



17 April 2026

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 Renewed 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 17 April 2026 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.

As disclosed in the announcement of Hui Xian REIT dated 6 April 2023 and the circular of Hui Xian REIT dated 11 April 2023 in relation to, among other things, the continuing connected party transactions between members of the CK Group and members of the Hui Xian REIT Group under the Existing CK Property Management Master Agreement, 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, and using the club and other facilities of the CK Group, since the first listing of its Units on the Stock Exchange in April 2011. In view of the expiry of the Existing CK Property Management Master Agreement on 31 December 2026 and an anticipation that the transactions under the Existing CK Property Management Master Agreement would continue in the future to facilitate the daily operation and management of the Properties of the Hui Xian REIT Group, the Manager in its capacity as manager of Hui Xian REIT entered into the Renewed CK Property Management Master Agreement with CK Asset on 16 April 2026 to set out the framework terms governing the CK Property Management Transactions for the period from 1 January 2027 to 31 December 2029 (both days inclusive).

As at the Latest Practicable Date, CK Asset was the holding company of Noblecrown Investment Limited (a substantial Unitholder) and through Noblecrown Investment Limited and other CK Group entities was interested in 2,287,649,099 Units, representing approximately 35.06% of the total number of issued Units. CK Asset 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).

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 Renewed 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 Renewed 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 Renewed CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps. 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	16.72%
Heathcliff Developments Limited	586,884,405	8.99%
Wisdom Ally Limited	403,436,480	6.18%
Wealth Finder Limited	<u>206,244,886</u>	<u>3.16%</u>
<b>Total</b>	<u><u>2,287,649,099</u></u>	<u><u>35.06%</u></u>

*Note:* As at the Latest Practicable Date, the total number of issued Units was 6,523,199,235. 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 Renewed 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 Renewed 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.

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 Renewed 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 Renewed 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 and persons which are connected persons of Hui Xian REIT as a result of their connection with the Manager; (iv) the counterparties of the Renewed 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 unitholding or shareholding (as the case may be) 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.

We consider that we have reviewed sufficient information to reach an informed view, 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 2025 dated 17 March 2026 (the “**2025 Annual Results Announcement**”), the Renewed CK Property Management Master Agreement, quotations/tenders submitted 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 Renewed 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 Renewed 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.

Based on the information disclosed in the 2025 Annual Results Announcement, Hui Xian REIT’s portfolio covers retail, office, serviced apartment and hotel sectors in four major cities in the PRC, with a total area of over 1.1 million square meters. As at 31 December 2025, Hui Xian REIT’s portfolio included its investment in:

- (1) Hui Xian (B.V.I.) Limited, which holds Hui Xian Investment Limited, the foreign shareholder of 北京東方廣場有限公司 (Beijing Oriental Plaza Co., Ltd.) (“**BOP**”). Hui Xian Investment Limited holds approximately 99.99999983% interest in BOP and is entitled to 100% distributions of BOP, which 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 apartment towers, Grand Hyatt Beijing, a five-star hotel, and car-parking spaces;

- (2) Chongqing Overseas Investment Limited, which 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) Shenyang Investment (BVI) Limited, which holds Shenyang Investment (Hong Kong) Limited, the foreign shareholder 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 holds the land use rights and building ownership rights of The Westin Shenyang, an international hotel;
- (4) Chongqing Hotel Investment Limited, which holds Highsmith (HK) Limited. Highsmith (HK) Limited owns the entire interest in 重慶東廣大都會酒店有限公司 (Chongqing Oriental Plaza Metropolitan Hotel Co. Ltd.), which holds the land use rights and building ownership rights of Hyatt Regency Metropolitan Chongqing, an international hotel; and
- (5) New Sense Resources Limited, which holds Chengdu Investment Limited, the foreign shareholder of 成都長天有限公司 (Chengdu Changtian Co., Ltd.) (“**Chengdu Changtian**”). Chengdu Investment Limited is entitled to 69% of the distributions of Chengdu Changtian, which holds the land use rights and building ownership rights of Sheraton Chengdu Lido Hotel, an international hotel.

According to the 2025 Annual Results Announcement, the total revenue of the Hui Xian REIT Group for the two years ended 31 December 2024 and 2025 amounted to approximately RMB2,337 million and RMB2,209 million, respectively.

The Manager is the manager of Hui Xian REIT and is principally engaged in managing Hui Xian REIT. The Manager is a direct wholly-owned subsidiary of World Deluxe Enterprises Limited, which in turn is indirectly wholly-owned by CK Asset.

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).

## 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 services and property manager services for a long time.

BOP, an indirect subsidiary of Hui Xian REIT 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, the Hui Xian REIT Group’s tenants or hotel guests may be offered to use certain club and 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 for facilitating an effective management of the Properties; (iii) the offering of the Use of Club Facilities to the 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 Renewed 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, we consider that the CK Property Management Transactions contemplated under the Renewed CK Property Management Master Agreement are commercial transactions conducted in the ordinary and usual course of business of the

Hui Xian REIT Group and consistent with the investment objectives and strategy of Hui Xian REIT and in compliance with the REIT Code and the Trust Deed 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 Renewed 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 2027 to 31 December 2029 (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 members of the Hui Xian REIT Group could obtain from independent third parties.

The fees chargeable for such transactions shall be based on the then prevailing market rates for similar services provided by professional property management service providers for properties of similar size and with similar attributes. To ensure that each transaction under the Renewed 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 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.

**(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 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 obtained from independent third parties and at least one quotation is obtained 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 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 Renewed 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 Renewed 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 2026 (or such later date as may be agreed between CK Asset and the Manager in writing), the Renewed 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 Renewed CK Property Management Master Agreement.

**4. *Our findings on the CK Property Management Transactions***

**(a) *Building Management Services***

As at the Latest Practicable Date, certain 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.

We noted that the Manager has complied with its internal procedures for procuring the Building Management Services by obtaining, to the extent practicable, 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 on 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 and 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 claimed by the CK Group for the months of May 2024, September 2024, February 2025, October 2025 and January 2026, which were randomly selected from the months within the term of the Existing CK Property Management Master Agreement (i.e. January 2024 to the Latest Practicable Date). We consider that random sampling can eliminate selection bias and the samples are statistically representative. We noted that the reimbursements claimed 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 above-mentioned reimbursement lists and noted that they were charged to Hui Xian REIT on an actual cost basis. Given that the samples regarding the monthly reimbursements and staff records were randomly selected from transactions carried out at different times during the term of the Existing CK Property Management Master Agreement, we consider that the samples are fair and representative. Meanwhile, having considered that (i) random sampling allows for statistical inference and the samples selected are fair and representative; (ii) the claimed reimbursements were related to the personnel provided services solely and exclusively for Beijing Plaza and Chongqing Metropolitan Oriental Plaza; and (iii) the reimbursement amounts were the same as the actual costs incurred, we are satisfied that 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.

***(b) Property Manager Services***

Under the Trust Deed, the Manager is entitled to an annual variable fee equivalent to 3% per annum of the net property income (the "NPI") of the Properties for each financial year, calculated before deducting the variable fee and, where the Property Manager is a subsidiary of the Manager, a Property Manager's fee. The Manager may, at any time, allocate portions of the 3% annual variable fee between itself and the Property Manager, provided that such Property Manager is a wholly-owned subsidiary of the Manager.

With effect from 1 July 2017, the Manager has elected to split the 3% annual variable fee in respect of Beijing Oriental Plaza into 2 components: a 1% variable fee payable to the Manager and a 2% variable fee payable to the Property Manager, both calculated on the 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 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 an annual fee of 2% 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 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.

*Annual variable fee*

In order to assess the fairness and reasonableness of the fee receivable by the Property Manager in respect of Beijing Oriental Plaza and Chongqing Metropolitan Oriental Plaza, we have conducted a search for other listed real estate investment trusts, which (a) are currently listed on the Stock Exchange; (b) have a market capitalization in the range of approximately RMB1.4 billion and RMB4.3 billion, being 50% and 150% of the market capitalization of Hui Xian REIT as at the Latest Practicable Date respectively; and (c) have entered into similar transactions regarding the Property Manager Services with connected persons. Based on the abovementioned criteria, we have, on our best effort, identified four comparable real estate investment trusts (the “**Comparables**”) 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 the 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 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 a 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 fees and expenses reimbursement. The Comparables adopted fee rates in the range of 2% to 4% per annum of 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 believe that the terms of the CK Property Management Transactions in respect of the 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.

### *Expenses reimbursement*

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 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 respective annual budget of Beijing Oriental Plaza and Chongqing Metropolitan Oriental Plaza for the year ending 31 December 2026 and noted that the budgets were reviewed and properly approved by the Manager. Based on our review, we consider the nature of expenses and the budgeted amounts to be appropriate, taking into account the historical transaction amounts, operational requirements and anticipated business activities of Beijing Oriental Plaza and Chongqing Metropolitan Oriental Plaza for the forthcoming period.

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 2025 and two months ended 28 February 2026.

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 May 2024, September 2024, February 2025, October 2025 and January 2026, which were randomly selected from the months within the term of the Existing

CK Property Management Master Agreement (i.e. January 2024 to the Latest Practicable Date). We consider that random sampling can eliminate selection bias and the samples represent transactions carried out at different times during the term of the Existing CK Property Management Master Agreement and are thus statistically representative. We 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 above-mentioned reimbursement list and noted that they were charged to Hui Xian REIT on an actual cost basis. Given that the samples of staff were randomly selected from the reimbursement lists and random sampling can eliminate selection bias, we consider that the samples are fair and representative.

Having considered that (i) the samples selected are fair and representative; (ii) the claimed reimbursements were related to the personnel provided services solely and exclusively for Beijing Oriental Plaza and Chongqing Metropolitan Oriental Plaza; and (iii) the reimbursement amounts were the same as the actual costs incurred, we are satisfied that the claimed amounts are fair and reasonable.

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. The Manager has confirmed 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 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.

***(c) 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 2027 to 31 December 2029 (both days inclusive), subject to the passing of an Ordinary Resolution by the Independent Unitholders at a general meeting of Unitholders to approve the Renewed 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 2025 and the two months ended 28 February 2026. As such, we are unable to assess whether the terms of the Use of Club Facilities were conducted on normal commercial terms. However, given that at least two quotations would be obtained from independent third parties to ensure the terms of the Use of Club Facilities are conducted on normal commercial terms, we consider that the terms of 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 might be established by the CK Group 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.

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

The historical transaction amounts and the breakdown of the CK Property Management 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		For the two	Annualized	For the year ending 31 December		
	December		months		amount for	2027	2028
	2024	2025	ended 28	2026 <sup>Note 2</sup>			
	RMB'000	RMB'000	February	RMB'000	RMB'000	RMB'000	RMB'000
			2026				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Building Management Services &amp; Use of Club Facilities</b>							
Fee and expenses reimbursement <sup>Note 1</sup>	61,585	61,211	10,316	61,896	74,065	81,472	89,619
<b>Property Manager Services</b>							
Variable fee	27,865	25,573	3,745	22,470	43,102	45,688	48,429
Expenses reimbursement	<u>36,078</u>	<u>43,496</u>	<u>7,757</u>	<u>46,542</u>	<u>52,630</u>	<u>57,893</u>	<u>63,682</u>
Sub-total	125,528	130,280	21,818	130,908	169,797	185,053	201,730
Buffer	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>36,103</u>	<u>39,647</u>	<u>43,670</u>
<b>Total</b>	<b><u>125,528</u></b>	<b><u>130,280</u></b>	<b><u>21,818</u></b>	<b><u>130,908</u></b>	<b><u>205,900</u></b>	<b><u>224,700</u></b>	<b><u>245,400</u></b>
Historical annual caps	220,200	239,100	259,600	259,600			
Annual cap utilization rate	57.0%	54.5%	N/A	50.4%	N/A	N/A	N/A

*Notes:*

1. No historical transaction amounts for the Use of Club Facilities were recorded for each of the two years ended 31 December 2024 and 2025 and the two months ended 28 February 2026.
2. The annualized amount is for illustrative purposes 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 2026 will be of such 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 for each of the three years ending 31 December 2027, 2028 and 2029.

As disclosed in the Letter from the Board contained in the Circular, the CK Property Management Annual Caps were determined based on the following assumptions:

- (a) the aggregate of the following:
  - (i) the historical transaction amounts of the CK Property Management Transactions (excluding the variable component of the Property Manager's fee received by the Property Manager in respect of Beijing Oriental Plaza, which is elaborated in sub-paragraph (ii) below) for the year ended 31 December 2025 with an additional approximate 10% annual increase applied to the relevant fee and reimbursement amounts (including the reimbursement of expenses in respect of the Property Manager Services), which was determined having regard to the growth rate between 2023 and 2025, which ranged from 7.5% to 11.4%, which the Manager believes is reasonable; and
  - (ii) using the Property Manager's fee received by the Property Manager in respect of Beijing Oriental Plaza for the year ended 31 December 2025 (i.e. approximately RMB25,573,000, which represents 2% of the NPI of Beijing Oriental Plaza) as the base, an increased Property Manager's fee that represents the maximum of 3% of the NPI to be received by the Property Manager in respect of Beijing Oriental Plaza, given that the Manager might elect to allocate the 3% annual variable fee between the Manager and the Property Manager;
- (b) with regard to the NPI mentioned in paragraph (a)(ii) above, there will be an approximate 6% increase per annum from the NPI of Beijing Oriental Plaza recorded during the year ended 31 December 2025, with reference to the NPI growth for the past years starting from 2011 (i.e. the year of listing of the Units on the Stock Exchange), which ranged from -25.9% to 9.9%; and
- (c) the application of a buffer of approximately 21.3%, 21.4% and 21.6% to the aggregate sum referred to in paragraph (a) above for the financial years ending 31 December 2027, 2028 and 2029 respectively to cater for (i) a possibility that a new property in a scale similar to Chongqing Metropolitan Oriental Plaza might be acquired by the Hui Xian REIT Group, whereby a member of the CK Group is engaged to provide property management services for the property during the term of the Renewed CK Property Management Master Agreement; and (ii) any other 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. The buffer is mainly derived from the combined property management fee and property manager reimbursement for Chongqing Metropolitan Oriental Plaza for the year ended 31 December 2025 (i.e. approximately RMB29,783,000) with an approximately 10% annual increase.

For the avoidance of doubt, the above assumptions are solely for the purpose of calculating the CK Property Management Annual Caps. There is currently no concrete plan that the Hui Xian REIT Group will acquire one or more properties during the term of the Renewed CK Property Management Master Agreement.

*(i) Annual cap utilization rate*

We observed that the utilization rates for the two years ended 31 December 2025 were below 60% of the total annual caps. These relatively low utilizations were mainly attributable to variances between the actual variable fees incurred for the Property Manager Services and the respective budgeted amounts for the years ended 31 December 2024 and 2025.

As set out in the circular of Hui Xian REIT dated 11 April 2023, a maximum rate of 3% of NPI was adopted for budgeting the annual variable fees in respect of the Property Manager Services when calculating the annual caps for the two years ended 31 December 2025. However, based on periodic assessments of service delivery and operational priorities, the Manager determined that maintaining the variable fee at 2% of NPI was appropriate at the relevant time, particularly in light of the then prevailing market conditions, the operating performance of Beijing Oriental Plaza and the actual service scope. Accordingly, the Manager did not adjust the allocation of the annual variable fee between the Manager and the Property Manager in the past years. As a result of the above, the variable fees actually paid to the Property Manager remained at 2% of NPI for the two years ended 31 December 2025, contributing to the lower-than-budgeted utilization rate of the annual caps.

*(ii) Fee and expenses reimbursement in respect of the 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 fee and expenses reimbursement in respect of the Building Management Services and the Use of Club Facilities were projected based on the historical transaction amount incurred for the year ended 31 December 2025 and applying a compound annual growth rate of 10% for each of the subsequent years after taking into account the anticipated increase in reimbursement of expenses and the expected economic growth in the PRC.

To assess the fairness and reasonableness of the budgeted annual caps, we have reviewed the historical transaction amounts for the Building Management Services and the Use of Club Facilities for the two years ended 31 December 2025 and the two months ended 28 February 2026. No historical transactions were recorded for the Use of Club Facilities during the review period, while fees for the Building Management Services represented less than 6% of the related historical transaction amount. Given the Building Management Services fees are relatively small in amount as compared to the associated expenses reimbursements, we concur with the view of the Manager that it is justifiable to project the expected future transaction amounts for these fees and expenses reimbursements on an aggregated basis.

We noted that the transaction amount of the Building Management Services for the year ended 31 December 2025 was relatively stable as compared to the year ended 31 December 2024, while there was an increment of approximately 3.3% for the transaction amount for the two months ended 28 February 2026, as compared to the

transaction amount for the two months ended 28 February 2025. We were given to understand that the increases were mainly due to more manpower being added for Beijing Plaza and Chongqing Metropolitan Oriental Plaza as well as the increase in staff costs and thus more expenses were incurred and reimbursed to the CK Group for the two months ended 28 February 2026.

The Manager expected that more manpower would be added for Beijing Plaza and Chongqing Metropolitan Oriental Plaza in the coming years so as to improve the properties' value and competitiveness, enhance the operational quality and maintain the provision of high-quality and stable services. Therefore, in projecting the annual caps for the fee and expenses reimbursement in respect of the Building Management Services and the Use of Club Facilities, the Manager assumed that there would be a compound annual growth rate of 10% in expenses reimbursement (mainly staff and wages costs) in respect of the Building Management Services, which was determined having regard to the growth rate of aggregate expenses reimbursement for Building Management Services and Property Manager Services between 2023 and 2025 which ranged from 7.5% to 11.4%, with a compound annual growth rate of approximately 9.4%. We have reviewed the expenses reimbursement summary prepared by the Manager and noted that the growth rate of the reimbursed expenses conformed with the aforementioned figures.

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 2025 was approximately RMB140,187.9 billion, representing a growth rate of approximately 5.0% over the last year, and the national per capita disposable income was approximately RMB43,377 for the year ended 31 December 2025, representing a real growth of approximately 5.0% over the previous year. The statistics also showed that the national consumer price index for 2025 remained largely the same as compared to 2024. The OECD Economic Outlook, Volume 2025 Issue 2 released in December 2025 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 2026 and 2027 would be 4.4% and 4.3%, respectively.

Having taken into account the effect of the historical growth rates of the aggregated expenses reimbursement, the expected economic growth in the PRC and the expected increase in manpower, we consider that it is reasonable to adopt a growth rate of 10% for budgeting the fee and expenses reimbursement in respect of the Building Management Services under the CK Property Management Transactions for the three years ending 31 December 2029.

Although no historical transaction amounts for the Use of Club Facilities were recorded for the two years ended 31 December 2024 and 2025 and the two months ended 28 February 2026, the Manager considers 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 2027, 2028 and 2029.

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

***(iii) Variable fee and expenses reimbursement in respect of the 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 in relation to Beijing Oriental Plaza and Chongqing Metropolitan Oriental Plaza.

*Variable fee*

Based on the Calculation Schedule, we noted that the Manager has assumed the Property Manager's fee receivable by the Property Manager in respect of Beijing Oriental Plaza would increase from 2% of the NPI to 3% of the NPI and thus the annual cap for the variable fee in respect of the Property Manager Services for Beijing Oriental Plaza for 2027-2029 is budgeted to increase accordingly, while no variable fees would be received by the Property Manager in respect of other properties of the Hui Xian REIT managed by the Property Manager. We were given to understand that the assumption of a 3% annual variable fee for estimating the CK Property Management Annual Caps is adopted on a prudent basis to preserve flexibility should the Manager decide to allocate a greater portion of the annual variable fee to the Property Manager in the future. We have reviewed the Trust Deed to confirm that it is in the discretion of the Manager to allocate the 3% annual variable fee between the Manager and the Property Manager, provided that such Property Manager is a wholly-owned subsidiary of the Manager.

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 2029, having taken into account the historical NPI growth rate of Hui Xian REIT and the growth of the GDP in the PRC.

We have reviewed the movement of the NPI of Hui Xian REIT since its listing in 2011, which is summarized below. The historical NPI growth rates for 2013 to 2025 reflect a period of significant volatility, with annual growth ranging from -25.9% to +9.9%. This variability was attributable to a combination of macroeconomic conditions, property market cycles, and portfolio adjustments over the period.

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
NPI (RMB' million)	1,764	1,852	2,036	2,074	2,074	2,060	2,012	1,491	1,540	1,300	1,368	1,303	1,146
Growth rate <sup>(Note)</sup>	5.6%	5.0%	9.9%	1.9%	0%	-0.7%	-2.3%	-25.9%	3.3%	-15.6%	5.2%	-4.8%	-12.0%

*Note:* As Hui Xian REIT was listed on the Stock Exchange on 29 April 2011, the results for the year 2011 only covered the period from 29 April 2011 to 31 December 2011. Therefore, no year-on-year comparison between 2011 and 2012 is made.

Notwithstanding this historical fluctuation, a projected growth rate of 6% for the years 2027 to 2029 is considered reasonable, having considered that: (i) the 2025 NPI of approximately RMB1,146 million represents a trough level, approximately 45% below the historical peak achieved in 2016. A 6% growth rate from this lower base represents a gradual recovery trajectory rather than an aggressive expansion; (ii) the projected 6% growth rate is within the range of historical growth rates achieved during stable operating periods (e.g. 5.6% in 2013, 5.0% in 2014 and 9.9% in 2015) and the projection does not exceed the upper bound of historical performance; and (iii) the Manager anticipates a stabilization of operating conditions and proactive asset management, leasing strategies, and cost optimization measures are expected to yield incremental contributions to the NPI commencing in 2026.

In light of the above, while historical growth rates exhibit volatility, the 6% projection is grounded in the current low base, supported by historical precedent during recovery phases, and reflects management's forward-looking operational plans. Accordingly, the projected growth rate is considered fair and reasonable for the purpose of projecting the NPI of Beijing Oriental Plaza for calculation of the variable fees for the Property Manager in relation to the Property Manager Services for the three years ending 31 December 2029.

#### *Expenses reimbursement*

The Manager expected that the transaction amounts for the expenses reimbursement in respect of the Property Manager Services for the Beijing Oriental Plaza and Chongqing Metropolitan Oriental Plaza would increase with a compound annual growth rate of 10% for each of the three years ending 31 December 2029 after taking into account the anticipated increase in expenses to be incurred by the Property Manager in the daily operations of property management and the expected economic growth in the PRC.

We noted that the historical transaction amount of the Property Manager Services in respect of expenses reimbursed to the Property Manager for the year ended 31 December 2025 increased by approximately 20.6%, as compared to the previous year, and there was an increment of approximately 13.1% for the transaction amount for the two months ended 28 February 2026, as compared to the transaction amount for the previous corresponding period. We were given to understand that the increases in expenses reimbursements were mainly due to more manpower being added to service Beijing Oriental Plaza and Chongqing Metropolitan Oriental Plaza as well as the increase in wages of staff.

In projecting the annual caps for the expenses reimbursement in respect of the Property Manager Services, the Manager assumed that there would be an approximate 10% annual increment, which was determined having regard to the growth rate of the aggregate expenses reimbursement in respect of the Building Management Services and the Property Manager Services between 2023 and 2025, which ranged from 7.5% to 11.4%, with a compound annual growth rate of approximately 9.4%.

Having taken into account the effect of the historical growth rates of the aggregated expenses reimbursement, the expected economic growth in the PRC and the expected increase in manpower, we consider that it is reasonable to adopt a growth rate of 10% for budgeting the expenses reimbursement in respect of the Property Manager Services under the CK Property Management Transactions for the three years ending 31 December 2029.

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

*(iv) Buffer*

We noted that contingency buffers of approximately 21.3%, 21.4% and 21.6% were adopted for the CK Property Management Annual Caps for the three years ending 31 December 2027, 2028 and 2029 respectively so as to cope with a possibility that a new property in a scale similar to Chongqing Metropolitan Oriental Plaza might be acquired by the Hui Xian REIT Group, whereby a member of the CK Group is expected to be engaged to provide the Building Management Services and the Property Manager Services during the term of the Renewed CK Property Management Master Agreement, and any other 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.

Our review of several acquisition proposals, including offices, serviced apartments, hotels and commercial complexes in Shanghai, Beijing, Chengdu and Shenzhen, considered by the Manager indicates that the properties under evaluation are of a scale similar to that of Chongqing Metropolitan Oriental Plaza. Furthermore, we have examined the Calculation Schedule and noted that the buffer is primarily derived from the aggregated fee and expenses reimbursements in respect of the Building Management Services and the Property Manager Services of Chongqing Metropolitan Oriental Plaza for the year ended 31 December 2025 of approximately RMB29.8 million and applying an annual increment rate of 10% for each of the three years ending 31 December 2029, which was determined with reference to the growth rate of the aggregate expenses reimbursement in respect of the Building Management Services and the Property Manager Services between 2023 and 2025 ranged from 7.5% to 11.4%, with a compound annual growth rate of approximately 9.4%.

Having considered (i) the possibility that a new property in a scale similar to Chongqing Metropolitan Oriental Plaza might be acquired by the Hui Xian REIT Group; and (ii) the effect of historical growth rates of the aggregated expenses reimbursement, the expected economic growth in the PRC and the expected increase in manpower, we consider using the fee and reimbursed expenses of Chongqing Metropolitan Oriental Plaza as a base, and adopting a growth rate of 10%, in estimating the buffer is reasonable.

We have also conducted research on the buffer for annual caps of transactions of a similar nature to 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 rates proposed by the Manager falls within the range of other listed real estate investment trusts, the buffer is budgeted with legitimate reasons and allows for sufficient flexibility should Hui Xian REIT require more Building Management Services and/or Property Manager Services from the CK Group and/or the Property Manager under the circumstances where unforeseeable at the moment, we are of the opinion that the contingency buffer proposed by the Manager is reasonable.

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

## **6. 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. 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 at least two quotations from independent third parties and (to the extent where applicable) relevant expert's opinion 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 ongoing 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, 14A.56, 14A.58, 14A.59, 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.

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.

***(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 comply with the announcement and Unitholders' approval requirements and may impose additional conditions.

***(d) Annual reports***

A 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.

**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 the Hui Xian REIT Group and the terms of which are at arm's length and on normal commercial terms, and is consistent with the investment objectives and strategy of Hui Xian REIT and in compliance with the REIT Code and the Trust Deed; and (ii) the terms of the Renewed 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 Resolution to approve the Renewed CK Property Management Master Agreement, the CK Property Management Transactions and the CK Property Management Annual Caps at 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 21 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 17 years of experience in corporate finance.