THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 in securities dealing, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Aoyuan Healthy Life Group Company Limited, you should at once hand this circular, together with the enclosed proxy form, to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities dealing or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

奧園健康生活集團有限公司

AOYUAN HEALTHY LIFE GROUP COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3662)

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO (1) THE 2021 MASTER PROPERTY MANAGEMENT AGREEMENT; (2) THE 2021 MASTER COMMERCIAL OPERATIONAL AGREEMENT; (3) THE 2021 MASTER PURCHASE AGREEMENT; AND (4) THE 2021 MASTER INTELLIGENT ENGINEERING AGREEMENT AND NOTICE OF THE 2020 SECOND EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

建泉融資有限公司
VBG Capital Limited

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 9 to 28 of this circular and a letter from the Independent Board Committee is set out on pages 29 to 30 of this circular. A letter from VBG Capital Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 31 to 61 of this circular.

A notice convening the EGM to be held at Peony, Magnolia & Camomile Room, Lower Level II, Kowloon Shangri-la, Hong Kong, 64 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Tuesday, 29 December 2020 at 10:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A proxy form for use at the EGM is also enclosed. Such proxy form is also published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.aoyuanjksh.com).

Shareholders who intend to appoint a proxy to attend the EGM shall complete and return the enclosed proxy form in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the EGM or any adjourned meeting thereof if they so wish.

PRECAUTIONARY MEASURES FOR THE EGM

Please see pages 1 to 2 of this circular for measures being taken to try to prevent and control the spread of the novel coronavirus (COVID-19) pandemic at the EGM, including:

- compulsory temperature checks and health declarations;
- wearing of surgical face masks; and
- no distribution of corporate gifts and refreshments.

Any person who does not comply with the precautionary measures may be denied entry into the EGM venue. The Company strongly encourages attendees to wear surgical face masks and reminds the Shareholders that they may appoint the chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM as an alternative to attending the EGM in person.

7 December 2020

CONTENTS

In view of the ongoing novel coronavirus (COVID-19) pandemic and recent requirements for prevention and control of its spread, the Company will implement the following preventive measures at the EGM to protect attending Shareholders, staff and other stakeholders from the risk of infection:

(i) compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee at the entrance of the EGM venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the EGM venue or be required to leave the EGM venue;

(ii) all Shareholders, proxies and other attendees are required to complete and submit at the entrance of the EGM venue a declaration form confirming their names and contact details, and confirming that they have not travelled to, or to the best of their knowledge had close contact with any person who has recently travelled to, any affected countries or areas outside of Hong Kong (as per the guidelines issued by the Hong Kong government at http://www.chp.gov.hk/en/features/102742.html) at any time in the 14 days preceding the EGM. Any person who does not comply with this requirement may be denied entry into the EGM venue or be required to leave the EGM venue;

(iii) the Company strongly recommends attendees to wear surgical face masks inside the EGM venue at all times, and to maintain a safe distance between seats; and

(iv) no refreshments will be served, and there will be no corporate gifts.

To the extent permitted under law, the Company reserves the right to deny entry into the EGM venue or require any person to leave the EGM venue in order to ensure the safety of the attendees at the EGM.

In the interest of all stakeholders' health and safety and to be consistent with the recent COVID-19 guidelines for prevention and control, the Company reminds all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, the Shareholders may appoint the chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM instead of attending the EGM in person.

The proxy form is attached to this circular for Shareholders who opt to receive physical circulars. Alternatively, the proxy form can be downloaded from the "Investor Relations" section of the Company's website at http://en.aoyuanjksh.com/Investor/Circulars.aspx. If you are not a registered Shareholder (if your Shares are held via banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited), you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of proxy.

If the Shareholders who choose not to attend the EGM in person have any questions about the relevant resolutions, or about the Company or any matters for communication with the Board, they are welcome to contact the Company via the Company's investor relations department as follows:

Investor Relations
Email: ir@aoyuanhealthy.com
Tel: (852) 3916 2688
Fax: (852) 3907 0333

If the Shareholders have any questions relating to the EGM, please contact Computershare Hong Kong Investor Services Limited, the Company's Hong Kong Branch Share Registrar as follows:

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong
Email: hkinfo@computershare.com.hk
Tel: (852) 2862 8555
Fax: (852) 2865 0990

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

"2019 Master Commercial Operational Agreement"	the agreement dated 22 February 2019 entered into between the Company (for itself and as trustee for the benefit of other members of the Group) and China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group) in relation to the commercial operational services provided by the Group to the Parent Group for a term commencing on the Listing Date and ending on 31 December 2020
"2019 Master Property Management Agreement"	the agreement dated 22 February 2019 entered into between the Company (for itself and as trustee for the benefit of other members of the Group) and China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group) in relation to the property management services provided by the Group to the Parent Group for a term commencing on the Listing Date and ending on 31 December 2020
"2021 Master CCT Agreements"	collectively, the 2021 Master Property Management Agreement, the 2021 Master Commercial Operational Agreement, the 2021 Master Purchase Agreement and the 2021 Master Intelligent Engineering Agreement
"2021 Master Commercial Operational Agreement"	the agreement dated 5 November 2020 entered into between the Company (for itself and as trustee for the benefit of other members of the Group) and China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group) in relation to the Commercial Operational Services provided by the Group to the Parent Group for a term commencing on 1 January 2021 and ending on 31 December 2023
"2021 Master Intelligent Engineering Agreement"	the agreement dated 5 November 2020 entered into between the Company (for itself and as trustee for the benefit of other members of the Group) and China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group) in relation to the Intelligent Engineering Services provided by the Group to the Parent Group for a term commencing on 1 January 2021 and ending on 31 December 2023

"2021 Master Lease Agreement"	the agreement dated 5 November 2020 entered into between the Company (for itself and as trustee for the benefit of other members of the Group) and China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group) in relation to the leasing of certain premises from the Parent Group to the Group for office use for a term commencing on 1 January 2021 and ending on 31 December 2023
"2021 Master Property Management Agreement"	the agreement dated 5 November 2020 entered into between the Company (for itself and as trustee for the benefit of other members of the Group) and China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group) in relation to the Property Management Services provided by the Group to the Parent Group for a term commencing on 1 January 2021 and ending on 31 December 2023
"2021 Master Purchase Agreement"	the agreement dated 5 November 2020 entered into between the Company (for itself and as trustee for the benefit of other members of the Group) and China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group) in relation to the sale of Electrical Appliances to the Parent Group for a term commencing on 1 January 2021 and ending on 31 December 2023
"Articles of Association"	the articles of association of the Company currently in force
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"China Aoyuan"	China Aoyuan Group Limited (中國奧園集團股份有限公司), an exempted 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: 3883)
"Commercial Operational Services"	the commercial operational services provided by the Group to the Parent Group pursuant to the 2021 Master Commercial Operational Agreement, as further detailed in the paragraph headed "3. 2021 Master Commercial Operational Agreement" of this circular

"Commercial Operational Supplemental Agreement"	the agreement dated 13 March 2020 entered into between the Company (for itself and as trustee for the benefit of other members of the Group) and China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group) to amend and supplement the 2019 Master Commercial Operational Agreement
"Company"	Aoyuan Healthy Life Group Company Limited (奧園健康生活集團有限公司), an exempted 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: 3662)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened by the Company to consider the 2021 Master CCT Agreements and the transactions (including the annual caps) contemplated thereunder
"Electrical Appliances"	the supplies and equipment which may be purchased by the Parent Group from the Group from time to time, including but not limited to elevators, cables, electrical appliances, equipment and tools
"External Projects"	has the meaning ascribed to it under the paragraph headed "8. The Group's independent business operation without undue reliance on the Parent Group" of this circular
"GFA"	gross floor area
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"IFRS"	the International Financial Reporting Standard(s) issued by the International Institute of Certified Public Accountants from time to time

"Independent Board Committee"	an independent committee of the Board, comprising all three independent non-executive Directors, established to advise the Independent Shareholders in respect of the continuing connected transactions (including the annual caps) under the 2021 Master CCT Agreements
"Independent Financial Adviser" or "VBG Capital"	VBG Capital Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions (including the annual caps) under the 2021 Master CCT Agreements
"Independent Shareholders"	the Shareholders who do not have a material interest in the 2021 Master CCT Agreements
"Independent Third Party(ies)"	independent third party(ies) who is/are not connected person(s) (has the meaning ascribed to it under the Listing Rules) of the Company and is/are independent of and not connected with the Company and directors, supervisors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
"Intelligent Engineering Services"	the intelligent engineering services provided by the Group to the Parent Group pursuant to the 2021 Master Intelligent Engineering Agreement, as further detailed in the paragraph headed "5. 2021 Master Intelligent Engineering Agreement" of this circular
"Latest Practicable Date"	2 December 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
"Listing Date"	18 March 2019, being the date of listing of the Shares on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Parent Group"	China Aoyuan and its subsidiaries (excluding the Group)

"PRC"	the People's Republic of China, for the purpose of this circular, excluding Hong Kong, Macao Special Administrative Region of the People's Republic of China and Taiwan
"Property Management Services"	the property management services provided by the Group to the Parent Group pursuant to the 2021 Master Property Management Agreement, as further detailed in the paragraph headed "2. 2021 Master Property Management Agreement" of this circular
"Property Management Supplemental Agreement"	the agreement dated 13 March 2020 entered into between the Company (for itself and as trustee for the benefit of other members of the Group) and China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group) to amend and supplement the 2019 Master Property Management Agreement
"Relevant Services"	collectively, the Property Management Services, the Commercial Operational Services and the Intelligent Engineering Services
"RMB"	Renminbi, the lawful currency of the PRC
"Securities Dealing Codes"	a code for securities transactions by the Directors and a code for securities transactions by the supervisors adopted by the Company as its own codes of conduct governing Directors' and supervisors' dealings in the Company's securities on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shareholders"	holder(s) of the Shares
"Shares"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"sq.m."	the measurement unit of square meters
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"%"	per cent.

References to time and dates in this circular are to Hong Kong time and dates.

* *The English name of the PRC entity contained in this circular has been included for identification purpose only. If there is any inconsistency, the Chinese name shall prevail.*

奧園健康生活集團有限公司
AOYUAN HEALTHY LIFE GROUP COMPANY LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3662)

Executive Directors:
Mr. Miao Sihua
Mr. Tao Yu

Non-executive Directors:
Mr. Guo Zining *(Chairman)*
Mr. Chen Zhibin

Independent Non-executive Directors:
Mr. Hung Ka Hai Clement
Dr. Li Zijun
Mr. Wang Shao

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong:
26/F, The Cameron
No. 33 Cameron Road
Tsim Sha Tsui, Kowloon
Hong Kong

7 December 2020

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
(1) THE 2021 MASTER PROPERTY MANAGEMENT AGREEMENT;
(2) THE 2021 MASTER COMMERCIAL OPERATIONAL AGREEMENT;
(3) THE 2021 MASTER PURCHASE AGREEMENT; AND
(4) THE 2021 MASTER INTELLIGENT ENGINEERING AGREEMENT
AND
NOTICE OF THE 2020 SECOND EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

Reference is made to the announcement of the Company dated 5 November 2020 in relation to the 2021 Master Property Management Agreement, the 2021 Master Commercial Operational Agreement, the 2021 Master Lease Agreement, the 2021 Master Purchase Agreement and the 2021 Master Intelligent Engineering Agreement.

References are further made to (a) the prospectus of the Company dated 28 February 2019 in relation to, among other things, the 2019 Master Property Management Agreement (as amended and supplemented by the Property Management Supplemental Agreement) and the 2019 Master Commercial Operational Agreement (as amended and supplemented by the Commercial Operational Supplemental Agreement); and (b) the circular of the Company dated 23 April 2020 in relation to the revision of the respective annual caps for the year ending 31 December 2020 contemplated under the 2019 Master Property Management Agreement (as amended and supplemented by the Property Management Supplemental Agreement) and the 2019 Master Commercial Operational Agreement (as amended and supplemented by the Commercial Operational Supplemental Agreement).

The purpose of this circular is to provide you with, among other things, (i) a letter from the Board containing further information on the 2021 Master CCT Agreements and the continuing connected transactions (including the annual caps) contemplated thereunder; (ii) the recommendations from the Independent Board Committee to the Independent Shareholders in connection with the aforesaid; (iii) a letter from the Independent Financial Adviser containing its advice in connection with the aforesaid; and (iv) a notice convening the EGM.

2. 2021 MASTER PROPERTY MANAGEMENT AGREEMENT

As disclosed in the Company's circular dated 23 April 2020, it is expected that the number of the Parent Group's sales assistance service engagements awarded to the Group and the total pre-delivery GFA of the Parent Group's pre-delivery property management engagements awarded to the Group would increase for the year ending 31 December 2020. In view of the above, the Directors expected that the actual transaction amount of the property management services provided by the Group to the Parent Group for the year ending 31 December 2020 might exceed the existing annual cap under the 2019 Master Property Management Agreement. On 13 March 2020, the Company (for itself and as trustee for the benefit of other members of the Group) and China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group) entered into the Property Management Supplemental Agreement, pursuant to which the parties agreed to revise the annual cap for the provision of the property management services for the year ending 31 December 2020 from RMB380,000,000 to RMB545,000,000. The revision of the above annual cap was approved by the independent shareholders of the Company who did not have a material interest in the Property Management Supplemental Agreement at the first extraordinary general meeting of the Company held on 22 May 2020.

As the 2019 Master Property Management Agreement (as amended and supplemented by the Property Management Supplemental Agreement) will expire on 31 December 2020, on 5 November 2020 (after trading hours), the Company (for itself and as trustee for the benefit of other members of the Group) entered into the 2021 Master Property Management Agreement with China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group) to renew the 2019 Master Property Management Agreement (as amended and supplemented by the Property Management Supplemental Agreement), pursuant to which the

Group will provide the Property Management Services to the Parent Group for a term commencing on 1 January 2021 and ending on 31 December 2023, and at any time either party may give the other party not less than three months' prior written notice to terminate the agreement.

Set out below is a summary of the principal terms of the 2021 Master Property Management Agreement:

Date: 5 November 2020 (after trading hours)

Parties:
(i) the Company (for itself and as trustee for the benefit of other members of the Group); and

(ii) China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group).

Subject: Pursuant to the 2021 Master Property Management Agreement, the Group will provide the Parent Group with the Property Management Services, including pre-sale sales assistance services and property management services at the pre-delivery stage to properties developed or owned by the Parent Group.

Term: The 2021 Master Property Management Agreement has a fixed term from 1 January 2021 to 31 December 2023 (both days inclusive).

As disclosed in the Company's prospectus dated 28 February 2019, the service fees payable by the Parent Group to the Group under the 2019 Master Property Management Agreement (as amended and supplemented by the Property Management Supplemental Agreement) shall be settled within a credit period of not more than 90 days. The same payment and credit terms of not more than 90 days also applies in the 2021 Master Property Management Agreement. For the sales assistance services and pre-delivery property management services, the Independent Third Party customers are generally required to settle the service fees of the Group within 30 days to 90 days, which is no less favourable than that granted to the Parent Group under the 2021 Master Property Management Agreement.

The renewal of the 2021 Master Property Management Agreement is conditional upon the approval of the Independent Shareholders of the 2021 Master Property Management Agreement and the transactions (including the annual caps) contemplated thereunder at the EGM.

Annual caps and basis of determination

The respective annual caps for fees payable by the Parent Group to the Group for the provision of the property management services for each of the two years ending 31 December 2020 under the 2019 Master Property Management Agreement (as amended and supplemented by the Property Management Supplemental Agreement) are as follows:

For the year ended 31 December 2019	For the year ending 31 December 2020
RMB245,000,000	RMB545,000,000

The approximate historical amounts of fees paid by the Parent Group to the Group for the provision of the property management services from the Listing Date to 31 December 2019 and for the six months ended 30 June 2020 were as follows:

From the Listing Date to 31 December 2019	For the six months ended 30 June 2020
RMB213,041,000	RMB140,150,000

The respective annual caps for fees payable by the Parent Group to the Group for the provision of the Property Management Services for each of the three years ending 31 December 2023 under the 2021 Master Property Management Agreement are as follows:

For the year ending 31 December 2021	For the year ending 31 December 2022	For the year ending 31 December 2023
RMB569,910,000	RMB719,100,000	RMB905,550,000

The above annual caps for the provision of the Property Management Services under the 2021 Master Property Management Agreement for the three years ending 31 December 2023 were determined taking into account:

(a) the historical number of contracted engagements awarded by the Parent Group to the Group for the provision of the property management services for each of the three years ended 31 December 2019 and the potential increment of contracted engagements from the Parent Group requiring the property management services after the Directors' due and careful enquiry with the Parent Group;

(b) having regard the volatile economic and market conditions together with the global COVID-19 outbreak in 2020 and the expectation that the economy will gradually recover from the impact of the COVID-19 pandemic and grow steadily in late 2021, the Group estimates that there will be a smaller growth in the number of contracted engagements from the Parent Group for the year ending 31

December 2021 when compared with the existing annual cap for the year ending 31 December 2020 but such number will steadily increase for the two years ending 31 December 2023;

(c) the number of the Parent Group's sales assistance service engagements awarded to the Group is expected to increase to 160, 180 and 200 for the year ending 31 December 2021, 31 December 2022 and 31 December 2023, respectively, based on the Parent Group's development plan for the years from 2021 to 2023 provided to the Group and the average ratio of the Parent Group's sales assistance service engagements awarded to the Group for the three years ended 31 December 2019 at approximately 85%;

(d) the total pre-delivery GFA of the Parent Group's pre-delivery property management engagements awarded to the Group is expected to increase to approximately 6.5, 8.5 and 11.0 million sq.m. for the year ending 31 December 2021, 31 December 2022 and 31 December 2023, respectively, based on the Parent Group's development plan for the years from 2021 to 2023 provided to the Group and the average ratio of the Parent Group's pre-delivery property management engagements awarded to the Group for the three years ended 31 December 2019 at approximately 95%;

(e) the total revenue generated from the sales assistance service engagements is expected to increase for the three years ending 31 December 2023 because of the expected increase in the number of sales assistance service engagements awarded to the Group for the same periods;

(f) the total revenue generated from the pre-delivery property management engagements is expected to increase for the three years ending 31 December 2023 as a result of the expected increase in the total pre-delivery GFA of the pre-delivery property management engagements awarded to the Group for the same periods; and

(g) the estimated 10% annual increment in the services fees to be charged by the Group taking into account the expected inflation.

3. 2021 MASTER COMMERCIAL OPERATIONAL AGREEMENT

As disclosed in the Company's circular dated 23 April 2020, it is expected that the total GFA of commercial operational projects awarded by the Parent Group to the Group would increase for the year ending 31 December 2020. In view of the above, the Directors expected that the actual transaction amount of the commercial operational services provided by the Group to the Parent Group for the year ending 31 December 2020 might exceed the existing annual cap under the 2019 Master Commercial Operational Agreement. On 13 March 2020, the Company (for itself and as trustee for the benefit of other members of the Group) and China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group) entered into the

Commercial Operational Supplemental Agreement, pursuant to which the parties agreed to revise the annual cap for the provision of the commercial operational services for the year ending 31 December 2020 from RMB75,000,000 to RMB160,000,000. The revision of the above annual cap was approved by the independent shareholders of the Company who did not have a material interest in the Commercial Operational Supplemental Agreement at the first extraordinary general meeting of the Company held on 22 May 2020.

As the 2019 Master Commercial Operational Agreement (as amended and supplemented by the Commercial Operational Supplemental Agreement) will expire on 31 December 2020, on 5 November 2020 (after trading hours), the Company (for itself and as trustee for the benefit of other members of the Group) entered into the 2021 Master Commercial Operational Agreement with China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group) to renew the 2019 Master Commercial Operational Agreement (as amended and supplemented by the Commercial Operational Supplemental Agreement), pursuant to which the Group will provide the Commercial Operational Services to the Parent Group for a term commencing on 1 January 2021 and ending on 31 December 2023, and at any time either party may give the other party not less than three months' prior written notice to terminate the agreement.

Set out below is a summary of the principal terms of the 2021 Master Commercial Operational Agreement:

Date: 5 November 2020 (after trading hours)

Parties:
(i) the Company (for itself and as trustee for the benefit of other members of the Group); and
(ii) China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group).

Subject: Pursuant to the 2021 Master Commercial Operational Agreement, the Group will provide the Parent Group with the Commercial Operational Services, including commercial operational services to properties developed or owned by the Parent Group.

Term: The 2021 Master Commercial Operational Agreement has a fixed term from 1 January 2021 to 31 December 2023 (both days inclusive).

As disclosed in the Company's prospectus dated 28 February 2019, the service fees payable by the Parent Group to the Group under the 2019 Master Commercial Operational Agreement (as amended and supplemented by the Commercial Operational Supplemental Agreement) shall be settled within a credit period of not more than 90 days. The same payment and credit terms of not more than 90 days also applies in the 2021 Master Commercial Operational Agreement. In respect of the service fees for commercial operational services provided to the Independent Third Party customers charged on an income sharing basis, (i) the service fees for the services are generally payable to the Group on a monthly or quarterly basis directly by tenants; (ii) the rental commission fee is generally payable half-yearly to the Group by directly deducting the commission from the rent paid by tenants and collected by the Group; and (iii) the car park commission fee is generally payable half-yearly to the Group by directly deducting the commission from the car park income. The Group will issue the demand note for the relevant payable amount in accordance with the abovementioned timing and typically receives payment from the Independent Third Party customers within 90 days of issuance of the demand note, which is no less favourable than that granted to the Parent Group under the 2021 Master Commercial Operational Agreement.

The renewal of the 2021 Master Commercial Operational Agreement is conditional upon the approval of the Independent Shareholders of the 2021 Master Commercial Operational Agreement and the transactions (including the annual caps) contemplated thereunder at the EGM.

Annual caps and basis of determination

The respective annual caps for fees payable by the Parent Group to the Group for the provision of the commercial operational services for each of the two years ending 31 December 2020 under the 2019 Master Commercial Operational Agreement (as amended and supplemented by the Commercial Operational Supplemental Agreement) are as follows:

For the year ended 31 December 2019	**For the year ending 31 December 2020**
RMB75,000,000	RMB160,000,000

The approximate historical amounts of fees paid by the Parent Group to the Group for the provision of the commercial operational services from the Listing Date to 31 December 2019 and for the six months ended 30 June 2020 were as follows:

From the Listing Date to 31 December 2019	**For the six months ended 30 June 2020**
RMB74,539,000	RMB50,095,000

The respective annual caps for fees payable by the Parent Group to the Group for the provision of the Commercial Operational Services for each of the three years ending 31 December 2023 under the 2021 Master Commercial Operational Agreement are as follows:

For the year ending 31 December 2021	**For the year ending 31 December 2022**	**For the year ending 31 December 2023**
RMB165,960,000	RMB128,570,000	RMB144,290,000

The above annual caps for the provision of the Commercial Operational Services under the 2021 Master Commercial Operational Agreement for the three years ending 31 December 2023 were determined taking into account:

(a) the historical number of contracted engagements awarded by the Parent Group to the Group for the provision of commercial operational services for each of the three years ended 31 December 2019;

(b) the potential decrement in the demands of the Parent Group for the Group's market research and positioning services for the two years ending 31 December 2023 after the Directors' due and careful enquiry with the Parent Group;

(c) the total GFA of commercial operational projects awarded by the Parent Group to the Group is expected to increase to approximately 1,110,000 sq.m., 1,160,000 sq.m. and 1,240,000 sq.m. for the year ending 31 December 2021, 31 December 2022 and 31 December 2023, respectively, based on the Parent Group's development plan for the years of 2021 to 2023 provided to the Group;

(d) the total revenue generated from the provision of Commercial Operational Services to the Parent Group is expected to decrease for the two years ending 31 December 2023 when compared to the year ending 31 December 2021 because the increase in revenue brought about by the expected increase in the total GFA of commercial operational projects awarded to the Group is expected to be offset by the decrease in the demands of the Parent Group for the Group's market research and positioning services; and

(e) the estimated 5% annual increment in the services fees in relation to rent collection services along with the expected rental inflation.

4. 2021 MASTER PURCHASE AGREEMENT

On 5 November 2020 (after trading hours), the Company (for itself and as trustee for the benefit of other members of the Group) and China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group) entered into the 2021 Master Purchase Agreement, pursuant to which the Parent Group will purchase the Electrical Appliances from the Group for a term commencing on 1 January 2021 and ending on 31 December 2023, and at any time either party may give the other party not less than three months' prior written notice to terminate the agreement.

Set out below is a summary of the principal terms of the 2021 Master Purchase Agreement:

Date: 5 November 2020 (after trading hours)

Parties: (i) the Company (for itself and as trustee for the benefit of other members of the Group); and

(ii) China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group).

Subject: Pursuant to the 2021 Master Purchase Agreement, the Group will procure and sell and the Parent Group will purchase the Electrical Appliances from the Group.

Term: The 2021 Master Purchase Agreement has a fixed term from 1 January 2021 to 31 December 2023 (both days inclusive).

The entering into of the 2021 Master Purchase Agreement is conditional upon the approval of the Independent Shareholders of the 2021 Master Purchase Agreement and the transactions (including the annual caps) contemplated thereunder at the EGM.

Annual caps and basis of determination

The respective annual caps for costs payable by the Parent Group to the Group for the purchase of Electrical Appliances for each of the three years ending 31 December 2023 under the 2021 Master Purchase Agreement are as follows:

For the year ending 31 December 2021	For the year ending 31 December 2022	For the year ending 31 December 2023
RMB105,730,000	RMB158,590,000	RMB237,880,000

The above annual caps for the sale of Electrical Appliances under the 2021 Master Purchase Agreement for the three years ending 31 December 2023 were determined taking into account:

(a) the expected quantity of the Electrical Appliances to be ordered by the Parent Group based on the estimated property development projects of the Parent Group for the three years ending 31 December 2023 and after the Directors' due and careful enquiry with the Parent Group; and

(b) the estimated 10% annual increment in the costs to be charged by the Group taking into account the expected inflation.

5. 2021 MASTER INTELLIGENT ENGINEERING AGREEMENT

On 5 November 2020 (after trading hours), the Company (for itself and as trustee for the benefit of other members of the Group) and China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group) entered into the 2021 Master Intelligent Engineering Agreement, pursuant to which the Group will provide the Intelligent Engineering Services to the Parent Group for a term commencing on 1 January 2021 and ending on 31 December 2023, and at any time either party may give the other party not less than three months' prior written notice to terminate the agreement.

Set out below is a summary of the principal terms of the 2021 Master Intelligent Engineering Agreement:

Date: 5 November 2020 (after trading hours)

Parties:
(i) the Company (for itself and as trustee for the benefit of other members of the Group); and

(ii) China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group).

Subject: Pursuant to the 2021 Master Intelligent Engineering Agreement, the Group will provide the Parent Group with the Intelligent Engineering Services, including but not limited to provision of design and engineering services for intelligentisation, communication facilities construction and fibre-to home services and smart devices.

Term: The 2021 Master Intelligent Engineering Agreement has a fixed term from 1 January 2021 to 31 December 2023 (both days inclusive).

The entering into of the 2021 Master Intelligent Engineering Agreement is conditional upon the approval of the Independent Shareholders of the 2021 Master Intelligent Engineering Agreement and the transactions (including the annual caps) contemplated thereunder at the EGM.

Annual caps and basis of determination

The respective annual caps for fees payable by the Parent Group to the Group for the provision of the Intelligent Engineering Services for each of the three years ending 31 December 2023 under the 2021 Master Intelligent Engineering Agreement are as follows:

For the year ending 31 December 2021	For the year ending 31 December 2022	For the year ending 31 December 2023
RMB105,980,000	RMB158,960,000	RMB238,440,000

The above annual caps for the provision of the Intelligent Engineering Services under the 2021 Master Intelligent Engineering Agreement for the three years ending 31 December 2023 were determined taking into account:

(a) the expected increase in demand for the Group's Intelligent Engineering Services arising from the expected increase in demand for customer-friendly Property Management Services and community construction and planning; and

(b) the estimated 10% annual increment in the services fees to be charged by the Group taking into account the expected inflation.

6. INFORMATION ON THE PARTIES TO THE TRANSACTIONS

The Company

The Company is a renowned property management service and commercial operational service provider in the PRC and is principally engaged in the provision of the property management services and commercial operational services for properties developed or owned by the property developers. Meanwhile, the Group is deepening and expanding diversified health and wellness services, developing mature community healthcare, and other businesses, so as to provide users with a healthy living and social environment, and build a comprehensive healthy life platform.

China Aoyuan

China Aoyuan is an exempted company with limited liability incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 3883). It is one of the leading property developers in the PRC and is principally engaged in the property development and property investment of large-scale mixed-use property projects. The Parent Group is principally engaged in the businesses of property development, commercial property, technology, cultural tourism, finance, cross-border e-commerce and urban redevelopment.

7. PRICING POLICY

In terms of the pricing policy of the 2021 Master Property Management Agreement, the state or local government guidance price on property management services fees issued by the state or local real estate administration department and/or the state or local pricing authorities shall be applied if available. In the event that there is no state or local government guidance price, the services fees to be charged for the provision of the Property Management Services shall be determined after arm's length negotiations taking into account (a) the types of the properties; (b) the scope of the services proposed, such as the total GFA of each individual property management project awarded to the Group for Property Management Services; (c) the anticipated operational costs, including but not limited to staff costs and management fees; (d) the pricing charged by the Group in other contemporaneous transactions in relation to similar services provided to the Independent Third Parties in comparable properties; and (e) the pricing charged by other property management service providers in the PRC of comparable transactions with the Independent Third Parties.

With regard to the pricing policy of the 2021 Master Commercial Operational Agreement, the services fees to be charged for the provision of the Commercial Operational Services shall be determined after arm's length negotiations taking into account (a) the locations and sizes of the properties, such as the total GFA of each individual commercial operational project awarded to the Group for Commercial Operational Services; (b) the pricing charged by the Group in other contemporaneous transactions in relation to similar services provided to the Independent Third Parties in comparable properties; and (c) the pricing charged by other commercial operational service providers in the PRC of comparable transactions with the Independent Third Parties.

In relation to the pricing policy of the 2021 Master Purchase Agreement, the price of the Electrical Appliances shall be determined after arm's length negotiations taking into account (a) the costs of the Electrical Appliances; (b) the fair market price ranges of products comparable to the Electrical Appliances offered in the market as at the time when such sale is performed; (c) the transportation and logistics costs which may vary depending on the location(s) of the Electrical Appliances to be delivered; and (d) the profit margin with an overall mark-up rate between 5% and 12%.

In respect of the pricing policy of the 2021 Master Intelligent Engineering Agreement, the local government prescribed price on intelligent engineering services fees issued by the local ministry of housing and urban-rural development shall be applied if available. In the event that there is no local government prescribed price, the services fees to be charged for the provision of the Intelligent Engineering Services shall be determined after arm's length negotiations taking into account (a) the applicable industry standards from time to time; (b) the costs and expenses incurred, including but not limited to the staff costs, the raw material costs and the costs of purchase or rental of facilities or equipment for the provision of the Intelligent Engineering Services; (c) the profit margin with an overall mark-up rate between 5% and 10%; and (d) the pricing charged by the Group in other contemporaneous transactions in relation to similar services provided to the Independent Third Parties.

After considering the above factors, every time before conducting any such project or contract, the relevant subsidiary of the Company which will enter into the individual contract with the relevant subsidiary of China Aoyuan will prepare the contract (inclusive of the fee or price and other terms) which is comparable to that offered or to be offered to the Independent Third Parties after consulting the legal and compliance department and the internal control department and submit the contract to the chief financial officer of the Group, who may present the contract to the Board for review when he deems necessary, for final review and approval. The chief financial officer of the Group will review the contract (inclusive of the fee or price and other terms) to evaluate and make sure that such fee or price and terms are (a) based on the afore-mentioned pricing policies and market comparison for similar services or products; and (b) no more favourable to the connected persons than those which have been offered or to be offered by the Group to the Independent Third Parties. The transactions could only be carried out after the chief financial officer of the Group has given his approval therefor. When the Group determines the prevailing market prices of those similar to the Relevant Services and the Electrical Appliances, the Group shall refer to at least three price quotations or contemporaneous transactions with the Independent Third Parties in respect of similar services or products and any market information based on the experience of the Group's management or the dealings with other players in the market.

The services fees to be charged for the provision of the Relevant Services to the Parent Group and the terms (including the price and the payment terms) in relation to the sale of Electrical Appliances to the Parent Group shall be determined between the parties based on normal commercial terms after arm's length negotiations taking in account the aforementioned factors. The Company will also review the terms from time to time to ensure that the services fees and the terms shall be no less favourable than those available to the Independent Third Parties for similar contracts.

The annual caps under the 2021 Master CCT Agreements are determined based on the principal assumption that there will not be any adverse change or disruption in market conditions, operations and business environment or government policies which may materially affect the business and affairs of the Group and/or the Parent Group.

8. THE GROUP'S INDEPENDENT BUSINESS OPERATION WITHOUT UNDUE RELIANCE ON THE PARENT GROUP

Notwithstanding (a) the annual increase in the annual caps under the 2021 Master Property Management Agreement, the 2021 Master Purchase Agreement and the 2021 Master Intelligent Engineering Agreement for the three years ending 31 December 2023; and (b) the entering into of the 2021 Master Purchase Agreement and the 2021 Master Intelligent Engineering Agreement, the Company is of the view that the Group will remain capable of carrying out its business operation independently and will not increase the Group's reliance on the Parent Group because:

(a) the majority of the revenue of the Group for each of the two years ended 31 December 2019 and the six months ended 30 June 2020 was generated from the Independent Third Parties. During the same periods, the Group's revenue derived from the Parent Group amounted to approximately 40.2%, 37.9% and 34.8% of the Group's total revenue, respectively, in particular, the Group gradually reduced its reliance on the Parent Group by decreasing the revenue derived from provision of property management services and commercial operational services to the Parent Group. The Group generated the majority of its revenue for each of the two years ended 31 December 2019 and the six months ended 30 June 2020 from the Independent Third Parties, which evinces that the Company is able to derive substantial income from sources other than the Parent Group and does not have undue reliance on its controlling shareholders;

(b) the majority of the revenue of the Group for each of the three years ending 31 December 2023 is expected to be generated from the Independent Third Parties by taking into account that (i) given the expected increase in the sales assistance service engagements, the pre-delivery GFA to be awarded by both the Parent Group and the Independent Third Parties to the Group and the demand for related services for each of the three years ending 31 December 2023, the Group's total revenue derived from the provision of property management services is expected to increase for the same periods; (ii) given the expected increase in the total GFA of commercial operational projects awarded by both the Parent Group and the Independent Third Parties to the Group for each of the three years ending 31 December 2023, the Group's total revenue derived from the provision of commercial operational services is expected to increase for the same periods; and (iii) the Group's efforts in acquiring and investing in independent property management service providers, commercial operational service providers and other service providers as well as sourcing projects to provide services to the property developments owned/developed by Independent Third Parties (the "**External Projects**"), for instance, the Group's acquisition of Easy Life Smart Community Services Group Co., Ltd.* (樂生活智慧社區服務集團股份有限公司), being a renowned property management services provider in the PRC, in September 2020, the Group anticipates that the number of the External Projects, the revenue-bearing GFA and the revenue derived from the Independent Third Parties will increase for each of the three years ending 31 December 2023. The Group also anticipates that the revenue derived from the Parent Group accounts for approximately less than 50% of the Group's estimated total revenue for the three years ending 31 December 2023;

(c) the Group has been proactively expanding and intends to continue to further broaden the customer base of the Independent Third Parties through establishing a good reputation of customised, diversified and quality services to customers and has implemented a number of incentive measures to encourage its employees to obtain the External Projects;

(d) the business and operation of the Group is independent from the Parent Group because (i) the management of the Company is distinct and separate from China Aoyuan. Save as Mr. Guo Zining and Mr. Chen Zhibin, none of other Directors hold any directorship or senior management role in the Parent Group. Mr. Guo Zining and Mr. Chen Zhibin are representatives from the Parent Group to reflect China Aoyuan's role in the Group as one of the controlling shareholders and they do not participate in the day-to-day management of the Group. The material decisions in the business operation and project development of the Group is made by the core management team of the Company whereas there is no identical personnel between the core management team of the Group and the Parent Group; and (ii) the Group maintains financial independence from its controlling shareholders and their respective close associates since the business operation of the Group does not rely on financial support from China Aoyuan or other members of the Parent Group. In addition, the Company has its own internal control and accounting systems, accounting and finance department, independent treasure function for cash receipts and payment and independent access to third-party financing; and

(e) the transactions contemplated under each of the 2021 Master Purchase Agreement and the 2021 Master Intelligent Engineering Agreement would not increase the Group's reliance on the Parent Group because (i) the Group plans to provide the services contemplated thereunder to both the Parent Group and the Independent Third Parties in the future; and (ii) it is expected that the annual caps contemplated under the 2021 Master Purchase Agreement and the 2021 Master Intelligent Engineering Agreement in aggregate amounted to approximately less than 10% of the Group's total revenue for each of the three years ending 31 December 2023.

Having considered the above, the Board is of the view that, (a) despite entering into the 2021 Master Purchase Agreement and the 2021 Master Intelligent Engineering Agreement with China Aoyuan, it would not increase the Group's reliance on the Parent Group; and (b) despite entering into the 2021 Master CCT Agreements with China Aoyuan, the Group is able to carry out an independent business operation without undue reliance on the Parent Group.

9. INTERNAL CONTROL

The pricing policies for the provision of the Relevant Services and the sale of Electrical Appliances pursuant to the 2021 Master CCT Agreements will be supervised and monitored by the relevant personnel from the legal and compliance department, the internal control department and the chief financial officer of the Group to ensure that each of the 2021 Master CCT Agreements is conducted on normal commercial terms and will not be prejudicial to the interests of the Company and the Shareholders as a whole.

The above personnel will also conduct regular checks on a quarterly basis to review and assess whether the transactions contemplated under the 2021 Master CCT Agreements are conducted in accordance with the terms of the 2021 Master CCT Agreements and the pricing policies. They will also on a quarterly basis monitor whether the revenue derived from the Parent Group exceeds the annual caps contemplated under the 2021 Master CCT Agreements and compare the respective ratios of the revenue derived from the Independent Third Parties and the Parent Group to ensure that the Company will not have undue reliance on the Parent Group.

The independent non-executive Directors will continue to review the management's quarterly review reports on the transactions contemplated under the 2021 Master CCT Agreements and the Company's auditor will also conduct an annual review on the pricing terms and the annual caps thereof.

Accordingly, the Directors consider that there will be an adequate internal control mechanism in place as abovementioned to ensure that the transactions contemplated under the 2021 Master CCT Agreements have been and will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

10. REASONS FOR AND BENEFITS OF ENTERING INTO THE 2021 MASTER CCT AGREEMENTS

The Group is principally engaged in the provision of the property management services and the commercial operational services to the properties developed or owned by the property developers. The Parent Group is principally engaged in the businesses of property development and property investment of large-scale mixed-use property projects, commercial property, technology, cultural tourism, finance, cross-border e-commerce and urban redevelopment.

The Company entered into the 2021 Master CCT Agreements and set the annual caps contemplated thereunder based on the business development plan provided by the Parent Group.

Each of the 2021 Master Property Management Agreement and the 2021 Master Commercial Operational Agreement allows the Group to continue to utilise the platform provided by the Parent Group as one of the leading property developers in the PRC to provide Property Management Services and Commercial Operational Services. The Directors believe that the renewal of the 2021 Master Property Management Agreement and the 2021 Master Commercial Operational Agreement can generate stable income and realise more benefits for the Group.

Pursuant to the 2021 Master Purchase Agreement, the Group will supply the Electrical Appliances to the Parent Group, which are of significant demand by both the Group and the Parent Group in carrying out their respective principal businesses. Entering into the 2021 Master Purchase Agreement allows the Group to act as a centralised procurement channel of the Electrical Appliances by leveraging the Group's experience and resources in sourcing the Electrical Appliances. The Group will combine the demands of the Electrical Appliances from itself and the Parent Group, make bulk purchases and fulfil the 2021 Master Purchase Agreement by resale of the Electrical Appliances to the Parent Group. The arrangements of centralised procurement and bulk purchasing are expected to enhance purchase and management efficiency, lower purchase costs and further improve the profitability of the Company.

In terms of the 2021 Master Intelligent Engineering Agreement, the Parent Group has adopted a higher delivery standard for certain development projects to meet the consumers' increasing demand of pleasant and convenient living and/or working conditions, which requires certain smart devices and relevant communication facilities to be installed and constructed before delivery of the properties. The Company is highly committed to improving the service quality to meet the customers' demands by applying technological solutions and enhancing the use of information technology in the property management services. Leveraging on its deep understanding of the needs of members of residential and commercial communities and its extensive experience in community intelligentisation during provision of property management and commercial operational services, the Group is able to provide high quality services of design and construction for intelligentisation projects developed by the Parent Group. The Company considers that the entering into of the 2021 Master Intelligent Engineering Agreement helps raise the Group's income for value-added services, which will thereby increase the total revenue, improve the profitability of the Group and conform with the Group's strategic development.

The Board (including the independent non-executive Directors, after taking into account the advice from the Independent Financial Adviser) is of the view that: (a) each of the 2021 Master CCT Agreements and the transactions contemplated thereunder are entered into in the ordinary and usual course of business of the Company, on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (b) the proposed annual caps under each of the 2021 Master CCT Agreements for a term commencing on 1 January 2021 and ending on 31 December 2023 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

11. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, China Aoyuan was the controlling shareholder of the Company. China Aoyuan and its associates indirectly hold 400,535,000 Shares, representing approximately 55.15% of the issued share capital of the Company. Accordingly, China Aoyuan is a connected person of the Company under the Listing Rules, and the transactions (including the annual caps) contemplated under each of the 2021 Master CCT Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) in respect of the annual caps under each of the 2021 Master Property Management Agreement, the 2021 Master Commercial Operational Agreement, the 2021 Master Purchase Agreement and the 2021 Master Intelligent Engineering Agreement exceeds 5%, the transactions (including the annual caps) contemplated thereunder are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Guo Zining and Mr. Chen Zhibin, both being non-executive Directors, hold directorship(s) and/or act as senior management in China Aoyuan and its associates. Accordingly, Mr. Guo Zining and Mr. Chen Zhibin have abstained from voting on the relevant board resolutions approving the 2021 Master CCT Agreements and the transactions (including the annual caps) contemplated thereunder. Save as aforementioned, none of the other Directors has a material interest in the 2021 Master CCT Agreements and the transactions (including the annual caps) contemplated thereunder.

12. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all three independent non-executive Directors has been formed to advise the Independent Shareholders as to whether the terms of each of the 2021 Master Property Management Agreement, the 2021 Master Commercial Operational Agreement, the 2021 Master Purchase Agreement and the 2021 Master Intelligent Engineering Agreement are fair and reasonable, and such continuing connected transactions (including the annual caps) contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the

Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, after taking into account the advice from the Independent Financial Adviser. VBG Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to the foregoing matters.

13. EGM AND SHAREHOLDERS' APPROVAL

Set out on pages EGM-1 to EGM-3 is a notice convening the EGM to be held at Peony, Magnolia & Camomile Room, Lower Level II, Kowloon Shangri-la, Hong Kong, 64 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Tuesday, 29 December 2020 at 10:00 a.m. at which the resolutions will be proposed to consider and, if thought fit, to approve each of the 2021 Master CCT Agreements and the transactions (including the annual caps) contemplated thereunder.

Any Shareholder with a material interest in the 2021 Master CCT Agreements and the transactions (including the annual caps) contemplated thereunder and his/her/its associate(s) is (are) required to abstain from voting on the ordinary resolutions approving the same.

China Aoyuan and its associates, indirectly holding approximately 55.15% of the issued share capital of the Company as at the Latest Practicable Date and having a material interest in the 2021 Master CCT Agreements and the transactions (including the annual caps) contemplated thereunder, will abstain from voting on the ordinary resolutions to approve the 2021 Master CCT Agreements and the transactions (including the annual caps) contemplated thereunder at the EGM.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, except as disclosed above, there were no other Shareholders who have a material interest in the 2021 Master CCT Agreements and the transactions (including the annual caps) contemplated thereunder. As such, no other Shareholders will be required to abstain from voting on the ordinary resolutions approving the 2021 Master CCT Agreements and the transactions (including the annual caps) contemplated thereunder.

The proxy form of the EGM is enclosed.

If you intend to appoint a proxy to attend the EGM, you are required to complete and return the proxy form in accordance with the instructions printed thereon and return the same to the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as practicable but in any event not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or at any other adjourned meeting should you so wish and in such event, the form of proxy previously submitted shall be deemed to be revoked.

Voting on all proposed resolutions at the EGM will be taken by poll. The chairman of the EGM will exercise his power under the Articles of Association to demand a poll in relation to all proposed resolutions at the EGM.

14. PRECAUTIONARY MEASURES FOR THE EGM

In view of the ongoing novel coronavirus (COVID-19) pandemic and recent requirements for prevention and control of its spread, the Company will implement the following preventive measures at the EGM to protect attending Shareholders, staff and other stakeholders from the risk of infection:

(a) compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee at the entrance of the EGM venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the EGM venue or be required to leave the EGM venue;

(b) all Shareholders, proxies and other attendees are required to complete and submit at the entrance of the EGM venue a declaration form confirming their names and contact details, and confirming that they have not travelled to, or to the best of their knowledge had close contact with any person who has recently travelled to, any affected countries or areas outside of Hong Kong (as per the guidelines issued by the Hong Kong government at http://www.chp.gov.hk/en/features/102742.html) at any time in the 14 days preceding the EGM. Any person who does not comply with this requirement may be denied entry into the EGM venue or be required to leave the EGM venue;

(c) the Company strongly recommends attendees to wear surgical face masks inside the EGM venue at all times, and to maintain a safe distance between seats; and

(d) no refreshments will be served, and there will be no corporate gifts.

Furthermore, the Company wishes to strongly advise the Shareholders, particularly those who are unwell or subject to quarantine in relation to COVID-19, that they may appoint any person or the chairman of the EGM as a proxy to vote on the resolutions, instead of attending the EGM in person.

15. RECOMMENDATIONS

The Board (including the independent non-executive Directors, after taking into account the advice from the Independent Financial Adviser) is of the view that the terms of each of the Master CCT Agreements are fair and reasonable, and such continuing connected transactions (including the annual caps) contemplated thereunder, respectively, are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board (including the independent non-executive Directors, after taking into account the advice from the Independent Financial

Adviser) recommends all the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve each of the 2021 Master CCT Agreements and the transactions (including the annual caps) contemplated thereunder.

The Independent Board Committee, having taken into account, among other things, the advice of the Independent Financial Adviser, is of the view that the terms of each of the 2021 Master CCT Agreements are fair and reasonable, and such continuing connected transactions (including the annual caps) contemplated thereunder, respectively, are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Independent Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve each of the 2021 Master CCT Agreements and the transactions (including the annual caps) contemplated thereunder.

16. ADDITIONAL INFORMATION

Your attention is drawn to (i) the letter from the Independent Board Committee as set out on pages 29 to 30 of this circular which contains its recommendations to the Independent Shareholders as to voting at the EGM; (ii) the letter from VBG Capital as set out on pages 31 to 61 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to each of the 2021 Master CCT Agreements and the transactions (including the annual caps) contemplated thereunder; and (iii) the general information as set out in Appendix I to this circular.

The Independent Shareholders are advised to read the aforesaid letters and appendix before deciding as to how to vote on the resolutions in relation to each of the 2021 Master CCT Agreements and the transactions (including the annual caps) contemplated thereunder.

Yours faithfully,
By Order of the Board
Aoyuan Healthy Life Group Company Limited
Guo Zining
Chairman

The following is the letter of advice from the Independent Board Committee to the Independent Shareholders in respect of the 2021 Master CCT Agreements, which has been prepared for the purpose of inclusion in this circular.

奧園健康生活集團有限公司
AOYUAN HEALTHY LIFE GROUP COMPANY LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3662)

7 December 2020

To the Independent Shareholders

Dear Sir or Madam

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
(1) THE 2021 MASTER PROPERTY MANAGEMENT AGREEMENT;
(2) THE 2021 MASTER COMMERCIAL OPERATIONAL AGREEMENT;
(3) THE 2021 MASTER PURCHASE AGREEMENT; AND
(4) THE 2021 MASTER INTELLIGENT ENGINEERING AGREEMENT
AND
NOTICE OF THE 2020 SECOND EXTRAORDINARY GENERAL MEETING**

We refer to the circular dated 7 December 2020 (the "**Circular**") issued by the Company to the Shareholders of which this letter forms part. Unless the context otherwise requires, terms and expressions defined in the Circular shall have the same meanings when used in this letter.

We have been appointed by the Board as the Independent Board Committee to consider and advise you as to whether, in our opinion, whether the terms of each of the 2021 Master Property Management Agreement, the 2021 Master Commercial Operational Agreement, the 2021 Master Purchase Agreement and the 2021 Master Intelligent Engineering Agreement are fair and reasonable, and such continuing connected transactions (including the annual caps) contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, after taking into account the advice from the Independent Financial Adviser.

VBG Capital has been appointed by the Board as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the 2021 Master CCT Agreements and the transactions (including the annual caps) contemplated thereunder. Details of the advice from the Independent Financial Adviser, together with the reasons for its opinion, the key assumptions made and the factors taken into consideration in forming its opinion, are set out in its letter on pages 31 to 61 of the Circular.

Your attention is also drawn to (i) the letter from the Board set out on pages 9 to 28 of the Circular and (ii) the general information as set out in the Appendix I of the Circular.

Having considered the terms and conditions of each of the 2021 Master CCT Agreements as well as the annual caps for the continuing connected transactions contemplated thereunder, the interests of the Independent Shareholders and the advice from the Independent Financial Adviser, we are of the opinion that the terms of the continuing connected transactions (including the annual caps) contemplated under each of the 2021 Master CCT Agreements are fair and reasonable, and such continuing connected transactions (including the annual caps) contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM in the terms as set out in the notice of the EGM so as to approve each of the 2021 Master CCT Agreements for the continuing connected transactions (including the annual caps) contemplated thereunder.

Your faithfully,
For and on behalf of
Independent Board Committee

Mr. Hung Ka Hai Clement	**Dr. Li Zijun**	**Mr. Wang Shao**

Independent non-executive Directors

Set out below is the text of a letter received from VBG Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions for the purpose of inclusion in this circular.

建泉融資有限公司
VBG Capital Limited

18/F., Prosperity Tower
39 Queen's Road Central
Hong Kong

7 December 2020

To: The independent board committee and the independent shareholders of Aoyuan Healthy Life Group Company Limited

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
(1) THE 2021 MASTER PROPERTY MANAGEMENT AGREEMENT;
(2) THE 2021 MASTER COMMERCIAL OPERATIONAL AGREEMENT;
(3) THE 2021 MASTER PURCHASE AGREEMENT; AND
(4) THE 2021 MASTER INTELLIGENT ENGINEERING AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the four continuing connected transactions entered into by the Company on 5 November 2020 as listed below (the "**Continuing Connected Transactions**"), details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular dated 7 December 2020 issued by the Company to the Shareholders (the "**Circular**"), of which this letter of advice forms part. Capitalised terms used in this letter of advice shall have the same meanings as ascribed to them under the section headed "Definitions" in the Circular unless the context requires otherwise.

(i) the provision of Property Management Services by the Group to the Parent Group under the 2021 Master Property Management Agreement entered into between the Company (for itself and as trustee for the benefit of other members of the Group) and China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group) for a term commencing on 1 January 2021 and ending on 31 December 2023;

(ii) the provision of Commercial Operational Services by the Group to the Parent Group under the 2021 Master Commercial Operational Agreement entered into between the Company (for itself and as trustee for the benefit of other members of the Group) and China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group) for a term commencing on 1 January 2021 and ending on 31 December 2023;

(iii) the purchase of Electrical Appliances by the Parent Group from the Group under the 2021 Master Purchase Agreement entered into between the Company (for itself and as trustee for the benefit of other members of the Group) and China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group) for a term commencing on 1 January 2021 and ending on 31 December 2023; and

(iv) the provision of Intelligent Engineering Services by the Group to the Parent Group under the 2021 Master Intelligent Engineering Agreement entered into between the Company (for itself and as trustee for the benefit of other members of the Group) and China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group) for a term commencing on 1 January 2021 and ending on 31 December 2023.

According to the Letter from the Board, the Continuing Connected Transactions constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement and independent shareholders' approval requirements.

The Independent Board Committee comprising Mr. Hung Ka Hai Clement, Dr. Li Zijun and Mr. Wang Shao (all being the independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of each of the 2021 Master CCT Agreements are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the respective resolutions to approve the Continuing Connected Transactions at the EGM. We, VBG Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

BASIS OF OUR OPINION

In formulating our opinion with regard to the Continuing Connected Transactions, we have relied on the information and facts supplied, opinions expressed and representations made to us by the management of the Group (including but not limited to those contained or referred to in the prospectus of the Company dated 28 February 2019 (the "**Prospectus**") and the Circular). We have assumed that the information and facts supplied, opinions expressed and representations made to us by the management of the Group were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material aspects until the date of the EGM. We have also assumed that all statements of belief, opinions, expectation and intention made by the management of the Group in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its management and/or advisers, which have been provided to us.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business and affairs or future prospects of the Group, the Parent Group or their respective shareholders, subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Continuing Connected Transactions. Our opinion is necessarily based on the market, financial, economic and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter of advice should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Shareholders should note that as the proposed annual caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2023, and they do not represent forecasts of revenues or costs to be recorded from the Continuing Connected Transactions. Consequently, we express no opinion as to how closely the actual revenue and cost to be recorded under the Continuing Connected Transactions will correspond with the respective proposed annual caps.

Where information in this letter of advice has been extracted from published or otherwise publicly available sources, we have ensured that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources but we did not conduct any independent investigation into the accuracy and completeness of such information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Continuing Connected Transactions, we have taken into consideration the following principal factors and reasons:

1. Background of the Continuing Connected Transactions

Business and financial overview of the Group

The Group is a renowned property management service and commercial operational service provider in the PRC. It offers diversified property management services for residential and non-residential properties, as well as a full range of commercial operational services for shopping malls, with a focus on mid-range to high-end properties and mixed-use property development projects.

Set out below is a summary of the consolidated financial information of the Group for the six months ended 30 June 2020 and 2019, and the two years ended 31 December 2019 as extracted from the Company's interim report for the six months ended 30 June 2020 (the "**2020 Interim Report**"), and its annual report for the year ended 31 December 2019 (the "**2019 Annual Report**"), respectively:

	For the six month ended 30 June 2020	**For the six months ended 30 June 2019**	**For the year ended 31 December 2019**	**For the year ended 31 December 2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(audited)	(audited)
Revenue	546,892	391,961	900,800	618,835
– Property management services	412,226	287,480	646,387	453,228
– Commercial operational services	134,666	104,481	254,413	165,607
Profit and total comprehensive income for the period/ year	111,654	90,051	163,110	78,255

As depicted by the above table, the Group's total revenue for the year ended 31 December 2019 was approximately RMB900.8 million, representing a substantial increase of approximately 45.6% as compared to the prior year. During the same year under review, the Group's net profit also rose from approximately RMB78.3 million to approximately RMB163.1 million, representing a substantial increase of approximately 108.4%. The Group has been able to maintain such robust growing momentum during the first half of 2020 notwithstanding the outbreak of the COVID-19 pandemic, with total revenue and net profit increasing by approximately 39.5% and 24.0%, respectively, as compared to the corresponding period of the prior year. Overall speaking, the Group's financial results have been astonishing during the recent years.

As aforesaid, the Group provides diversified services primarily comprising property management services for residential and non-residential properties and commercial operational services for shopping malls which form an integrated service spectrum. In respect of the property management services, the Group's services begin at the pre-sale stage with sales assistance services to property developers. On top of standard property management services at the pre-delivery and post-delivery stages, the Group offers community value-added services such as common area and advertisement space leasing services and home living assistance services to property owners or residents. In respect of the commercial operational services, the Group's full range of services span from market positioning and business tenant sourcing services to commercial operation and management services, covering market research and positioning, business tenant sourcing, property operation and management, business tenant management and rent collection and other value-added services. Over the past few years, both of the property management services and commercial operational services segment have been expanding persistently and rapidly in terms of number of properties/ shopping malls in operation (as the case may be) and total GFA under the Group's management. The table below provides a clear picture of the aforesaid persistent rapid expansion:

	As at 30 June 2020	As at 31 December 2019	2018	2017	2016
The property management services segment					
Number of properties managed by the Group	98 properties	94 properties	61 properties	51 properties	34 properties
Total GFA under management	16.1 million sq.m.	15.1 million sq.m.	10.4 million sq.m.	8.6 million sq.m.	7.1 million sq.m.
The commercial operational services segment					
Number of shopping malls in operation managed by the Group	17 shopping malls	17 shopping malls	9 shopping malls	6 shopping malls	2 shopping malls
Total GFA under management	800,000 sq.m.	775,000 sq.m.	424,000 sq.m.	267,000 sq.m.	101,000 sq.m.

Information on China Aoyuan and the Parent Group

China Aoyuan, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3883), is one of the leading property developers in the PRC and is principally engaged in the property development and property investment of large-scale mixed-use property projects. The Parent Group is principally engaged in the businesses of property development, commercial property, technology, cultural tourism, finance, cross-border e-commerce and urban redevelopment.

Set out below is a summary of the consolidated financial information of the Parent Group for the six months ended 30 June 2020 and 2019, and the two years ended 31 December 2019 as extracted from China Aoyuan's interim report for the six months ended 30 June 2020 and its annual report for the year ended 31 December 2019, respectively:

	For the six month ended 30 June 2020	**For the six months ended 30 June 2019**	**For the year ended 31 December 2019**	**For the year ended 31 December 2018**
	RMB'000 (unaudited)	*RMB'000* (unaudited)	*RMB'000* (audited)	*RMB'000* (audited)
Revenue	28,144,517	23,581,210	50,258,139	30,820,064
Profit and total comprehensive income for the period/year	2,842,715	2,794,194	5,217,847	2,914,007

As depicted by the above table, the Parent Group's total revenue for the year ended 31 December 2019 was approximately RMB50,258.1 million, representing a substantial increase of approximately 63.1% as compared to the prior year. During the same year under review, the Parent Group's net profit also rose from approximately RMB2,914.0 million to approximately RMB5,217.8 million, representing a substantial increase of approximately 79.1%. Likewise, the Parent Group has been able to maintain such growing momentum during the first half of 2020 notwithstanding the outbreak of the COVID-19 pandemic, with total revenue and net profit increasing by approximately 19.4% and 1.7%, respectively, as compared to the corresponding period of the prior year.

As referred to in the interim report of China Aoyuan for the six months ended 30 June 2020, the abundant and high-quality land bank underpins the Parent Group's future growth. To enlarge its land bank for development of both residential and commercial properties, the Parent Group endeavors to focus on land acquisition while accelerating the conversion of urban redevelopment projects. During the first half of 2020, the Parent Group acquired 44 projects with newly added GFA of approximately 7.0 million sq.m. As at 30 June 2020, the Parent Group had 317 projects which span across 90 onshore and offshore cities with total GFA of approximately 48.7 million sq.m. China Aoyuan also closely follows the urban redevelopment policies and city development plans in the Guangdong-Hong Kong-Macao Greater Bay Area, and its urban redevelopment projects have seen satisfactory progress recently. As at 30 June 2020, the Parent Group had over 50 urban redevelopment projects with planned total GFA of approximately 30.6 million sq.m. and estimated saleable GFA of approximately 17.6 million sq.m., 95% of which are located in the Guangdong-Hong Kong-Macao Greater Bay Area.

Overview of the property management service and commercial property management service markets of the PRC

Size of the property management service market of the PRC

	Total GFA under management by property management service companies in 2019	Compound annual growth rate ("CAGR") (2014 to 2019)	CAGR (2019 to 2024E)
Commercial property	819 million sq.m.	9.5%	5.2%
Public, industrial and others	3,957 million sq.m.	5.4%	2.3%
Residential	29,743 million sq.m.	4.2%	3.1%
Total	34,519 million sq.m.	4.4%	3.0%

	Total revenue of property management service companies in 2019	CAGR (2014 to 2019)	CAGR (2019 to 2024E)
Commercial property	RMB55.8 billion	13.0%	8.0%
Public, industrial and others	RMB64.3 billion	8.7%	5.8%
Residential	RMB200.3 billion	8.2%	7.0%
Total	RMB320.4 billion	9.1%	6.9%

Source: Frost & Sullivan's research report at: https://www1.hkexnews.hk/listedco/listconews/sehk/2020/1007/2020100700009.pdf

Size of the commercial property management service market of the PRC

	Total GFA of commercial properties under management by property management service companies in 2019	CAGR (2014 to 2019)	CAGR (2019 to 2024E)
High-end commercial properties	136.0 million sq.m.	13.0%	7.5%
Middle to low-end commercial properties	682.9 million sq.m.	8.9%	4.7%
Total	818.9 million sq.m.	9.5%	5.2%

	Total revenue of commercial property management service market by service types in 2019	CAGR (2014 to 2019)	CAGR (2019 to 2024E)
Value-added services	RMB47.0 billion	20.5%	14.9%
Basic property management services	RMB8.9 billion	11.9%	6.5%
Total	RMB55.9 billion	13.0%	8.0%

	Total revenue of commercial property management service market by property types in 2019	CAGR (2014 to 2019)	CAGR (2019 to 2024E)
High-end commercial properties	RMB26.6 billion	16.9%	11.3%
Middle to low-end commercial properties	RMB29.3 billion	10.1%	4.6%
Total	RMB55.9 billion	13.0%	8.0%

Source: Frost & Sullivan's research report at:
https://www1.hkexnews.hk/listedco/listconews/sehk/2020/1007/2020100700009.pdf

The above tables demonstrate the massive size and significant expansion of the property management service and commercial property management service markets of the PRC. According to the relevant research report, it is expected that these two markets will continue to prosper progressively in the near future contributed by: (i) the increasing per capita disposable income and rapid urbanisation in the PRC; and (ii) the continuous development of the real estate market of the PRC. From 2014 to 2019, the per capita annual disposable income of urban households in the PRC recorded a growth from RMB28,844 to RMB42,359 with a CAGR of approximately 8.0%. Such growth has a positive effect on Chinese residents' purchasing power and demand for property management services. During the same said period, the urbanisation rate of the PRC increased from approximately 54.8% to 60.6%. The swift urbanisation resulted in rising demand for property management services. At the same time, the Chinese government has boosted the land supply owing to the growing per capita disposable income as well as the swift urbanisation. Thus, the real estate market of the PRC achieved continuous development in recent years. The total GFA of commodity properties transacted in the PRC increased from approximately 1,206.5 million sq.m. in 2014 to approximately 1,715.6 million sq.m. in 2019, representing a CAGR of approximately 7.3%. The continuous development of the real estate market of the PRC has triggered the demand for property management services.

Reasons for the Continuing Connected Transactions

Reference is made to the Prospectus and the announcement of the Company dated 13 March 2020. On 22 February 2019, the Company entered into, amongst others, the 2019 Property Management Service Agreement and the 2019 Master Commercial Operational Agreement with China Aoyuan, pursuant to which the Group shall provide property management services and commercial operational services (as the case may be) to the Parent Group for the period expiring on 31 December 2020. As each of the 2019 Master Property Management Agreement (as subsequently amended and supplemented by the Property Management Supplemental Agreement) and the 2019 Master Commercial Operational Agreement (as subsequently amended and supplemented by the Commercial Operational Supplemental Agreement) will expire on 31 December 2020, the Company entered into the 2021 Master Property Management Agreement and the 2021 Master Commercial Operational Agreement with China Aoyuan to continue with the respective transactions contemplated thereunder.

As advised by the Directors, each of the 2021 Master Property Management Agreement and the 2021 Master Commercial Operational Agreement allows the Group to continue to utilise the platform provided by the Parent Group as one of the leading property developers in the PRC to provide Property Management Services and Commercial Operational Services. The Directors believe that the renewal of the 2019 Master Property Management Agreement and the 2019 Master Commercial Operational Agreement can generate stable income and realise more benefits for the Group.

On the other hand, pursuant to the 2021 Master Purchase Agreement, the Group will supply the Electrical Appliances to the Parent Group, which are of significant demand by both the Group and the Parent Group in carrying out their respective principal businesses. As represented by the Directors, entering into the 2021 Master Purchase Agreement allows the Group to act as a centralised procurement channel of Electrical Appliances through utilisation of the Group's experience and resources in sourcing the Electrical Appliances. The Group will combine the demands of Electrical Appliances from itself and the Parent Group, make bulk purchases and fulfil the 2021 Master Purchase Agreement by resale of the Electrical Appliances to the Parent Group. The arrangement of centralised procurement and bulk purchasing is expected to enhance purchase and management efficiency, lower purchase costs and further improve the profitability of the Company.

As regards to the 2021 Master Intelligent Engineering Agreement, the Parent Group has adopted a higher delivery standard for certain development projects to meet the consumers' increasing demand for pleasant and convenient living and/or working conditions, which require certain smart devices and relevant communication facilities to be installed and constructed before delivery of the properties. According to the Directors, the Company is highly committed to improving the service quality to meet the customers' demands by applying technological solutions and enhancing the use of information technology in the property management services. Leveraging on its deep understanding of the needs of members of residential and commercial communities and its extensive experience in community intelligentisation during provision of property management and commercial operational services, the Group is able to provide high quality services of design and construction for intelligentisation projects developed by the Parent Group. The Directors consider that the entering into of the 2021 Master Intelligent Engineering Agreement helps raise the Group's income from value-added services, which will thereby increase the total revenue, improve the profitability of the Group and conform with the Group's strategic development.

Taking into account the reasons for the Continuing Connected Transactions as highlighted above, we concur with the Directors that the Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

2. The 2021 Master Property Management Agreement

Principal terms of the 2021 Master Property Management Agreement

Summarised below are the principal terms of the 2021 Master Property Management Agreement:

Date: 5 November 2020

Parties:

(1) the Company (for itself and as trustee for the benefit of other members of the Group); and

(2) China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group)

Term: Fixed term from 1 January 2021 to 31 December 2023 (both days inclusive)

Subject: Pursuant to the 2021 Master Property Management Agreement, the Group will provide the Parent Group with Property Management Services, including pre-sale sales assistance services and property management services at the pre-delivery stage to properties developed by the Parent Group.

Pricing policy: The state or local government prescribed price on property management service fees issued by the state or local real estate administration department and/or the state or local pricing authorities shall be applied if available. In the event that there is no state or local government prescribed price, the service fees shall be determined after arm's length negotiations taking into account (a) the type of the properties; (b) the scope of the services proposed, such as the total GFA of each individual property management project awarded to the Group for Property Management Services; (c) the anticipated operational costs, including but not limited to staff costs and management fees; (d) the pricing charged by the Group in other contemporaneous transactions in relation to similar services provided to the Independent Third Parties in comparable properties; and (e) the pricing charged by other property management service providers in the PRC of comparable transactions with the Independent Third Parties.

We have discussed with the Directors regarding the pricing basis of the Property Management Services and requested the Company to provide us with (i) the individual property management contracts entered into between the Group (as service provider) and the Parent Group (as customer); and (ii) the individual property management contracts entered into between the Group (as service provider) and other Independent Third Parties customers.

Upon our enquiry and as confirmed by the Directors, the service fees to be charged for the provision of Property Management Services shall be determined taking into account factors (a) to (e) above, and such pricing basis is equally applicable to all of the Group's customers, regardless of their relationship with the Group. Besides, we noted from our review of (i) the individual property management contracts entered into between the Group (as service provider) and the Parent Group (as customer); and (ii) the individual property management contracts entered into between the Group (as service provider) and other Independent Third Parties customers, that (a) the service fees paid by the Parent Group to the Group were not more favourable than the fees the Group charged the Independent Third Parties for similar services; and (b) the major terms (such as scope and standard of work) of those contracts were largely comparable.

With the above being the case, we are of the view that the terms of the 2021 Master Property Management Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

The PMS Caps

The proposed annual caps for fees payable by the Parent Group to the Group for the provision of Property Management Services for each of the three years ending 31 December 2021, 2022 and 2023 under the 2021 Master Property Management Agreement (the "**PMS Caps**") are as follows:

	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
The PMS Caps	569,910	719,100	905,550

To assess the fairness and reasonableness of the PMS Caps, we have considered the following factors:

(i) The astonishing financial results of the Group in recent years

As shown under the sub-section headed "Business and financial overview of the Group" of this letter of advice, the Group's revenue and net profit have witnessed substantial advancement in recent years. In addition, the property management services segment has been expanding persistently and rapidly over the past few years in terms of number of properties and total GFA under the Group's management. As such, we are of the view that it is justifiable for the PMS Caps to demonstrate a year-on-year increasing trend from 2021 to 2023.

(ii) The solid background of the Parent Group

As shown under the sub-section headed "Information on China Aoyuan and the Parent Group" of this letter of advice, the Parent Group's revenue and net profit have witnessed substantial advancement in recent years. In addition, in order to enlarge its land bank for development of both residential and commercial properties, the Parent Group endeavors to focus on land acquisition while actively accelerating the conversion of urban redevelopment projects. During the first half of 2020, the Parent Group acquired 44 projects with newly added GFA of approximately 7.0 million sq.m. As at 30 June 2020, the Parent Group had (a) 317 projects which span across 90 onshore and offshore cities with total GFA of approximately 48.7 million sq.m; and (b) over 50 urban redevelopment projects with planned total GFA of approximately 30.6 million sq.m. and estimated saleable GFA of approximately 17.6 million sq.m. Given the extensive land bank and the vast amount of projects and urban redevelopment projects currently held by the Parent Group, it is likely that there would be mounting demand for Property Management Services from the Parent Group.

(iii) The positive prospects of the PRC's property management service market

As shown under the sub-section headed "Overview of the property management service and commercial property management service markets of the PRC" of this letter of advice, the property management service market of the PRC expanded significantly and is of massive scale. It is also expected that this market will continue to prosper in the near future. Hence, to allow sufficient flexibility for the Group to cope with any unforeseeable future business opportunities with the Parent Group amid the possible progression of the property management service market, it would be beneficial for the Group to set the PMS Caps with reasonable buffer.

(iv) The historical transaction amounts under the 2019 Master Property Management Agreement (as amended and supplemented by the Property Management Supplemental Agreement)

The below table illustrates (a) the actual historical amounts of fees paid by the Parent Group to the Group for property management services under the 2019 Master Property Management Agreement (as amended and supplemented by the Property Management Supplemental Agreement); (b) the existing caps under the 2019 Master Property Management Agreement (as amended and supplemented by the Property Management Supplemental Agreement); and (c) the utilisation rates of the existing caps:

	From the Listing Date to 31 December 2019	**For the six months ended 30 June 2020**
Actual historical amounts of fees paid by the Parent Group to the Group for property management services (A)	RMB213.0 million	RMB140.2 million
Existing caps (B)	RMB245 million	RMB545 million
Utilisation rates (A)/(B)	86.9%	51.4% *(Note)*

Note: Calculated based on the annualised actual historical amount of fees of RMB280.4 million, i.e. RMB140.2 million*2.

As illustrated by the above table, the actual historical amounts of fees paid by the Parent Group to the Group for property management services under the 2019 Master Property Management Agreement (as amended and supplemented by the Property Management Supplemental Agreement) were approximately RMB213.0 million and RMB280.4 million *(annualised)*, respectively, for the periods concerned in 2019 and 2020, representing a considerable increase of approximately 31.5%. Furthermore, the existing cap for 2019 was substantially utilised, indicating that it had been reasonably determined. As further advised by the Directors, utilisation of the existing cap for 2020 has been affected by the outbreak of the COVID-19 pandemic which has led to unforeseen delay of the delivery plan of some of the projects of the Parent Group. Thus, the utilisation rate of the existing cap for 2020 has no bearing on the fairness and reasonableness of the PMS Caps.

(v) A rising number of sales assistance service engagements and pre-delivery property management engagements from the Parent Group

With reference to the Letter from the Board, based on the development plan for 2021 to 2023 of the Parent Group, the number of its sales assistance service engagements to be awarded to the Group is expected to increase to 160, 180 and 200 for of the three years ending 31 December 2021, 2022 and 2023, respectively; whereas the total pre-delivery GFA of its pre-delivery property management engagements to be awarded to the Group is expected to increase to approximately 6.5 million sq.m., 8.5 million sq.m. and 11.0 million sq.m. for the three years ending 31 December 2021, 2022 and 2023, respectively. In this relation, for our due diligence purpose, we have requested, obtained and reviewed the latest list of pre-delivery property management projects of the Parent Group, which sets out the projects requiring Property Management Services in the near future, and their respective total GFA. Concurrently, we noted that the average ratios of the Parent Group's sales assistance service engagements and pre-delivery property management engagements awarded to the Group for the three years ended 31 December 2019 were approximately 85% and 95%, respectively. Such historical ratios have been applied in determining the anticipated number of the Parent Group's sales assistance service engagements and pre-delivery property management engagements (where applicable) to be awarded to the Group, and we concur with the Directors that they are appropriate.

In light of the anticipated increase in the number of sales assistance service engagements to be awarded to the Group by the Parent Group for the three years ending 31 December 2021, 2022 and 2023, the total revenue of the Group as generated from the sales assistance service engagements is expected to increase during the same said years. At the same time, the anticipated increase in the total pre-delivery GFA of the pre-delivery property management engagements to be awarded to the Group by the Parent Group for the three years ending 31 December 2021, 2022 and 2023 would lead to a corresponding increase in the total revenue of the Group as generated from the pre-delivery property management engagements. Resulting from the above, the PMS Caps are expected to increase successively in the near future.

Having taken into consideration of the factors as aforementioned, we are of the view that the PMS Caps are fair and reasonable so far as the Independent Shareholders are concerned.

3. The 2021 Master Commercial Operational Agreement

Principal terms of the 2021 Master Commercial Operational Agreement

Summarised below are the principal terms of the 2021 Master Commercial Operational Agreement:

Date:	5 November 2020
Parties:	(1) the Company (for itself and as trustee for the benefit of other members of the Group); and (2) China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group)
Term:	Fixed term from 1 January 2021 to 31 December 2023 (both days inclusive)
Subject:	Pursuant to the 2021 Master Commercial Operational Agreement, the Group will provide the Parent Group with Commercial Operational Services for properties developed or owned by the Parent Group.
Pricing policy:	The service fees to be charged for the provision of Commercial Operational Services shall be determined after arm's length negotiations taking into account (a) the location and size of the properties, such as the total GFA of each individual commercial operational project awarded to the Group for Commercial Operational Services; (b) the pricing charged by the Group in other contemporaneous transactions in relation to similar services provided to the Independent Third Parties in comparable properties; and (c) the pricing charged by other commercial operational service providers in the PRC of comparable transactions with the Independent Third Parties.

We have discussed with the Directors regarding the pricing basis of the Commercial Operational Services and requested the Company to provide us with (i) the individual commercial operational contracts entered into between the Group (as service provider) and the Parent Group (as customer); and (ii) the individual commercial operational contracts entered into between the Group (as service provider) and other Independent Third Parties customers.

Upon our enquiry and as confirmed by the Directors, the service fees to be charged for the provision of Commercial Operational Services shall be determined taking into account factors (a) to (c) above, and such pricing basis is equally applicable to all of the Group's customers, regardless of their relationship with the Group. Besides, we noted from our review of (i) the individual commercial operational contracts entered into between the Group (as service provider) and the Parent Group (as customer); and (ii) the individual commercial operational contracts entered into between the Group (as service provider) and other Independent Third Parties customers, that (a) the service fees paid by the Parent Group to the Group were not more favourable than the fees the Group charged the Independent Third Parties for similar services; and (b) the major terms (such as scope and standard of work) of those contracts were largely comparable.

With the above being the case, we are of the view that the terms of the 2021 Master Commercial Operational Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

The COS Caps

The proposed annual caps for fees payable by the Parent Group to the Group for the provision of Commercial Operational Services for each of the three years ending 31 December 2021, 2022 and 2023 under the 2021 Master Commercial Operational Agreement (the "**COS Caps**") are as follows:

	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
The COS Caps	165,960	128,570	144,290

To assess the fairness and reasonableness of the COS Caps, we have considered the following factors:

(i) The astonishing financial results of the Group in recent years

As shown under the sub-section headed "Business and financial overview of the Group" of this letter of advice, the Group's revenue and net profit have witnessed substantial advancement in recent years. In addition, the commercial operational services segment has been expanding persistently and rapidly over the past few years in terms of number of shopping malls in operation and total GFA under the Group's management. As such, we are of the view that it is justifiable for the COS Caps to be higher than actual historical amounts of fees paid by the Parent Group to the Group under the 2019 Master Commercial Operational Agreement (as amended and supplemented by the Commercial Operational Supplemental Agreement) (for details, please refer to paragraph (iv) below).

(ii) The solid background of the Parent Group

As shown under the sub-section headed "Information on China Aoyuan and the Parent Group" of this letter of advice, the Parent Group's revenue and net profit have witnessed substantial advancement in recent years. In addition, in order to enlarge its land bank for development of both residential and commercial properties, the Parent Group endeavors to focus on land acquisition while actively accelerating the conversion of urban redevelopment projects. During the first half of 2020, the Parent Group acquired 44 projects with newly added GFA of approximately 7.0 million sq.m. As at 30 June 2020, the Parent Group had (a) 317 projects which span across 90 onshore and offshore cities with total GFA of approximately 48.7 million sq.m; and (b) over 50 urban redevelopment projects with planned total GFA of approximately 30.6 million sq.m. and estimated saleable GFA of approximately 17.6 million sq.m. Given the extensive land bank and the vast amount of projects and urban redevelopment projects currently held by the Parent Group, it is likely that there would be higher demand for Commercial Operational Services from the Parent Group.

(iii) The positive prospects of the PRC's commercial property management service market

As shown under the sub-section headed "Overview of the property management service and commercial property management service markets of the PRC" of this letter of advice, the commercial property management service market of the PRC expanded significantly and is of massive scale. It is also expected that this market will continue to prosper in the near future. Hence, to allow sufficient flexibility for the Group to cope with any unforeseeable future business opportunities with the Parent Group amid the possible progression of the commercial property management service market, it would be beneficial to the Group to set the COS Caps with reasonable buffer.

(iv) The historical transaction amounts under the 2019 Master Commercial Operational Agreement (as amended and supplemented by the Commercial Operational Supplemental Agreement)

The below table illustrates (a) the actual historical amounts of fees paid by the Parent Group to the Group for commercial operational services under the 2019 Master Commercial Operational Agreement (as amended and supplemented by the Commercial Operational Supplemental Agreement); (b) the existing caps under the 2019 Master Commercial Operational Agreement (as amended and supplemented by the Commercial Operational Supplemental Agreement); and (c) the utilisation rates of the existing caps:

	From the Listing Date to 31 December 2019	**For the six months ended 30 June 2020**
Actual historical amounts of fees paid by the Parent Group to the Group for commercial operational services (A)	RMB74.5 million	RMB50.1 million
Existing caps (B)	RMB75.0 million	RMB160.0 million
Utilisation rates (A)/(B)	99.3%	62.6% *(Note)*

*Note: Calculated based on the annualised actual historical amount of fees of RMB100.2 million, i.e. RMB50.1 million*2.*

As illustrated by the above table, the actual historical amounts of fees paid by the Parent Group to the Group for commercial operational services under the 2019 Master Commercial Operational Agreement (as amended and supplemented by the Commercial Operational Supplemental Agreement) were approximately RMB74.5 million and RMB100.2 million *(annualised)*, respectively, for the periods concerned in 2019 and 2020, representing a considerable increase of approximately 34.5%. Furthermore, the existing cap for 2019 was almost fully utilised, indicating that it had been reasonably determined. As further advised by the Directors, utilisation of the existing cap for 2020 has been affected by the outbreak of the COVID-19 pandemic which has led to unforeseen delay of the delivery plan of some of the projects of the Parent Group. Thus, the utilisation rate of the existing cap for 2020 has no bearing on the fairness and reasonableness of the COS Caps.

(v) The expected number of commercial operational projects to be awarded by the Parent Group to the Group and types of Commercial Operational Services required

With reference to the Letter from the Board, based on the development plan for 2021 to 2023 of the Parent Group, the total GFA of commercial operational projects to be awarded by the Parent Group to the Group is expected to be approximately 1.1 million sq.m., 1.2 million sq.m. and 1.2 million sq.m. for the three years ending 31 December 2021, 2022 and 2023, respectively. In this relation, for our due diligence purpose, we have requested, obtained and reviewed the latest list of commercial operational projects of the Parent Group, which sets out the projects requiring Commercial Operational Services in the near future, and their relevant total GFA. We have also discussed with the Directors regarding the expected types of Commercial Operational Services required by the Parent Group for those commercial operational projects. Given that it is anticipated that the Parent Group would require less market research and positioning services from the Group in 2022 and 2023, as compared with 2021; and the possible reduction in the Group's revenue therefrom is expected to offset the increase in revenue brought about by the expected successive increase in the total GFA of commercial operational projects to be awarded by the Parent Group to the Group in 2022 and 2023 as just mentioned, the COS Caps are expected to be the highest for 2021.

Having taken into consideration of the factors as aforementioned, we are of the view that the COS Caps are fair and reasonable so far as the Independent Shareholders are concerned.

4. The 2021 Master Purchase Agreement

Principal terms of the 2021 Master Purchase Agreement

Summarised below are the principal terms of the 2021 Master Purchase Agreement:

Date:	5 November 2020
Parties:	(1) the Company (for itself and as trustee for the benefit of other members of the Group); and (2) China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group)
Term:	Fixed term from 1 January 2021 to 31 December 2023 (both days inclusive)
Subject:	Pursuant to the 2021 Master Purchase Agreement, the Group will procure and sell and the Parent Group will purchase Electrical Appliances from the Group.

Pricing policy: The price of the Electrical Appliances shall be determined after arm's length negotiations taking into account (a) the costs of the Electrical Appliances; (b) the fair market price ranges of products comparable to the Electrical Appliances offered in the market as at the time when such sale is performed; (c) the transportation and logistics costs which may vary depending on the location of the Electrical Appliances to be delivered to; and (d) the profit margin with an overall mark-up rate of between 5% and 12%.

As advised by the Directors, the transactions contemplated under the 2021 Master Purchase Agreement are new types of transactions and the Group has neither entered into any relevant contracts with the Parent Group nor the Independent Third Parties. Regarding the pricing basis of the Electrical Appliances, we understand from the Directors that the main purpose of the entering into of the 2021 Master Purchase Agreement is to allow the Group to act as a centralised procurement channel of Electrical Appliances whereby the Group will combine the demands of Electrical Appliances from itself and the Parent Group, make bulk purchases and fulfil the 2021 Master Purchase Agreement by resale of the Electrical Appliances to the Parent Group. Such arrangement is expected to enhance purchase and management efficiency, lower purchase costs and further improve the profitability of the Company. Due to this reason, the Directors advised us the price of Electrical Appliances to be sold to the Parent Group shall take into account mainly the costs of the Electrical Appliances and the transportation and logistics costs which may vary depending on the location of the Electrical Appliances to be delivered to, with reference to the fair market price ranges of similar products with an overall mark-up rate. Judging from the expected purchase costs saved from the entering into of the 2021 Master Purchase Agreement due to bulk purchase, and that the sale of Electrical Appliances would further allow the Group to earn an overall profit with reference to the fair market price ranges of similar products, we consider that the terms of the 2021 Master Purchase Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

The EA Caps

The proposed annual caps for the amounts payable by the Parent Group to the Group for the purchase of Electrical Appliances for each of the three years ending 31 December 2021, 2022 and 2023 under the 2021 Master Purchase Agreement (the "**EA Caps**") are as follows:

	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
The EA Caps	105,730	158,590	237,880

To assess the fairness and reasonableness of the EA Caps, we have considered the following factors:

(i) The astonishing financial results of the Group in recent years

As shown under the sub-section headed "Business and financial overview of the Group" of this letter of advice, the Group's revenue and net profit have witnessed substantial advancement in recent years. In addition, both of the property management services and commercial operational services segment have been expanding persistently and rapidly over the past few years in terms of number of properties/shopping malls in operation (as the case may be) and total GFA under the Group's management. As such, given that the Electrical Appliances are significant for both the Group and the Parent Group to carry out their principal businesses, we are of the view that it is justifiable for the EA Caps to demonstrate a year-on-year increasing trend from 2021 to 2023.

(ii) The solid background of the Parent Group

As shown under the sub-section headed "Information on China Aoyuan and the Parent Group" of this letter of advice, the Parent Group's revenue and net profit have witnessed substantial advancement in recent years. In addition, in order to enlarge its land bank for development of both residential and commercial properties, the Parent Group endeavors to focus on land acquisition while actively accelerating the conversion of urban redevelopment projects. During the first half of 2020, the Parent Group acquired 44 projects with newly added GFA of approximately 7.0 million sq.m. As at 30 June 2020, the Parent Group had (a) 317 projects which span across 90 onshore and offshore cities with total GFA of approximately 48.7 million sq.m; and (b) over 50 urban redevelopment projects with planned total GFA of approximately 30.6 million sq.m. and estimated saleable GFA of approximately 17.6 million sq.m. Given the extensive land bank and the vast amount of projects and urban redevelopment projects currently held by the Parent Group, it is likely that there would be mounting demand for Electrical Appliances from the Parent Group to satisfy its business needs.

(iii) The positive prospects of the PRC's property management service and commercial property management service markets

As shown under the sub-section headed "Overview of the property management service and commercial property management service markets of the PRC" of this letter of advice, the property management service and commercial property management service markets of the PRC expanded significantly and are of massive scale. It is also expected that these two markets will continue to prosper in the near future. Hence, to allow sufficient flexibility for the Group to cope with any unforeseeable future business opportunities with the Parent Group amid the possible progression of the property management service and commercial property management service markets, it would be beneficial to the Group to set the EA Caps with reasonable buffer.

(iv) Possible benefits from the 2021 Master Purchase Agreement

As represented by the Directors and aforementioned, entering into the 2021 Master Purchase Agreement allows the Group to act as a centralised procurement channel of Electrical Appliances through utilisation of the Group's experience and resources in sourcing the Electrical Appliances. The Group will combine the demands of Electrical Appliances from itself and the Parent Group, make bulk purchases and fulfil the 2021 Master Purchase Agreement by resale of the Electrical Appliances to the Parent Group. The arrangement of centralised procurement and bulk purchasing is expected to enhance purchase and management efficiency, lower purchase costs and further improve the profitability of the Company. Therefore, we concur with the Directors that the EA Caps should offer ample room for the Group and the Parent Group to capture the gain from centralised procurement and bulk purchase, thereby maximising the possible benefits from the 2021 Master Purchase Agreement.

(v) The expected quantity of Electrical Appliances to be ordered by the Parent Group

As mentioned under the sub-section headed "Principal terms of the 2021 Master Purchase Agreement" of this letter of advice, the transactions contemplated under the 2021 Master Purchase Agreement are new types of transactions to the Group. Upon our further enquiry with the Directors, we understand that the Group (as seller) and the Parent Group (as purchaser) is planning to enter into a number of individual contracts (the "**Expected Purchase Contracts**") in relation to the purchase of Electrical Appliances by the Parent Group from the Group. On top of the Expected Purchase Contracts, the Parent Group has also provided its purchase indication (the "**Purchase Indication**") to the Group, indicating its intended purchase amounts of Electrical Appliances from the Group for the next few years. We have randomly selected and obtained the Expected Purchase Contracts together with the Purchase Indication from the Company. Moreover, we have checked the relevant contract terms against the information as stated in the calculation worksheet of the EA Caps and found them consistent. Based on our review of those documents, we noted that the quantity of Electrical Appliances to be ordered by the Parent Group is expected to boost substantially in the next few years, which accounts for the increase in the EA Caps.

Having taken into consideration of the factors as aforementioned, we are of the view that the EA Caps are fair and reasonable so far as the Independent Shareholders are concerned.

5. The 2021 Master Intelligent Engineering Agreement

Principal terms of the 2021 Master Intelligent Engineering Agreement

Summarised below are the principal terms of the 2021 Master Intelligent Engineering Agreement:

Date:	5 November 2020
Parties:	(1) the Company (for itself and as trustee for the benefit of other members of the Group); and (2) China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group)
Term:	Fixed term from 1 January 2021 to 31 December 2023 (both days inclusive)
Subject:	Pursuant to the 2021 Master Intelligent Engineering Agreement, the Group will provide the Parent Group with the Intelligent Engineering Services, including but not limited to provision of design and engineering services for intelligentisation, communication facilities construction and fibre-to-home services and smart devices.
Pricing policy:	The local government prescribed price on intelligent engineering service fees issued by the local ministry of housing and urban-rural development shall be applied if available. In the event that there is no local government prescribed price, the service fees shall be determined after arm's length negotiations taking into account (a) the applicable industry standards from time to time; (b) the costs and expenses incurred, including but not limited to staff costs, raw material costs and costs of purchase or rental of facilities or equipment for provision of the Intelligent Engineering Services; (c) the profit margin with an overall mark-up rate of between 5% and 10%; and (d) the pricing charged by the Group in other contemporaneous transactions in relation to similar services provided to the Independent Third Parties.

We have discussed with the Directors regarding the pricing basis of the Intelligent Engineering Services and requested the Company to provide us with (i) the individual intelligent engineering contracts entered into between the Group (as service provider) and the Parent Group (as customer); and (ii) the individual intelligent engineering contracts entered into between the Group (as service provider) and other Independent Third Parties customers.

Upon our enquiry and as confirmed by the Directors, the service fees to be charged for the provision of Intelligent Engineering Services shall be determined taking into account factors (a) to (d) above, and such pricing basis is equally applicable to all of the Group's customers, regardless of their relationship with the Group. Besides, we noted from our review of (i) the individual intelligent engineering contracts entered into between the Group (as service provider) and the Parent Group (as customer); and (ii) the individual intelligence engineering contracts entered into between the Group (as service provider) and other Independent Third Parties customers, that (a) the service fees paid by the Parent Group to the Group were not more favourable than the fees the Group charged the Independent Third Parties for similar services; and (b) the major terms (such as scope and standard of work) of those contracts were largely comparable.

With the above being the case, we are of the view that the terms of the 2021 Master Intelligent Engineering Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

The IE Caps

The proposed annual caps for the fees payable by the Parent Group to the Group for the provision of Intelligent Engineering Services for each of the three years ending 31 December 2021, 2022 and 2023 under the 2021 Master Intelligent Engineering Agreement (the "**IE Caps**") are as follows:

	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
The IE Caps	105,980	158,960	238,440

To assess the fairness and reasonableness of the IE Caps, we have considered the following factors:

(i) The astonishing financial results of the Group in recent years

As shown under the sub-section headed "Business and financial overview of the Group" of this letter of advice, the Group's revenue and net profit have witnessed substantial advancement in recent years. In addition, both of the property management services and commercial operational services segment have been expanding persistently and rapidly over the past few years in terms of number of properties/ shopping malls in operation (as the case may be) and total GFA under the Group's management. As such, we are of the view that it is justifiable for the IE Caps to demonstrate a year-on-year increasing trend from 2021 to 2023.

(ii) The solid background of the Parent Group

As shown under the sub-section headed "Information on China Aoyuan and the Parent Group" of this letter of advice, the Parent Group's revenue and net profit have witnessed substantial advancement in recent years. In addition, in order to enlarge its land bank for development of both residential and commercial properties, the Parent Group endeavors to focus on land acquisition while actively accelerating the conversion of urban redevelopment projects. During the first half of 2020, the Parent Group acquired 44 projects with newly added GFA of approximately 7.0 million sq.m. As at 30 June 2020, the Parent Group had (a) 317 projects which span across 90 onshore and offshore cities with total GFA of approximately 48.7 million sq.m; and (b) over 50 urban redevelopment projects with planned total GFA of approximately 30.6 million sq.m. and estimated saleable GFA of approximately 17.6 million sq.m. Given the extensive land bank and the vast amount of projects and urban redevelopment projects currently held by the Parent Group, it is likely that there would be mounting demand for Intelligent Engineering Services from the Parent Group.

(iii) The positive prospects of the PRC's property management service and commercial property management service markets

As shown under the sub-section headed "Overview of the property management service and commercial property management service markets of the PRC" of this letter of advice, the property management service and commercial property management service markets of the PRC expanded significantly and are of massive scale. It is also expected that these two markets will continue to prosper in the near future. Hence, to allow sufficient flexibility for the Group to cope with any unforeseeable future business opportunities with the Parent Group amid the possible progression of the property management service and commercial property management service markets, it would be beneficial to the Group to set the IE Caps with reasonable buffer.

(iv) The expected increase in demand for the Intelligent Engineering Services from the Parent Group

After discussion with the Directors, we understand that the Group (as service provider) have already entered into or will shortly entered into a number of individual contracts with the Parent Group (as customer) for provision of Intelligent Engineering Services (the "**IE Contracts**") in respect of the existing/

forthcoming projects of the Parent Group. Therefore, when determining the IE Cap for the year ending 31 December 2021, the Company has primarily taken into account the expected schedule and progress, contract sum and payment terms etc. of each of the IE Contracts. In this relation, we have randomly selected and obtained the IE Contracts from the Company, and checked the relevant contract terms against the information as stated in the calculation worksheet of the IE Caps and found them consistent.

As for the IE Caps for the two years ending 31 December 2022 and 2023, they were estimated by the Company taking into account the Parent Group's overall planning of projects in the near future and the relevant projections on the Intelligent Engineering Services required. It is anticipated that the Parent Group's demand for Intelligent Engineering Services from the Group will be increasing substantially year-on-year from 2021 to 2023 to cope with the rising demand for pleasant and convenient living and/or working conditions, which require certain smart devices and relevant communication facilities to be installed and constructed before delivery of the properties, from the customers. We have independently researched over the Internet and noted from various relevant up-to-date market commentaries published by independent industry researchers such as Frost & Sullivan that with the aid of information technologies such as cloud application, e-commerce, Internet of Things, big data and artificial intelligence, many property management companies have added artificial intelligence technologies such as smart entrance pass, smart building management, smart energy management, patrol robots, delivery robots and consultancy robots etc. to provide diversified community value-added services and further expand their services to common space management, community finance, property agency, housekeeping, etc. In addition, the increasing per capita disposable income and rapid urbanisation in the PRC, coupled with the further development of the Internet industry would result in increasing diversified demands for property management services and development of residential community services. This would become an evolving trend in the property management service market. In light of such evolving market trend, we consider that the increment of the IE Caps for the two years ending 31 December 2022 and 2023 as compared to the prior year is justifiable.

Having taken into consideration of the factors as aforementioned, we are of the view that the IE Caps are fair and reasonable so far as the Independent Shareholders are concerned.

6. Internal control and compliance with the Listing Rules

As referred to in the Letter from the Board, the Group has adopted various internal control measures to supervise the Continuing Connected Transactions, including (i) consultation with the legal and compliance department and the internal control department to ensure that the terms of the Continuing Connected Transactions are comparable to those offered or to be offered to the Independent Third Parties; and (ii) review by the chief financial officer of the Group to ensure that the terms of the Continuing Connected Transactions (inclusive of the fee or price and other terms) are based on the relevant pricing policies and are no more favourable to the connected persons than those offered or to be offered to the Independent Third Parties.

Furthermore, the Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 and 14A.55 of the Listing Rules pursuant to which (i) the values of the Continuing Connected Transactions must be restricted by the respective proposed annual caps for the three years ending 31 December 2023; (ii) the terms of each of the 2021 Master CCT Agreements (together with the respective proposed annual caps) must be reviewed by the independent non-executive Directors annually; and (iii) details of independent non-executive Directors' annual review on the terms of each of the 2021 Master CCT Agreements (together with the respective proposed annual caps) must be included in the Company's subsequent published annual reports and financial accounts. As also stipulated under Rule 14A.56 of the Listing Rules, auditors of the Company must provide annually a letter to the Board confirming, among other things, that the Continuing Connected Transactions are carried out in accordance with the terms under relevant agreements and the pricing policies of the Company in all material respects, and the proposed annual caps are not being exceeded. In the event that the total amounts of the Continuing Connected Transactions exceed the respective proposed annual caps, or that there is any material amendment to the terms of the 2021 Master CCT Agreements (together with the respective proposed annual caps), the Company, as confirmed by the Directors, shall comply with the applicable provisions of the Listing Rules governing continuing connected transaction.

From the above, we noted that, internally, the Continuing Connected Transactions are subject to stringent control and supervision from the execution level to the management level of the Group; whilst externally, they are also subject to independent review by a professional party, being the auditors of the Company. With the internal control measures of the Group as well as the stipulated requirements for continuing connected transaction of the Listing Rules in place, the Continuing Connected Transactions will be monitored and hence the interest of the Independent Shareholders would be safeguarded.

7. The Group's reliance on the Parent Group

We notice that the entering into of the 2021 Master CCT Agreements may pose concern on the Group's undue reliance on the Parent Group. We have enquired into the Directors in this regard and were advised that:

(i) Given that the revenue from the Parent Group represented approximately 40.2%, 37.9% and 34.8% of the Group's total revenue for the two years ended 31 December 2019 and the six months ended 30 June 2020, respectively, a majority of the Group's total revenue for the aforesaid years/ period was in fact generated from the Independent Third Parties. For instance, the Group has been reducing its reliance on the Parent Group gradually by lowering its revenue derived from provision of property management services and commercial operational services to the Parent Group.

(ii) For property management services and commercial operational services, the Group has devoted constant efforts in acquiring and investing in independent service providers that are involved in projects owned and/or developed by the Independent Third Parties. In September 2020, the Group acquired Easy Life Smart Community Services Group Co., Ltd.* (樂生活智慧社區服務集團股份有限公司), being a renowned property management service provider in the PRC. The Company anticipated that the number of External Projects managed by the Group, the revenue-bearing GFA and the Group's revenue deriving from the Independent Third Parties will increase after this acquisition.

(iii) The Group has also been proactively expanding and intends to continue to further broaden its independent customer base through the establishment of good reputation of customised, diversified and quality services to customers, and has implemented certain incentive measures to encourage its employees to procure the External Projects.

(iv) In addition, the Group plans to conduct transactions similar to those contemplated under each of the 2021 Master Purchase Agreement and the 2021 Master Intelligent Engineering Agreement with the Independent Third Parties in the future. As a matter of fact, the Group has already entered into intelligent engineering contracts with the Independent Third Parties with terms comparable to those under the 2021 Master Intelligent Engineering Agreement. It is expected that the proposed annual caps under the 2021 Master Purchase Agreement and the 2021 Master Intelligent Engineering Agreement in aggregate would account for less than 10% of the Group's estimated total revenue for the three years ending 31 December 2023.

(v) Overall speaking, the Directors expected that a majority of the Group's estimated total revenue for the three years ending 31 December 2023 will be derived from the Independent Third Parties while the revenue to be derived from the Parent Group will account for less than 50% of the Group's estimated total revenue for the three years ending 31 December 2023.

In view of the above, we concur with the Directors that the entering into of the 2021 Master CCT Agreements would not create undue reliance of the Group on the Parent Group.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of each of the 2021 Master CCT Agreements are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the respective resolutions to be proposed at the EGM to approve the Continuing Connected Transactions and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard.

Yours faithfully,
For and on behalf of
VBG Capital Limited
Doris Sing
Deputy Managing Director

Ms. Doris Sing is a licensed person and responsible officer of VBG Capital Limited registered with the Securities and Futures Commission to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and has over 15 years of experience in corporate finance.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, as at the Latest Practicable Date, 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 matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(i) Directors and chief executives of the Company

As at the Latest Practicable Date, the Directors and chief executives of the Company and their associates had the following interests in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the SFO), which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO) or as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Securities Dealing Codes:

(a) Long positions in the Shares and underlying shares of the Company

Name of Director	Capacity/Nature of interest	Interest in the underlying shares of the Company *(Note 2)*	Approximate percentage of interest in the Company
Mr. Tao Yu	Beneficial owner	3,200,000 (L) *(Note 1)*	0.44%

Notes:

(1) On 29 June 2020, Mr. Tao Yu was granted options to subscribe for an aggregate of 3,000,000 Shares under the share option scheme of the Company adopted on 28 May 2019. The 200,000 Shares are jointly held by Mr. Tao Yu and his spouse, namely Ms. Guo Ying.

(2) The letter “L” denotes the entity/person’s long position in the shares.

(b) Long positions in Shares and underlying shares of the associated corporation of the Company

Name of Director	Name of associated corporation	Capacity/Nature of interest	Equity interest/ number of underlying shares *(Note 3)*	Approximate percentage of equity interest/ shareholding interest
Mr. Guo Zining	Ace Rise Profits Limited ("**Ace Rise**")	Interest of spouse *(Note 1)*	10 (L)	10.00%
Mr. Chen Zhibin	China Aoyuan	Beneficiary owner *(Note 2)*	1,250,000 (L)	0.04%

Notes:

(1) The 10 shares are beneficially owned by Ms. Su Chaomei, who is the spouse of Mr. Guo Zining.

(2) These represent underlying shares in respect of share options granted to Mr. Chen Zhibin by China Aoyuan.

(3) The letter "L" denotes the entity/person's long position in the shares.

Save as disclosed above, as at the Latest Practicable Date, neither any of the Directors, nor the chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Securities Dealing Codes.

(ii) Substantial Shareholders

So far as known to any Director or chief executives of the Company, as at the Latest Practicable Date, the persons (other than the Directors or the chief executives of the Company) which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of Shareholder	Capacity	Number of Shares *(Note 1)*	Approximate percentage of the total issued share capital
Mr. Guo Ziwen	Settlor/Beneficiary of a trust *(Note 3)*	400,535,000 (L)	55.15%
Ms. Jiang Miner ("**Ms. Jiang**")	Settlor/Beneficiary of a trust *(Note 3)*	400,535,000 (L)	55.15%
Joy Pacific Group Limited ("**Joy Pacific**")	Interest of controlled corporation *(Note 3)*	396,375,000 (L)	54.58%
	Beneficial owner *(Note 3)*	4,160,000 (L)	0.57%
Sturgeon Limited	Interest of controlled corporation *(Note 3)*	400,535,000 (L)	55.15%
Asia Square Holdings Ltd.	Interest of controlled corporation *(Note 3)*	400,535,000 (L)	55.15%
J. Safra Sarasin Trust Company (Singapore) Ltd.	Trustee *(Note 3)*	400,535,000 (L)	55.15%
Main Trend Limited ("**Main Trend**")	Beneficiary owner *(Note 2)*	396,375,000 (L)	54.58%
China Aoyuan	Interest of controlled corporation *(Note 3)*	396,375,000 (L)	54.58%
Ace Rise	Interest of controlled corporation *(Note 3)*	396,375,000 (L)	54.58%

Name of Shareholder	Capacity	Number of Shares *(Note 1)*	Approximate percentage of the total issued share capital
Dawn Agile Limited ("**Dawn Agile**")	Beneficiary owner *(Note 4)*	46,147,000 (L)	6.35%
Pine Capital Partners LP ("**Pine Capital**")	Interest of controlled corporation *(Note 4)*	46,147,000 (L)	6.35%
Pine General Partners Limited ("**Pine GP**")	Interest of controlled corporation *(Note 4)*	46,147,000 (L)	6.35%
Chiu Man Wai ("**Mr. Chiu**")	Interest of controlled corporation *(Note 4)*	46,147,000 (L)	6.35%
Lai Wing Sze Teresa Francesca ("**Ms. Lai**")	Interest of spouse *(Note 5)*	46,147,000 (L)	6.35%

Notes:

(1) The letter "L" denotes the entity/person's long position in the shares.

(2) Main Trend (wholly and beneficially owned by China Aoyuan) is interested in approximately 54.58% of the total issued share capital of the Company. By virtue of the SFO, China Aoyuan is deemed to be interested in the Shares held by Main Trend.

(3) China Aoyuan is owned as to 51.62% by Ace Rise. Ace Rise is owned as to 90% by Joy Pacific (which in turn is wholly owned by Sturgeon Limited) and as to 10% by Hopka Investments Limited. Sturgeon Limited is wholly-owned by Asia Square Holdings Ltd., as nominee and trustee for J. Safra Sarasin Trust Company (Singapore) Ltd. as the trustee holding such interests on trust for the beneficiaries of The Golden Jade Trust. The Golden Jade Trust is a discretionary family trust established under the laws and regulations of Singapore. Each of Mr. Guo Ziwen and Ms. Jiang is the settlor and beneficiary of The Golden Jade Trust. Accordingly, each of Joy Pacific, Sturgeon Limited, J. Safra Sarasin Trust Company (Singapore) Ltd., Mr. Guo Ziwen and Ms. Jiang is deemed to be interested in the Shares held by China Aoyuan by virtue of the SFO.

(4) Dawn Agile (wholly and beneficially owned by Pine Capital, which is in turn wholly owned by Pine GP) is interested in approximately 6.35% of the total issued share capital of the Company. Dawn Agile is ultimately controlled by Mr. Chiu.

(5) Ms. Lai is the spouse of Mr. Chiu. As such, Ms. Lai is deemed to be interested in the 46,147,000 Shares in which Mr. Chiu is interested by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executives of the Company were not aware of any other person or corporation having an interest or short position in the Shares and underlying shares of the Company which would require to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors had entered into a service contract with the Company and each of the non-executive Directors and independent non-executive Directors had signed an appointment letter with the Company. As at the Latest Practicable Date, no Director had a service contract or an appointment letter with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS AND COMPETING INTERESTS

None of the Directors had any interest, direct or indirect, in any asset which had, since 31 December 2019 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date, been acquired or disposed of by or leased to any member of the Group or which were, as at the Latest Practicable Date, proposed to be acquired or disposed of by or leased to any member of the Group.

Other than those disclosed in (a) the section headed "Connected Transactions" in the prospectus of the Company dated 28 February 2019; (b) the circular of the Company regarding the continuing connected transactions and the connected transaction published on 23 April 2020; and (c) the announcement of the Company in respect of the continuing connected transactions under 2021 Master Property Management Agreement, the 2021 Master Commercial Operational Agreement, the 2021 Master Lease Agreement, the 2021 Master Purchase Agreement and the 2021 Master Intelligent Engineering Agreement published on 5 November 2020, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors and their respective associates had any interest in a business, which competes or may compete with the businesses of the Group and any other conflicts of interest which any such person has or may have with the Group.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, the date to which the latest published audited consolidated financial statements of the Group were made up.

6. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert or professional adviser who has given opinion or advice contained in this circular:

Name	Qualification
VBG Capital	a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, the expert named above:

1. did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;

2. did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or was proposed to be acquired or disposed of by or leased to any member of the Group, since 31 December 2019, the date to which the latest published audited consolidated financial statements of the Group were made up; and

3. has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or report and reference to its name in the form and context in which it appears.

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any member of the Group.

8. MISCELLANEOUS

In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at 26/F, The Cameron, No.33 Cameron Road, Tsim Sha Tsui, Kowloon, Hong Kong during normal business hours on any business day for a period of 14 days commencing from the date of this circular:

(a) the Articles of Association;

(b) the letter of advice from VBG Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out in this circular;

(c) the letter of advice from the Independent Board Committee, the text of which is set out in this circular;

(d) the written consent of VBG Capital as referred to in the paragraph headed "6. Qualification and consent of expert" in this appendix;

(e) the 2021 Master Property Management Agreement;

(f) the 2021 Master Commercial Operational Agreement;

(g) the 2021 Master Purchase Agreement;

(h) the 2021 Master Intelligent Engineering Agreement; and

(i) this circular.

奧園健康生活集團有限公司
AOYUAN HEALTHY LIFE GROUP COMPANY LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3662)

NOTICE OF EXTRAORDINARY GENERAL MEETING TO BE HELD ON TUESDAY, 29 DECEMBER 2020

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the "**EGM**") of Aoyuan Healthy Life Group Company Limited (the "**Company**") will be held at Peony, Magnolia & Camomile Room, Lower Level II, Kowloon Shangri-la, Hong Kong, 64 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Tuesday, 29 December 2020 at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolutions.

Unless otherwise indicated, capitalized terms used in this notice and the following resolutions shall have the same meanings as those defined in the circular of the Company dated 7 December 2020 (the "**Circular**").

ORDINARY RESOLUTIONS

"**THAT**

(1) the 2021 Master Property Management Agreement, copy of which is tabled at the meeting and marked "A" and initialled by the chairman of the meeting for identification purpose, and the transactions (including the annual caps) contemplated thereunder, be and are hereby confirmed and approved;

(2) the 2021 Master Commercial Operational Agreement, copy of which is tabled at the meeting and marked "B" and initialled by the chairman of the meeting for identification purpose, and the transactions (including the annual caps) contemplated thereunder, be and are hereby confirmed and approved;

(3) the 2021 Master Purchase Agreement, copy of which is tabled at the meeting and marked "C" and initialled by the chairman of the meeting for identification purpose, and the transactions (including the annual caps) contemplated thereunder, be and are hereby confirmed and approved;

(4) the 2021 Master Intelligent Engineering Agreement, copy of which is tabled at the meeting and marked "D" and initialled by the chairman of the meeting for identification purpose, and the transactions (including the annual caps) contemplated thereunder, be and are hereby confirmed and approved; and

(5) any one Director or any two Directors (if affixing the common seal of the Company (the "**Common Seal**") required) be and is hereby authorised for and on behalf of the Company to execute and deliver all such other documents, agreements and instruments (including affixing the Common Seal thereon) and to do all such acts or things deemed by him to be incidental to, ancillary to or in connection with the matters contemplated in and completion of each of the 2021 Master Property Management Agreement, the 2021 Master Commercial Operational Agreement, the 2021 Master Purchase Agreement and the 2021 Master Intelligent Engineering Agreement."

By Order of the Board
Aoyuan Healthy Life Group Company Limited
Guo Zining
Chairman

Hong Kong, 7 December 2020

As at the date of this notice, the executive Directors are Mr. Miao Sihua and Mr. Tao Yu; the non-executive Directors are Mr. Guo Zining and Mr. Chen Zhibin; and the independent non-executive Directors are Mr. Hung Ka Hai Clement, Dr. Li Zijun and Mr. Wang Shao.

Notes:

1. All resolutions at the EGM will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited (http://www.hkexnews.hk) and the Company (http://www.aoyuanjksh.com) in accordance with the Listing Rules.

2. All shareholders of the Company are eligible for attending the EGM. Any shareholder of the Company entitled to attend and vote at the EGM convened by the above notice is entitled to appoint a proxy or more than one proxy to attend the EGM and vote instead of him/her. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant proxy form. Every shareholder of the Company present in person or by proxy shall be entitled to one vote for each share held by him/her.

3. In order to be valid, the proxy form together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be completed and returned to the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude a shareholder of the Company from attending and voting at the EGM or any adjourned meeting thereof should he/she so wish. In such event, the instrument appointing the proxy shall be deemed to be revoked.

4. For determining the entitlement to attend and vote at the EGM, the transfer book and register of members of the Company will be closed from Thursday, 24 December 2020 to Tuesday, 29 December 2020, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the meeting, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share 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 Wednesday, 23 December 2020 for registration.

5. The EGM is expected to take no more than half a day. Shareholders of the Company who attend the EGM (in person or by proxy) shall bear their own travelling and accommodation expenses. Shareholders of the Company may contact the Investor Relations Department of the Company at (852) 3916 2688 (telephone number) and ir@aoyuanhealthy.com for any enquires in respect of the EGM.

6. In view of the ongoing novel coronavirus (COVID-19) pandemic and recent requirements for prevention and control of its spread, the Company will implement the following preventive measures at the EGM to protect attending Shareholders, staff and other stakeholders from the risk of infection:

   (i) compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee at the entrance of the EGM venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the EGM venue or be required to leave the EGM venue;

   (ii) all Shareholders, proxies and other attendees are required to complete and submit at the entrance of the EGM venue a declaration form confirming their names and contact details, and confirming that they have not travelled to, or to the best of their knowledge had close contact with any person who has recently travelled to, any affected countries or areas outside of Hong Kong (as per the guidelines issued by the Hong Kong government at http://www.chp.gov.hk/en/features/102742.html) at any time in the 14 days preceding the EGM. Any person who does not comply with this requirement may be denied entry into the EGM venue or be required to leave the EGM venue;

   (iii) the Company strongly recommends attendees to wear surgical face masks inside the EGM venue at all times, and to maintain a safe distance between seats; and

   (iv) no refreshments will be served, and there will be no corporate gifts.

Furthermore, the Company wishes to strongly advise the shareholders, particularly those who are unwell or subject to quarantine in relation to COVID-19, that they may appoint any person or the chairman of the EGM as a proxy to vote on the resolutions, instead of attending the EGM in person.