group		Nature of interest of the Director in the entity
	Name of entity	Description of business	
KAM Hing Lam	CK Asset and some of its subsidiaries, associates and/or related companies	Property development and investment, hotel and serviced suite operation, property and project management	An executive director of CK Asset and a director of some of CK Asset's subsidiaries, associates and/or related companies
IP Tak Chuen, Edmond	CK Asset and some of its subsidiaries, associates and/or related companies	Property development and investment, hotel and serviced suite operation, property and project management	An executive director of CK Asset and a director of some of CK Asset's subsidiaries, associates and/or related companies
LIM Hwee Chiang	Fortune Real Estate Investment Trust (" <b>Fortune REIT</b> ")	Ownership of and investment in a portfolio of retail shopping malls located in Hong Kong	A non-executive director of the manager of Fortune REIT
	Prosperity Real Estate Investment Trust (" <b>Prosperity REIT</b> ")	Real estate investment	A non-executive director of the manager of Prosperity REIT

There may be circumstances where Hui Xian REIT (on the one hand) and the CK Group, Prosperity REIT, Fortune REIT, and other publicly listed REITs and private real estate funds managed by ARA Group (on the other hand) may compete with each other for property acquisition and leasing opportunities. Hui Xian REIT (on the one hand), the CK Group, Fortune REIT, Prosperity REIT and other publicly listed REITs and private real estate funds managed by ARA (on the other hand) may also acquire properties or other assets from each other or may enter into other transactions with each other in the future. Conflicts of interests may therefore arise in connection with the potential acquisitions, leasing opportunities and transactions mentioned above.

Please refer to the paragraph headed “Conflicts of interests” in the “Corporate Governance” section in Hui Xian REIT’s 2021 annual report for details of the conflicts or potential conflicts of interests.

Save as disclosed above, as at the Latest Practicable Date, none of the Manager, the Directors and their respective close associates had interest in any business apart from the business of the Hui Xian REIT Group, which was considered to compete or is likely to compete, either directly or indirectly, with that of the Hui Xian REIT Group or any other conflicts of interests with the Hui Xian REIT Group.

## 8. DIRECTORS’ INTERESTS IN CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, save for the Trust Deed, the Manager was not materially interested in any contract or arrangement which is subsisting at the date of this circular and which is significant in relation to the business of the Hui Xian REIT Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which is subsisting at the date of this circular and which is significant in relation to the businesses of the Hui Xian REIT Group.

## 9. EXPERT

The following are the qualifications of the expert who has provided its opinion in this circular:

<b>Name</b>	<b>Qualifications</b>
Crescendo Capital Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and the references to its name and its opinion and recommendation in the form and context in which they respectively appear.

The letter from the Independent Financial Adviser is given as of the date of this Circular for incorporation herein.

As at the Latest Practicable Date, the Independent Financial Adviser is not beneficially interested in, whether directly or indirectly, the Units in Hui Xian REIT or the shares or equity interest in any member of the Hui Xian REIT Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in Hui Xian REIT or any member of the Hui Xian REIT Group.

As at the Latest Practicable Date, the Independent Financial Adviser did not have any interest, directly or indirectly, in any assets which since 31 December 2022, being the date to which the latest published audited consolidated financial statements of Hui Xian REIT were made up, had been acquired or disposed of by or leased to any member of the Hui Xian REIT Group, or are proposed to be acquired or disposed of by or leased to any member of the Hui Xian REIT Group.

#### **10. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and Hui Xian REIT ([www.huixianreit.com](http://www.huixianreit.com)) for a period of 14 days from the date of this circular:

- (a) the CK Property Management Master Agreement;
- (b) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (c) the letter from the Independent Financial Adviser, the text of which is set out in this circular; and
- (d) the consent letter of the Independent Financial Adviser referred to in the paragraph headed “Expert” in this Appendix II.

The Trust Deed will also be available for inspection at the registered office of the Manager for so long as Hui Xian REIT continues to be in existence.

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## NOTICE OF ANNUAL GENERAL MEETING

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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**

### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an Annual General Meeting of the unitholders (the “Unitholders”) of Hui Xian Real Estate Investment Trust (“**Hui Xian REIT**”) will be held at Harbour Grand Hong Kong, 23 Oil Street, North Point, Hong Kong on Thursday, 11 May 2023 at 12:00 noon (or in the event that a black rainstorm warning signal or tropical cyclone warning signal no. 8 or above is in force in Hong Kong at 9:00 a.m. on that day, at the same time and place on Friday, 12 May 2023) for the following purposes:

- (A) To note the audited consolidated financial statements of Hui Xian REIT together with the Independent Auditor’s Report for the year ended 31 December 2022;
- (B) To note the appointment of the Auditor of Hui Xian REIT and the fixing of its remuneration;
- (C) To consider and, if thought fit, pass, with or without modification, the following resolutions as Ordinary Resolutions:

#### ORDINARY RESOLUTIONS

- (1) **“THAT** a mandate to purchase units in Hui Xian REIT (the “Units”) be given to Hui Xian Asset Management Limited, as the manager of Hui Xian Real Estate Investment Trust (“**Hui Xian REIT**”) (the “**Manager**”):
  - (a) subject to the “Circular to Management Companies of SFC-authorized Real Estate Investment Trusts – On-market Unit Repurchases by SFC-authorized REITs” issued by the Securities and Futures Commission of Hong Kong (the “SFC”) on 31 January 2008 and paragraph (b) below, the exercise by the Manager during the Relevant Period (as defined in paragraph (c) below) of all powers of the Manager to purchase Units on The Stock Exchange of Hong Kong Limited in accordance with the trust deed constituting Hui Xian REIT dated 1 April 2011 (as amended, modified or supplemented from time to time) (the “Trust Deed”), the Code on Real Estate Investment Trusts (the “REIT Code”), the applicable provisions of The Codes on Takeovers and Mergers and Share Buy-backs, the guidelines issued by

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## NOTICE OF ANNUAL GENERAL MEETING

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the SFC from time to time, applicable rules and regulations and the laws of Hong Kong, be and is hereby generally and unconditionally approved;

- (b) the aggregate number of Units which may be purchased or agreed to be purchased by the Manager pursuant to the approval in paragraph (a) above during the Relevant Period (as defined below) shall not exceed 10% of the aggregate number of Units in issue as at the date of the passing of this resolution and the authority pursuant to paragraph (a) above shall be limited accordingly; and
- (c) for the purposes of this resolution, “Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the unitholders of Hui Xian REIT following the passing of this resolution;
  - (ii) the expiration of the period within which the next annual general meeting as referred to in (i) above is required to be held under the Trust Deed, the REIT Code or any applicable laws; and
  - (iii) the revocation or variation of the authority given to the Manager under this resolution by an Ordinary Resolution passed at a general meeting of the unitholders of Hui Xian REIT.”

(2) **“THAT**

- (a) the CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps be and are hereby approved, confirmed and ratified; and
- (b) the Manager, any director of the Manager, and the Trustee, each be and is hereby authorised to do or procure to be done all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or the Trustee (as the case may be) may consider desirable, expedient, necessary or in the interest of Hui Xian REIT to implement or give effect to the matters resolved upon in paragraph (a) above.”

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, 11 April 2023

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## NOTICE OF ANNUAL GENERAL MEETING

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*Notes:*

1. Unless otherwise defined in this notice or the context requires otherwise, terms defined in the circular of Hui Xian REIT dated 11 April 2023 to the Unitholders (the “**Circular**”) shall have the same meanings when used in this notice.
2. A Unitholder entitled to attend and vote at a general meeting of Unitholders (or at any adjournment thereof) is entitled to appoint a proxy to attend in its/his/her stead. Any Unitholder being a corporation may by resolution of its directors (or other governing body) authorise any person to act as its representative at any general meeting of Unitholders and a person so authorised shall at such meeting be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual Unitholder. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney duly authorised in accordance with its constitutional documents. The person appointed to act as proxy or corporate representative needs not be a Unitholder. Delivery of an instrument appointing a proxy shall not preclude the Unitholders from attending and voting at the meeting or any adjourned meeting (as the case may be) and, in such event, the instrument appointing the proxy shall be deemed to be revoked. The voting of the above Ordinary Resolutions at the AGM will be taken by way of poll. On a poll, votes may be given either personally or by proxy and every Unitholder who is present in person, by corporate representative or proxy shall have one vote for every Unit of which he is the Unitholder.
3. In order to be valid, an instrument of proxy, together with any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power of attorney or authority, must be deposited at the Unit Registrar of Hui Xian REIT, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting (as the case may be).
4. Where there are joint registered Unitholders of a Unit, the vote of the senior who tenders a vote (whether in person or by proxy) shall be accepted to the exclusion of the votes of the other joint registered Unitholders and for this purpose, seniority shall be determined by the order in which the name stands in the Register of Unitholders in respect of such Unit.
5. The Register of Unitholders of Hui Xian REIT will be closed from Monday, 8 May 2023 to Thursday, 11 May 2023, both days inclusive, during which period no transfer of Units will be effected. In order to qualify for voting at the Annual General Meeting, all unit certificates with completed transfer forms must be lodged with Hui Xian REIT’s Unit Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 5 May 2023.
6. **BAD WEATHER ARRANGEMENTS**

If a black rainstorm warning signal or a tropical cyclone warning signal no. 8 or above is in force in Hong Kong at 9:00 a.m. on Thursday, 11 May 2023, the AGM will not be held on that day but will be automatically postponed and, by virtue of this notice, be held at the same time and place on Friday, 12 May 2023 instead. Unitholders should make their own decision as to whether they would attend the AGM under bad weather conditions at their own risk having regard to their own situation and if they should choose to do so, they are advised to exercise care and caution.

As at the date of this notice, 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 Professor LEE Chack Fan, Dr. CHOI Koon Shum, Jonathan, Mr. YIN Ke and Mr. WU Ting Yuk, Anthony (independent non-executive Directors).