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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

**If you have sold or transferred** all your shares in Sunac Services Holdings Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**SUNAC 融創服務**  
**SUNAC SERVICES HOLDINGS LIMITED**  
**融創服務控股有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 01516)**

**CONTINUING CONNECTED TRANSACTIONS**  
**RENEWAL OF PROPERTY MANAGEMENT AND RELATED SERVICES**  
**AND**  
**NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



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A letter from the Board is set out on pages 5 to 13 of this circular. A letter from the Independent Board Committee to the Independent Shareholders is set out on page 14 of this circular. A letter from Opus Capital, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 15 to 35 of this circular. A notice convening the EGM to be held on Tuesday, 9 August 2022 at 9:30 a.m. at Meeting Room 1-A, 3F, Conrad Tianjin, No. 46, Tianta Road, Nankai District, Tianjin, PRC is set out on pages EGM-1 to EGM-2 of this circular.

Whether or not you are able to attend the EGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, No. 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so wish.

20 July 2022

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following terms or expressions shall have the meanings set out below:*

“Announcement”	the announcement of the Company dated 29 April 2022 in relation to, among other things, the Property Management and Related Services Framework Agreement
“Assistance Services Framework Agreement”	the framework agreement dated 4 November 2020 entered into between the Company and Sunac China in relation to the provision of certain assistance services by members of the Group to members of the Sunac Group
“associate”	has the same meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Company”	Sunac Services Holdings Limited, an exempted company incorporated under the laws of the Cayman Islands with limited liability and the Shares are listed on the Main Board of the Stock Exchange (Stock Code: 01516)
“connected person”	has the same meaning ascribed to it in the Listing Rules
“Consultancy and Other Value-added Services”	the pre-delivery property preliminary planning and consultancy services, property project reception preparation work and engineering services to be provided under the Property Management and Related Services Framework Agreement by the Group to the Sunac Group
“Consultancy and Other Value-added Services Framework Agreement”	the framework agreement dated 4 November 2020 entered into between the Company and Sunac China in relation to the provision of certain consultancy and other value-added services by the members of the Group to the members of the Sunac Group
“controlling shareholder”	has the same meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company

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## DEFINITIONS

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“EGM”	the extraordinary general meeting of the Company to be convened on Tuesday, 9 August 2022 at 9:30 a.m. at Meeting Room 1-A, 3F, Conrad Tianjin, No. 46, Tianta Road, Nankai District, Tianjin, PRC to consider and if thought fit, approve, among other things, the Property Management and Related Services Framework Agreement and the proposed annual caps contemplated thereunder
“Existing Framework Agreements”	collectively, the Property Management Services Framework Agreement, the Assistance Services Framework Agreement, the Consultancy and Other Value-added Services Framework Agreement and the Housing Repair Services Framework Agreement
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Housing Repair Services”	the quality control and repair and maintenance services for property projects to be provided under the Property Management and Related Services Framework Agreement by the Group to the Sunac Group
“Housing Repair Services Framework Agreement”	the framework agreement dated 11 June 2021 entered into between the Company and Sunac China in respect of the provision of quality control services prior to the delivery of the properties and the provision of repair and maintenance services within the warranty period after the delivery of the properties by members of the Group to members of the Sunac Group
“Independent Board Committee”	an independent committee of the Board (which comprises Ms. Wang Lihong, Mr. Yao Ning and Mr. Zhao Zhonghua, all being the independent non-executive Directors) established to advise the Independent Shareholders with regards to the terms of the Property Management and Related Services Framework Agreement and the proposed annual caps contemplated thereunder

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## DEFINITIONS

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“Independent Financial Adviser” or “Opus Capital”	Opus Capital Limited, a corporation licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities and the independent financial adviser to the Independent Board Committee and the Independent Shareholders with regards to the terms of the Property Management and Related Services Framework Agreement and the proposed annual caps contemplated thereunder
“Independent Shareholders”	the Shareholders, other than Sunac China and its associates
“Independent Third Parties”	independent third parties who are independent of the Company and connected persons of the Company
“Individual Agreements”	the individual agreements that may be entered into between members of the Group and members of the Sunac Group in accordance with the principles and terms of the Property Management and Related Services Framework Agreement
“Latest Practicable Date”	14 July 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Property Management and Related Services Framework Agreement”	the framework agreement dated 29 April 2022 (as supplemented by a supplemental agreement dated 14 July 2022) entered into between the Company and Sunac China in relation to the provision of the Services by members of the Group to members of the Sunac Group, a summary of the terms of which is set out in this circular
“Property Management Services”	the property management and other value-added services for the properties and unsold parking lots owned or used by the Sunac Group and its associates to be provided under the Property Management and Related Services Framework Agreement by the Group to the Sunac Group

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## DEFINITIONS

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“Property Management Services Framework Agreement”	the framework agreement dated 4 November 2020 entered into between the Company and Sunac China in relation to the provision of certain property management services by members of the Group to members of the Sunac Group
“RMB”	Renminbi, the lawful currency of the PRC
“Sales Assistance Services”	the sales site (including property sales venues and display units) management services to be provided under the Property Management and Related Services Framework Agreement by the Group to the Sunac Group
“Services”	the property management and related services being provided under the Existing Framework Agreements and to be provided under the Property Management and Related Services Framework Agreement by the Group to the Sunac Group
“SFO”	Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
“Shareholders”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sunac China”	Sunac China Holdings Limited (融創中國控股有限公司), 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: 01918). Sunac China is a controlling shareholder of the Company
“Sunac Group”	Sunac China, its subsidiaries and its associates, which, for the purpose of the Property Management and Related Services Framework Agreement and the transactions contemplated thereunder, does not include the Group
“%”	per cent

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## LETTER FROM THE BOARD

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**SUNAC 融創服務**

**SUNAC SERVICES HOLDINGS LIMITED**

**融創服務控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 01516)**

*Chairman and Non-executive Director:*

Mr. WANG Mengde

*Executive Directors:*

Ms. CAO Hongling

Ms. YANG Man

*Non-executive Directors:*

Mr. LU Peng

Mr. GAO Xi

*Independent Non-executive Directors:*

Ms. WANG Lihong

Mr. YAO Ning

Mr. ZHAO Zhonghua

*Registered office:*

Intertrust Corporate Services (Cayman) Limited

One Nexus Way, Camana Bay

Grand Cayman, KY1-9005

Cayman Islands

*Principal place of business in Hong Kong:*

31/F, Tower Two, Times Square

1 Matheson Street Causeway Bay

Hong Kong

20 July 2022

*To the Shareholders*

Dear Sirs or Madams,

### **CONTINUING CONNECTED TRANSACTIONS RENEWAL OF PROPERTY MANAGEMENT AND RELATED SERVICES**

#### **INTRODUCTION**

Reference is made to the announcement of the Company dated 29 April 2022 in relation to, among others, the renewal of property management and related services. On 29 April 2022, the Company and Sunac China entered into the Property Management and Related Services Framework Agreement (as supplemented by a supplemental agreement dated 14 July 2022), pursuant to which the Group conditionally agreed to renew and consolidate the existing property management and related services provided to members of the Sunac Group for a term of three years until 31 December 2024, including Property Management Services, Sales Assistance Services, Consultancy and Other Value-added Services and Housing Repair Services.

The purpose of this circular is to provide you with, among other things, further details of the continuing connected transactions under the Property Management and Related Services Framework Agreement, the letter of advice from the Independent Board Committee to the Independent Shareholders, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders and the notice convening the EGM.

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## LETTER FROM THE BOARD

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### EXISTING FRAMEWORK AGREEMENTS

References are made to the prospectus of the Company dated 9 November 2020 and the Company's announcement dated 11 June 2021.

On 4 November 2020, the Company and Sunac China entered into the Property Management Services Framework Agreement, the Assistance Services Framework Agreement and the Consultancy and Other Value-added Services Framework Agreement and on 11 June 2021, the Company and Sunac China entered into the Housing Repair Services Framework Agreement. As certain continuing connected transactions relating to the property management and related services will expire on 31 December 2022, on 29 April 2022, the Company and Sunac China entered into the Property Management and Related Services Framework Agreement (as supplemented by a supplemental agreement dated 14 July 2022), pursuant to which the Group conditionally agreed to renew and consolidate the existing property management and related services provided to members of the Sunac Group, subject to the approval by the Independent Shareholders at the EGM.

### PROPERTY MANAGEMENT AND RELATED SERVICES FRAMEWORK AGREEMENT

Principal terms of the Property Management and Related Services Framework Agreement are set out as follows:

#### Duration

The term of the Services will be from 1 January 2022 to 31 December 2024, subject to renewal upon expiration.

#### Scope of Services and Pricing Policies

The scope of the Services provided by the Group to the Sunac Group and the pricing policies are as follows:

- (i) Property Management Services
  - (a) Scope

Property management and other value-added services for the properties and unsold parking lots owned or used by the Sunac Group and its associates

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## LETTER FROM THE BOARD

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(b) Pricing Policy

The fees to be charged for the Property Management Services will be determined after arm's length negotiations with reference to, where applicable, the prevailing market price (taking into account the location of the property projects, the scope of the services and the anticipated operation costs including but not limited to labour costs and administration costs), historical transaction amounts and the fees charged by the Group for providing similar services to Independent Third Parties. The fees to be charged for the Property Management Services shall not be higher than the guidance price of such services for similar type of property projects issued by the local government and shall not be lower than the fees charged to the Independent Third Parties.

(c) Payment Term

The fees to be charged for the Property Management Services are generally paid in advance.

(ii) Sales Assistance Services

(a) Scope

Sales site (including property sales venues and display units) management services

(b) Pricing Policy

The fees to be charged for the Sales Assistance Services will be determined after arm's length negotiations with reference to the prevailing market price (taking into account the location of the properties, the scope of the services and the anticipated operational costs), historical transaction amounts and the fees charged by the Group for providing similar services to Independent Third Parties.

(c) Payment Term

The fees to be charged for the Sales Assistance Services are generally paid monthly and will usually be settled within 30 days after the end of the relevant month.

(iii) Consultancy and Other Value-added Services

(a) Scope

Pre-delivery property preliminary planning and consultancy services, property project reception preparation work and engineering services

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## LETTER FROM THE BOARD

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(b) Pricing Policy

The fees to be charged for the Consultancy and Other Value-added Services will be determined after arm's length negotiations with reference to the prevailing market price (taking into account the location of the properties and the anticipated operational costs including labor costs), historical transaction amounts and the fees charged by the Group for providing similar services to Independent Third Parties.

(c) Payment Term

The fees to be charged for the Consultancy and Other Value-added Services are generally paid by installments and the final installment will usually be paid within 90 days after completion of all the work.

(iv) Housing Repair Services

(a) Scope

Quality control and repair and maintenance services for property projects

(b) Pricing Policy

The service fees for the Housing Repair Services payable by the Sunac Group shall be determined in the Individual Agreement(s) with reference to factors including but not limited to the prevailing market rates, expected operating costs, the cities where the relevant projects are located and configuration standards. The terms of the Individual Agreements shall be no less favourable to the Group than those entered into between the Group and Independent Third Parties for the provision of similar services.

(c) Payment Term

The fees to be charged for the Housing Repair Services are generally paid by installments and the final installment will usually be paid within 90 days after completion of all the work.

### **Internal control measures**

The pricing policy for all the continuing connected transactions of the Group will be supervised and monitored by the management and relevant personnel of the Group to ensure the relevant continuing connected transactions are conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its Shareholders as a whole.

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## LETTER FROM THE BOARD

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Before entering into any Individual Agreement in connection with the Property Management and Related Services Framework Agreement, the management and relevant personnel of the Group will propose a preliminary quotation based on the pricing policy as described above. The Group will then compare such quotation with those provided by the Group to Independent Third Parties (if any) and market quotations for comparable services, so as to ensure that the service fees to be received by the Group under the Individual Agreements are fair and reasonable.

In addition, the management and relevant personnel of the Group will review and assess the terms of the Individual Agreements to ensure that they are consistent with the principles and provisions set out in the Property Management and Related Services Framework Agreement, and are determined on normal commercial terms or on terms no less favourable to the Group than the terms available to the Group from Independent Third Parties.

Regular checks will be conducted by the Group on a quarterly basis to review and assess whether the price charged for an individual transaction is fair and reasonable and in accordance with the relevant pricing policy as described above. The management and relevant personnel of the Group will monitor the changes in the pricing factors and make adjustments as may be necessary.

The independent non-executive Directors will continue to review the transactions contemplated under the Property Management and Related Services Framework Agreement, and the auditors of the Company will also conduct an annual review on the pricing terms and annual caps under the Property Management and Related Services Framework Agreement.

In view of the foregoing, the Directors consider that the internal control mechanism is effective to ensure that the transactions contemplated under the Property Management and Related Services Framework Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

### **Terms of the Individual Agreements**

Pursuant to the Property Management and Related Services Framework Agreement, members of the Group and members of the Sunac Group shall, from time to time during the term of the Property Management and Related Services Framework Agreement, enter into separate Individual Agreements in respect of the Services, provided that such Individual Agreements shall be subject to the terms of the Property Management and Related Services Framework Agreement.

### **Termination of the Existing Framework Agreements**

Upon the Property Management and Related Services Framework Agreement becoming effective, each of the Existing Framework Agreements shall be terminated and cease to have any further effect.

## LETTER FROM THE BOARD

### HISTORICAL TRANSACTION FIGURES AND THE PROPOSED ANNUAL CAPS

#### Annual caps of Existing Framework Agreements

The annual caps for each of the three years ending on 31 December 2022 in respect of the Existing Framework Agreements are as follows:

	<b>For the financial year ended 31 December 2020 (RMB million)</b>	<b>For the financial year ended 31 December 2021 (RMB million)</b>	<b>For the financial year ending on 31 December 2022 (RMB million)</b>
the Property Management Services Framework Agreement	407.5	626.8	897.5
the Assistance Services Framework Agreement	1,141.4	1,255.5	1,381.1
the Consultancy and Other Value-added Services Framework Agreement	657.0	729.2	863.0
the Housing Repair Services Framework Agreement	–	230.0	230.0
<b>Total:</b>	<b>2,205.9</b>	<b>2,841.5</b>	<b>3,371.6</b>

#### Historical transaction figures

For the two financial years ended 31 December 2021 and five months ended 31 May 2022, the transaction amounts between the Group and the Sunac Group in relation to the Services were as follows:

	<b>For the financial year ended 31 December 2020 (RMB million)</b>	<b>For the financial year ended 31 December 2021 (RMB million)</b>	<b>For the five months ended 31 May 2022 (RMB million)</b>
the Property Management Services Framework Agreement	398.1	625.7	216.2
the Assistance Services Framework Agreement	942.9	1,083.7	240.4
the Consultancy and Other Value-added Services Framework Agreement	449.7	719.1	206.6
the Housing Repair Services Framework Agreement	–	228.2	169.3
<b>Total:</b>	<b>1,790.7</b>	<b>2,656.7</b>	<b>832.5</b>

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## LETTER FROM THE BOARD

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### Proposed annual caps

The proposed annual cap in respect of the Services for each of the three financial years ending on 31 December 2024 is as follows:

	<b>For the financial year ending on 31 December 2022<sup>Note</sup> (RMB million)</b>	<b>For the financial year ending on 31 December 2023 (RMB million)</b>	<b>For the financial year ending on 31 December 2024 (RMB million)</b>
Property Management Services	900.0	1,000.0	1,100.0
Sales Assistance Services	1,000.0	900.0	800.0
Consultancy and Other Value-added Services	1,221.6	1,221.6	1,221.6
Housing Repair Services	250.0	250.0	250.0
<b>Total:</b>	<b>3,371.6</b>	<b>3,371.6</b>	<b>3,371.6</b>

*Note:* The above proposed annual cap of each of the Services for the financial year ending on 31 December 2022 includes the relevant historical transaction amounts for the period from 1 January 2022 to the effective date of the Property Management and Related Services Framework Agreement.

The above annual cap was determined taking into account (i) the historical transaction amounts in respect of the Services; (ii) the future business development of Sunac Group, including amounts of property sales, property sales area, property delivery area, etc.; and (iii) the future business development plan of the Group.

### REASONS FOR AND BENEFITS OF RENEWAL OF PROPERTY MANAGEMENT AND RELATED SERVICES

The Company has been providing the Services to the Sunac Group since its establishment in 2004 and the majority of the Existing Framework Agreements with Sunac China will expire on 31 December 2022. As a property management service provider, property management and related services is one of the ordinary businesses of the Company. Renewal of such services with Sunac China continue to generate favourable business synergies with Sunac China and facilitate the business development of the Group.

The Directors (including the independent non-executive Directors who have taken into account the advice of the Independent Financial Adviser but excluding Mr. Wang Mengde who has abstained from voting on the Board resolutions as he is an executive director of Sunac China) are of the view that the terms of the Property Management and Related Services Framework Agreement (including the proposed annual caps) have been entered into in the ordinary course of business of the Group and are on normal commercial terms, and the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### APPROVAL BY THE BOARD

Mr. Wang Mengde has abstained from voting on the Board resolutions in relation to approving the Property Management and Related Services Framework Agreement as he is an executive director of Sunac China. Save for Mr. Wang Mengde, to the best of the Directors' knowledge, having made all reasonable enquiries, none of the Directors has any material interest in the transactions contemplated under the Property Management and Related Services Framework Agreement.

### GENERAL INFORMATION OF THE PARTIES

#### The Company

The Company is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the provision of property management services, commercial operation and management services and community living services and value-added services to non-property owners in the PRC.

#### Sunac China

Sunac China is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 01918). With a focus on its core business of real estate, the Sunac Group adheres to the "Real Estate +" strategy, and lays out six major segments, namely Sunac Real Estate, Sunac Services, Sunac Culture & Tourism, Sunac Culture, Sunac Conference & Exhibition, Sunac Medical & Health Care. Its business covers real estate development, property services, conferences and exhibitions, tourism and vacations, theme parks, commercial operations, hotel operations, medical services and health care, IP development and operation, film and television content production and distribution, and other fields.

### LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Sunac China holds a total of 64.80% interest in the Company. Sunac China is a controlling shareholder and a connected person of the Company under the Listing Rules. The transactions contemplated under the Property Management and Related Services Framework Agreement are of a recurrent nature and will occur on a continuing basis in the ordinary and usual course of business of the Group and, therefore, constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Property Management and Related Services Framework Agreement is 5% or more, the Property Management and Related Services Framework Agreement is subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Sunac China and its associates will abstain from voting on the resolutions to be passed at the EGM. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, as at the Latest Practicable Date, except Sunac China and its associates, none of the other Shareholders will be required to abstain from voting on the resolution(s) to be passed at the EGM.

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## LETTER FROM THE BOARD

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### EGM

A notice convening the EGM to be held on Tuesday, 9 August 2022 at 9:30 a.m. at Meeting Room 1-A, 3F, Conrad Tianjin, No. 46, Tianta Road, Nankai District, Tianjin, PRC is set out on pages EGM-1 to EGM-2 of this circular. Shareholders are advised to read the notice and complete and return the form of proxy for use at the EGM enclosed with this circular in accordance with the instructions printed thereon.

A form of proxy for the EGM is enclosed with this circular. Whether or not you are able to attend the EGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, No. 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so wish.

### RECOMMENDATION

Taking into consideration of the reasons set out in the paragraph headed "Reasons for and benefits of renewal of Property Management and Related Services" in this circular, the Directors (including the independent non-executive Directors who have taken into account the advice of the Independent Financial Adviser) are of the view that the transactions contemplated under the Property Management and Related Services Framework Agreement are conducted in the ordinary and usual course of business of the Group and the terms are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the ordinary resolution as set out in the notice of the EGM to approve the Property Management and Related Services Framework Agreement, the proposed annual caps and the transactions contemplated thereunder.

### ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 14 of this circular, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 15 to 35 of this circular and the information set out in the appendix of this circular.

By order of the Board  
**Sunac Services Holdings Limited**  
**Wang Mengde**  
*Chairman*

**SUNAC 融創服務**  
**SUNAC SERVICES HOLDINGS LIMITED**  
**融創服務控股有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 01516)**

*To the Independent Shareholders*

20 July 2022

Dear Sirs or Madams,

**CONTINUING CONNECTED TRANSACTIONS**  
**RENEWAL OF PROPERTY MANAGEMENT AND RELATED SERVICES**

We refer to the circular (the “**Circular**”) dated 20 July 2022 issued by the Company of which this letter forms part. Capitalised terms used in this letter have the same meanings as those defined in the Circular unless specified otherwise.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders in relation to the Property Management and Related Services Framework Agreement, the proposed annual caps and the transactions contemplated thereunder. Opus Capital has been appointed by the Company as the Independent Financial Adviser to advise us and the Independent Shareholders in this regard.

We wish to draw your attention to (i) the letter from the Board set out on pages 5 to 13 of the Circular; (ii) the letter from Opus Capital as set out on pages 15 to 35 of the Circular which contains its recommendation to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Property Management and Related Services Framework Agreement, the proposed annual caps and the transactions contemplated thereunder as well as the principal factors and reasons considered by Opus Capital in arriving at its recommendation; and (iii) the additional information as set out in the appendix to the Circular.

After taking into account the factors and reasons considered by Opus Capital and its conclusion and advice, we concur with its views and consider that the Property Management and Related Services Framework Agreement, the proposed annual caps and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, and the terms are fair and reasonable so far as the Company and the Shareholders are concerned, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favor of the resolution to be proposed at the EGM to approve the Property Management and Related Services Framework Agreement, the proposed annual caps and the transactions contemplated thereunder.

Yours faithfully,

**Independent Board Committee**

**Ms. WANG Lihong**

**Mr. YAO Ning**

**Mr. ZHAO Zhonghua**

*Independent non-executive Directors*

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## LETTER FROM OPUS CAPITAL

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Set out below is the text of a letter from Opus Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Property Management and Related Services Framework Agreement and the transactions contemplated thereunder (including the annual caps) for the purpose of inclusion in this circular.



18th Floor, Fung House  
19-20 Connaught Road Central  
Central, Hong Kong

20 July 2022

To: *The Independent Board Committee and the Independent Shareholders of Sunac Services Holdings Limited*

Dear Sirs or Madams,

### CONTINUING CONNECTED TRANSACTIONS RENEWAL OF PROPERTY MANAGEMENT AND RELATED SERVICES

#### INTRODUCTION

We refer to our appointment by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Property Management and Related Services Framework Agreement and the transactions contemplated thereunder (including the annual caps) (“**Continuing Connected Transactions**”), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 20 July 2022 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined or the context requires otherwise.

As stated in the Letter from the Board, references are made to the prospectus of the Company dated 9 November 2020 in relation to, among others, the continuing connected transactions and the Company’s announcement dated 11 June 2021. On 4 November 2020, the Company and Sunac China entered into the Property Management Services Framework Agreement, the Assistance Services Framework Agreement and the Consultancy and Other Value-added Services Framework Agreement and on 11 June 2021, the Company and Sunac China entered into the Housing Repair Services Framework Agreement. As certain continuing connected transactions relating to the property management and related services will expire on 31 December 2022, on 29 April 2022, the Company and Sunac China entered into the Property Management and Related Services Framework Agreement (as supplemented by a supplemental agreement dated 14 July 2022), pursuant to which the Group conditionally agreed to renew and consolidate the existing property management and related services provided to members of the Sunac Group, subject to the approval by the Independent Shareholders at the EGM.

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## LETTER FROM OPUS CAPITAL

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As at the Latest Practicable Date, Sunac China holds a total of 64.80% interest in the Company. Sunac China is a controlling shareholder and a connected person of the Company under the Listing Rules. The transactions contemplated under the Property Management and Related Services Framework Agreement are of a recurrent nature and will occur on a continuing basis in the ordinary and usual course of business of the Group and, therefore, constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

To the best of the Directors' knowledge having made all reasonable enquiries, Mr. Wang Mengde, as an executive director of Sunac China, has abstained from voting on the Board resolutions in relation to approving the Property Management and Related Services Framework Agreement. Save for Mr. Wang Mengde, none of the Directors has any material interest in the transactions contemplated under the Property Management and Related Services Framework Agreement.

As the highest applicable percentage ratio in respect of the Property Management and Related Services Framework Agreement is 5% or more, the Property Management and Related Services Framework Agreement is subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Sunac China and its associates will abstain from voting on the resolutions to be passed at the EGM. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, as at the Latest Practicable Date, except Sunac China and its associates, none of the other Shareholders will be required to abstain from voting on the resolution(s) to be passed at the EGM.

### **THE INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee of the Company comprising Ms. Wang Lihong, Mr. Yao Ning and Mr. Zhao Zhonghua, all being independent non-executive Directors, has been established to consider and make a recommendation to the Independent Shareholders on: (i) whether the terms of the Property Management and Related Services Framework Agreement and the Continuing Connected Transactions are on normal commercial terms and fair and reasonable; (ii) whether the Continuing Connected Transactions are entered into in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as whole; and (iii) how the Independent Shareholders should vote in respect to the relevant resolutions to be proposed at the EGM to approve the Property Management and Related Services Framework Agreement and the Continuing Connected Transactions. Our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in the same respect has been approved by the Independent Board Committee pursuant to the Rule 13.84 of the Listing Rules.

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## LETTER FROM OPUS CAPITAL

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### OUR INDEPENDENCE

We do not have any relationship with, or interest in, the Group, Sunac China, the Sunac Group or other parties that could reasonably be regarded as relevant to our independence. During the two years immediately prior to this letter, we have not acted in the capacity as financial adviser or as an independent financial adviser or in any other capacity to the Company. Apart from normal independent financial advisory fee paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Group, Sunac China, the Sunac Group or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider ourselves independent pursuant to Rule 13.84 of the Listing Rules.

### BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things:

- (i) the Company's annual report for the year ended 31 December ("FY") 2021 (the "**2021 Annual Report**");
- (ii) the Company's annual report for FY2020 (the "**2020 Annual Report**");
- (iii) the Property Management and Related Services Framework Agreement (as supplemented by a supplemental agreement dated 14 July 2022); and
- (iv) other information as set out in the Circular.

We have relied on the truth, accuracy and completeness of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Company, the Directors and the management of the Group (collectively, the "**Management**"). We have assumed that all information and representations contained or referred to in the Circular and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the EGM.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Management in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has 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 Management, which have been provided to us.

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## LETTER FROM OPUS CAPITAL

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We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided by the Management, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospects.

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts not contained in this letter, the omission of which would make any statement herein misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection for their consideration of the terms of the Property Management and Related Services Framework Agreement and the Continuing Connected Transactions, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

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

#### 1. Background information of the Group

The Group is principally engaged in the provision of property management services, commercial operation and management services and community living services and value-added services to non-property owners in the PRC.

The following is a summary of the financial results of the Group for each of FY2020 and FY2021, as extracted from the 2021 Annual Report:

**Table 1: Highlights of the financial results of the Group**

	Audited	
	FY2021	FY2020
	(RMB'000)	(RMB'000)
Revenue	7,903,674	4,625,166
– Property management services	4,538,512	2,773,519
– Value-added services to non-property owners	2,681,715	1,672,743
– Community living services	507,376	176,247
– Commercial operational services	176,071	2,657

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## LETTER FROM OPUS CAPITAL

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	<b>Audited</b>	
	<b>FY2021</b> <i>(RMB'000)</i>	<b>FY2020</b> <i>(RMB'000)</i>
Gross profit	2,490,970	1,275,697
Profit before income tax	1,784,975	816,816
Profit attributable to the owners of the Company	1,276,326	596,799

*Sources: the 2021 Annual Report*

During FY2021, the Group recorded revenue of approximately RMB7,903.7 million, representing a substantial increase of approximately 70.9% from approximately RMB4,625.2 million for FY2020 (restated). Such increase in revenue was primarily due to the substantial increase in the gross floor area (“GFA”) under management and the development of community living services.

The Group recorded profit attributable to the owners of the Company of approximately RMB1,276.3 million for FY2021, representing a significant increase of approximately 113.9% from approximately RMB596.8 million for FY2020 (restated). The significant increase in profit attributable to the owners of the Company was mainly attributable to: (i) the revenue growth brought by the continuous increase in GFA under management; (ii) the increase in gross profit margin brought by economies of scale and cost control measures; and (iii) the decrease in the administrative expenses as a percentage of total revenue brought by expense control measures.

The following is a summary of the financial positions of the Group as at 31 December 2021, as extracted from the 2021 Annual Report:

**Table 2: Highlights of the financial positions of the Group**

	<b>Audited</b>	
	<b>As at 31 December</b>	
	<b>2021</b> <i>(RMB'000)</i>	<b>2020</b> <i>(RMB'000)</i>
Non-current assets	3,248,791	1,950,478
Current assets	10,219,475	11,008,983
Non-current liabilities	249,768	272,371
Current liabilities	4,545,511	2,955,935
Net asset value (“NAV”) attributable to the owners of the Company	8,501,525	9,679,874

*Source: the 2021 Annual Report*

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## LETTER FROM OPUS CAPITAL

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As at 31 December 2021, the total assets and liabilities of the Group were approximately RMB13,468.3 million and RMB4,795.3 million respectively, as compared to the total assets and liabilities of approximately RMB12,959.5 million and approximately RMB3,228.3 million as at 31 December 2020 respectively. The Group recorded a decrease in NAV attributable to the owners of the Company as at 31 December 2021 of approximately RMB1,178.3 million or 12.2% as compared to that as at 31 December 2020, which was mainly attributable to the acquisition of 100% interest in Rongle Times (Hainan) Commercial Management Co., Ltd by the Company on 7 November 2021, resulting in a decrease of RMB1,800 million in NAV attributable to owners of the Company under the application of merger accounting for business combinations under common control in accordance with Hong Kong accounting standards.

### **2. Background information of Sunac China**

Sunac China is a limited company incorporated in Cayman Islands, and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 01918). With a focus on its core business of real estate, the Sunac Group adheres to the “Real Estate +” strategy, and lays out six major segments, namely Sunac Real Estate, Sunac Services, Sunac Culture & Tourism, Sunac Culture, Sunac Conference & Exhibition, Sunac Medical & Health Care. Its business covers real estate development, property services, conferences and exhibitions, tourism and vacations, theme parks, commercial operations, hotel operations, medical services and health care, IP development and operation, film and television content production and distribution, and other fields.

### **3. Background Information on the Property Management Industry in China**

As set out on the website of the National Bureau of Statistics of the PRC (<http://data.stats.gov.cn>), the PRC’s gross domestic product (“GDP”) in 2021 reached RMB114.4 trillion, registering an increase of about RMB13.0 trillion or 8.1% growth year-on-year, as compared to 2020 when the economy was temporarily and adversely affected by the outbreak of the COVID-19 pandemic (the “Pandemic”). As a result of the Pandemic together with a changing environment in the real estate industry, the property management industry of the PRC experienced a short-term recession. However, the impacts of the Pandemic are short-term as a series of policies and measures have been implemented to support the economic recovery and property management companies, including but not limited to, implementing a proactive fiscal policy and a prudent monetary policy, and implementing policies such as burden reduction and relief, including tax cuts, tax rebates, etc. At the same time, for the property management industry, notices were issued by ten ministries to encourage and guide property management companies to upgrade to high quality and diversification, and the service space and content were extended. Such policies and measures jointly create a favorable atmosphere for the property management industry. According to China Index Academy (“CIA”) (being the largest independent property research organisation with more than 15 offices nationwide, which provides comprehensive and accurate property/land data in a timely manner and generates key market insights for clients), the property management industry in the PRC should maintain its stable growth with the expected market size in terms of GFA under management reaching 31.1 billion sq.m in 2024. The accelerated development

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of the industry is mainly attributable to the rapid urbanisation, increasing household per capita disposable income, development of commodity housing, and favorable government policies and initiatives. In particular, pursuant to the Fourteenth Five Year Plan, the PRC government has announced the target urbanisation rate of the resident population\* (常住人口城鎮化) for the next five years from 2021 to be approximately 65.0%. In this connection, the PRC government promoted urbanisation in the PRC through, among others, (i) accelerating the agricultural population urbanisation\* (加快農業轉移人口市民化) by implementing two main strategies, namely further reform of the household registration system\* (深化戶籍制度改革) and improvement on the system for promoting urbanisation of agricultural population\* (健全促進農業轉移人口市民化的機制); and (ii) improving urbanisation layout\* (完善城鎮化空間佈局) by implementing five strategies, namely promote the integrated development of conurbations\* (推動城市群一體化發展), construct modernised metropolitan areas\* (建設現代化都市圈), optimise and enhance functions of central urban areas in mega-sized-cities\* (優化提升超大特大城市中心城區功能), improve habitability and employability in large and medium-sized cities\* (完善大中城市宜居宜業功能) and promote urbanisation construction with counties/cities as major carriers\* (推進以縣城為重要載體的城鎮化建設). Accordingly, the development of the PRC real estate market continues to be influenced by changes in the PRC government policies at a national and regional level, the market environment as well as the overall economic development of the PRC. In view of the above, it is expected that the continuous increase in the urbanisation rate in the PRC and the recovery of the PRC economy shall continue to drive the growth of the PRC real estate and the property management industries in the long term.

#### **4. Reasons for and benefits for the Continuing Connected Transactions**

As disclosed in the Letter from the Board, the Company has been providing the Services to the Sunac Group since its establishment in 2004 and the majority of the Existing Framework Agreements with Sunac China will expire on 31 December 2022. As a property management service provider, property management and related services is one of the ordinary business of the Company. Renewal of such services with Sunac China continue to generate favourable business synergies with Sunac China and facilitate the business development of the Group.

With reference to the 2021 Annual Report, the following framework agreements were entered into between the Company and Sunac China on 4 November 2020, pursuant to the existing continuing connected transactions: (i) under the Property Management Services Framework Agreement, the Group agreed to provide to Sunac Group and its associates property management services for the properties and unsold parking lots owned or used by Sunac Group and its associates; (ii) under the Sales Assistance Services Framework Agreement, the Group agreed to provide sales assistance services to Sunac Group and its associates to assist with their sales and marketing activities at property sales venues and display units; and (iii) under the Consultancy and Other Value-added Services Framework Agreement, the Group agreed to provide certain value-added services to Sunac Group and its associates, including but not limited to (a) consultancy services from the perspective of property management with respect to preliminary planning and design, engineering and construction; (b) pre-delivery services such as site clearing and assistance with preparatory work; and (c) engineering services for the

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hardware upgrade of smart management of property projects. As stated in the announcement of the Company dated 11 June 2021, the Housing Repair Services Framework Agreement was entered into between the Company and Sunac China on 11 June 2021, pursuant to which members of the Group agreed to provide property pre-delivery quality control and repair and maintenance services within the warranty period after delivery.

As disclosed in the prospectus of the Company dated 9 November 2020, the Group has a long standing relationship with Sunac Group as the Group first provided property management and related services to Sunac Group over 18 years ago. Benefiting from such long standing relationship, the Company is familiar with the strategies, standards and requirements of Sunac Group and is therefore able to provide tailored services to Sunac Group to meet its specific needs. It is therefore believed that the Group has also contributed to the branding and quality promotion of Sunac Group's property products, which in turn may facilitate the provision of services and improve customer satisfaction of the Group.

Having considered that (i) as stated in the section headed "3. Background Information on the Property Management Industry in China", the property management market in China is expected to grow steadily and the growth trend is expected to continue in the next few years; (ii) the existing continuing connected transactions will be recurring in nature and similar transactions have been taking place in the past years in the ordinary and usual course of business of the Group; and (iii) Sunac China has been one of the major customers of the Group for property management related services, the continuation of the Continuing Connected Transactions under the Property Management and Related Services Framework Agreement will maintain the Group's business operation, we are of the view that the entering into of the Property Management and Related Services Framework Agreement is in the interests of the Company and the Shareholders as a whole.

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### 5. Principal terms of the Property Management and Related Services Framework Agreement

As stated in the Letter from the Board, on 29 April 2022, the Company and Sunac China entered into a framework agreement (as supplemented by a supplemental agreement dated 14 July 2022) in relation to the provision of certain property management services by members of the Group to members of the Sunac Group. Principal terms of the Property Management and Related Services Framework Agreement are set out as follows:

Duration: The term of the Services will be from 1 January 2022 to 31 December 2024, subject to renewal upon expiration.

Scope of Services and Pricing Policies: (i) Property Management Services

(a) Scope

Property management and other value-added services for the properties and unsold parking lots owned or used by the Sunac Group and its associates

(b) Pricing Policy

The fees to be charged for the Property Management Services will be determined after arm's length negotiations with reference to, where applicable, the prevailing market price (taking into account the location of the property projects, the scope of the services and the anticipated operation costs including but not limited to labour costs and administration costs), the historical transaction amounts and the fees charged by the Group for providing similar services to Independent Third Parties. The fees to be charged for the Property Management Services shall not be higher than the guidance price of such services for similar type of property projects issued by the local government and shall not be lower than the fees charged to the Independent Third Parties.

(c) Payment Term

The fees to be charged for the Property Management Services are generally paid in advance.

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(ii) Sales Assistance Services

(a) Scope

Sales site (including property sales venues and display units) management services

(b) Pricing Policy

The fees to be charged for the Sales Assistance Services will be determined after arm's length negotiations with reference to the prevailing market price (taking into account the location of the properties, the scope of the services and the anticipated operational costs), the historical transaction amounts and the fees charged by the Group for providing similar services to Independent Third Parties.

(c) Payment Term

The fees to be charged for the Sales Assistance Services are generally paid monthly and will usually be settled within 30 days after the end of the relevant month.

(iii) Consultancy and Other Value-added Services

(a) Scope

Pre-delivery property preliminary planning and consultancy services, property project reception preparation work and engineering services

(b) Pricing Policy

The fees to be charged for the Consultancy and Other Value-added Services will be determined after arm's length negotiations with reference to the prevailing market price (taking into account the location of the properties and the anticipated operational costs including labour costs), the historical transaction amounts and the fees charged by the Group for providing similar services to Independent Third Parties.

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(c) Payment Term

The fees to be charged for the Consultancy and Other Value-added Services are generally paid by instalments and the final instalment will usually be paid within 90 days after completion of all work.

(iv) Housing Repair Services

(a) Scope

Quality control and repair and maintenance services for property projects

(b) Pricing Policy

The service fees for the Housing Repair Services payable by the Sunac Group shall be determined in the Individual Agreement(s) with reference to factors including but not limited to the prevailing market rates, expected operating costs, the cities where the relevant projects are located and configuration standards. The terms of the Individual Agreements shall be no less favourable to the Group than those entered into between the Group and Independent Third Parties for the provision of similar services.

(c) Payment Term

The fees to be charged for the Housing Repair Services are generally paid by instalments and the final instalment will usually be paid within 90 days after completion of all the work.

Internal control measures:

The pricing policy for all the continuing connected transactions of the Group will be supervised and monitored by the management and relevant personnel of the Group to ensure the relevant continuing connected transactions are conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its Shareholders as a whole.

Before entering into any Individual Agreement in connection with the Property Management and Related Services Framework Agreement, the management and relevant personnel of the Group will propose a preliminary quotation based on the pricing policy as described above. The Group will then compare such quotation with those provided by the Group to Independent Third Parties (if any) and market quotations for comparable services, so as to ensure that the service fees to be received by the Group under the Individual Agreements are fair and reasonable.

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## LETTER FROM OPUS CAPITAL

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In addition, the management and relevant personnel of the Group will review and assess the terms of the Individual Agreements to ensure that they are consistent with the principles and provisions set out in the Property Management and Related Services Framework Agreement, and are determined on normal commercial terms or on terms no less favourable to the Group than the terms available to the Group from Independent Third Parties.

Regular checks will be conducted by the Group on a quarterly basis to review and assess whether the price charged for an individual transaction is fair and reasonable and in accordance with the relevant pricing policy as described above. The management and relevant personnel of the Group will monitor the changes in the pricing factors and make adjustments as may be necessary.

The independent non-executive Directors will continue to review the Continuing Connected Transactions and the auditors of the Company will also conduct an annual review on the pricing terms and annual caps under the Property Management and Related Services Framework Agreement.

Terms of the Individual Agreements:

Pursuant to the Property Management and Related Services Framework Agreement, members of the Group and members of the Sunac Group shall, from time to time during the term of the Property Management and Related Services Framework Agreement, enter into separate Individual Agreements in respect of the Services, provided that such Individual Agreements shall be subject to the terms of the Property Management and Related Services Framework Agreement.

Termination of the Existing Framework Agreements:

Upon the Property Management and Related Services Framework Agreement becoming effective, each of the Existing Framework Agreements shall be terminated and cease to have any further effect.

### *Review of the principal terms*

Primarily, we have reviewed both the Existing Framework Agreements and the Property Management and Related Services Framework Agreement and we note that the pricing and other principal terms of the Property Management and Related Services Framework Agreement continues to follow those of the Property Management Services Framework Agreement, the Assistance Services Framework Agreement and the Consultancy and Other Value-added

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## LETTER FROM OPUS CAPITAL

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Services Framework Agreement entered between the Company and Sunac China dated 4 November 2020, and that of the Housing Repair Services Framework Agreement entered between the Company and Sunac China dated 11 June 2021.

Secondly, the service fees to be charged for the Property Management Services, Sales Assistance Services and Consultancy and Other Value-added Services will be determined after arm's length negotiations with reference to the prevailing market price (taking into account the location of the property projects or properties, the scope of services and the anticipated operational costs including labor costs to be incurred and administration costs), the historical transaction amounts and the fees charged by the Group for providing similar services to Independent Third Parties. The fees to be charged for the Property Management Services shall not be higher than the guidance price of such services for similar type of property projects issued by the local government and shall not be lower than the fees charged to the Independent Third Parties. In connection with the Housing Repair Services, the services fees shall be determined in the Individual Agreement(s) with reference to factors including but not limited to the prevailing market rates, expected operating costs, the cities where the relevant projects are located and configuration standards. The terms of the Individual Agreements shall be no less favourable to the Group than those entered into between the Group and Independent Third Parties for the provision of similar services. According to the internal control procedures as set out in the subsection headed "Internal control measures" in the Letter from the Board, before entering into any Individual Agreement in connection with the Property Management and Related Services Framework Agreement, with the consideration of (i) when providing quotations to the Sunac Group, the management and relevant personnel of the Group is required to make reference to the comparable services offered to other Independent Third Parties customers (if available), or obtain the prevailing market rate (if applicable), the guidance price of such services for similar type of property projects issued by the local government (if applicable); (ii) the management and relevant personnel of the Group will review and assess the terms of the Individual Agreements to ensure that they are consistent with the principles and provisions set out in the relevant framework agreement; and (iii) the management and relevant personnel of the Group will conduct regular checks on a quarterly basis to review the relevant records to ensure the price charged and other terms offered by the Group to the Sunac Group are no more favourable than those offered to Independent Third Parties customers. For our independent review working of the Group's internal control procedures carried out under the term of the Existing Framework Agreements, please refer to the section headed "6. Internal control procedures and review of the Continuing Connected Transactions" below.

Lastly, we also noted from the relevant price quotations as contemplated under the Sample Transactions (as defined below) that: (a) pursuant to the Property Management Services, the fees to be charged for the Property Management Services are generally paid in advance, which are in line with the Group's standard payment terms offered to Independent Third Parties customers under similar conditions and the market practice; (b) the payment terms offered to the Independent Third Parties customers were shorter than or equal to 30 days after the end of the relevant month, which is the payment terms offered to Sunac Group for the Sales Assistance Services; and (c) in connection with the Consultancy and Other Value-added

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## LETTER FROM OPUS CAPITAL

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Services and Housing Repair Services, the payment terms offered to Independent Third Parties customers would be determined with reference to the progressive payment method which is generally adopted in construction related projects. In this regard, the payment terms offered to the Sunac Group for the Continuing Connected Transactions are no less favourable to the Group than those offered to the Independent Third Parties customers.

Based on the above, we are of the view that the pricing and other terms of the Property Management and Related Services Framework Agreement are on normal commercial terms which are no less favourable to the Group than those available from other Independent Third Parties customer.

### *Historical actual transactions amount*

As stated in the Letter from the Board, the table below sets out: (i) the historical actual transaction amounts of the Services for FY2020, FY2021 and for the five months (“5M”) ended 31 May 2022; (ii) the annual caps for each of FY2020, FY2021 and FY2022 in respect of the Existing Framework Agreements; and (iii) the respective utilisation rates of the annual caps for each of FY2020, FY2021 and FY2022 in respect of the Existing Framework Agreements.

**Table 3: The existing annual caps and the historical actual transaction amounts of the Services for FY2020, FY2021 and FY2022**

	<b>FY2020</b> <i>RMB' million</i>	<b>FY2021</b> <i>RMB' million</i>	<b>5M2022</b> <i>RMB' million</i>
Historical transaction figures:			
– the Property Management Services Framework Agreement	398.1	625.7	216.2
– the Assistance Services Framework Agreement	942.9	1,083.7	240.4
– the Consultancy and Other Value-added Services Framework Agreement	449.7	719.1	206.6
– the Housing Repair Services Framework Agreement	–	228.2	169.3
<b>Total historical transaction figures</b>	<b>1,790.7</b>	<b>2,656.7</b>	<b>832.5</b>
<b>Existing approved annual caps</b>	<b>2,205.9</b>	<b>2,841.5</b>	<b>3,371.6</b>
<b>Utilisation rates</b>	<b>81.2%</b>	<b>93.5%</b>	<b>(for FY2022) 24.7%</b>

## LETTER FROM OPUS CAPITAL

As illustrated above, the historical actual transaction amount of the Services increased by approximately 48.4% from approximately RMB1,790.7 million for FY2020 to approximately RMB2,656.7 million for FY2021. We noted that the utilisation rates of the Services for the historical annual caps for FY2020 and FY2021 are relatively high in general, representing approximately 81.2% and 93.5% respectively. The historical actual transaction amount of the Services for 5M2022 amounted to approximately RMB832.5 million, registering a utilisation rate of approximately 24.7% of the existing annual cap of RMB3,371.6 million for FY2022. Should the historical actual transaction amount of the Services for 5M2022 be annualised, the projected transaction amount of the Services for FY2022 would amount to approximately RMB1,998.0 million, representing an utilisation rate of approximately 59.3%. The relatively low utilisation rate of the Services for the annual cap for 5M2022 was mainly due to (i) the impacts of the Pandemic, which lead to certain cities where the Group has business operations in have been under lockdown, resulting in the inability to carry out certain businesses of the Group; (ii) based on Sunac Group's annual pattern of property sales, the property sales in the first five months throughout one year were lower, resulting in less revenue from the Group's sales assistance services; and (iii) based on Sunac Group's annual pattern of property delivery, the delivery area of properties in the first five months was less, resulting in less revenue from the Group's property project reception preparation services and property project maintenance services. Considering that the Pandemic was expected to be gradually under control, the pace of property sales and delivery of Sunac Group will gradually accelerate with the seasons, and the annual cap utilisation rate of the Services will increase faster.

As stated in the Letter from the Board, the table below sets out the proposed annual cap in respect of the Services for each of the FY2022, FY2023 and FY2024. For FY2022, it includes the relevant historical transaction amounts for the period from 1 January 2022 to the effective date of the Property Management and Related Services Framework Agreement.

**Table 4: The proposed annual caps of the Services for FY2022, FY2023 and FY2024**

	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
Property Management Services	900.0	1,000.0	1,100.0
Sales Assistance Services	1,000.0	900.0	800.0
Consultancy and Other Value-added Services	1,221.6	1,221.6	1,221.6
Housing Repair Services	250.0	250.0	250.0
<b>Total:</b>	<b>3,371.6</b>	<b>3,371.6</b>	<b>3,371.6</b>

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## LETTER FROM OPUS CAPITAL

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### *Basis for determining the proposed annual cap of the Services*

As stated in the Letter from the Board, the proposed annual cap in respect of the Services was determined by reference to: (i) the historical transaction amounts in respect of the Services; (ii) the future business development of Sunac Group, including amounts of property sales, property sales area, property delivery area, etc.; and (iii) the future business development plan of the Group.

### *Caps Computation*

In assessing the reasonableness of the proposed annual cap of the Services, we have discussed with the Management on the basis and underlying assumptions for the purpose of setting the proposed annual caps of the Services. We have also obtained and reviewed from the Management the computation worksheets for the annual caps in respect of the Continuing Connected Transactions (the “**Caps Computation**”) which is mainly based on the followings:

- (i) as abovementioned under “Table 3: The existing annual caps and the historical actual transaction amounts of the Services for FY2020, FY2021 and FY2022”, (a) the historical actual transaction amounts of the Services for FY2020 and FY2021, represented a year-on-year growth of approximately 48.4%; and (b) the historical actual transaction amounts of the Services for 5M2022 of approximately RMB832.5 million and the expected acceleration in the transaction amounts in the remaining seven months in 2022. On this basis, the proposed annual cap for FY2022 is considered to be reasonable. Furthermore, we understand from the Management has, to the extent possible, factored in the aforesaid historical fluctuations as well as potential growth in demand with a view to avoid a situation whereby the proposed annual caps may become insufficient and lead to the possibility of a cessation of the Services in a short period of time and cause undue disruption to the subject projects. Such possible temporary cessation may be unduly burdensome and/or lengthy as it may subject to further administrative and/or approval procedures of two separate listed companies, where required, such would not be in the interests of the Company’s operations or reputation;
- (ii) the estimated demand of Services to be provided by the Group under the Property Management and Related Services Agreement is mainly driven by the progress and development of the relevant property projects of the Sunac Group at the relevant time. In this connection, we have conducted due diligence research on the business and operations of the Sunac Group. With reference to the 2021 interim report of Sunac Group, as at 30 June 2021, the Sunac Group and its joint ventures and associates were engaged in a total of 964 property development projects, with a site floor area of approximately 165 million sq.m. and an estimated saleable GFA of approximately 364 million sq.m., which represented an increase by approximately 19.3%, 5.8% and 7.1% respectively, as compared to a total of 808 property development projects, with a site floor area of approximately 156 million sq.m. and an estimated saleable GFA of approximately 340 million sq.m. as at 31 December

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## LETTER FROM OPUS CAPITAL

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2020 as stated in the 2020 annual report of Sunac Group. In addition, as at 30 June 2021, the Sunac Group and its joint ventures and associates had a total land bank of approximately 278 million sq.m. and attributable land bank of approximately 164 million sq.m., which registered an increase by approximately 7.8% and 1.9% respectively, as compared to a total land bank of approximately 258 million sq.m. and attributable land bank of approximately 161 million sq.m. as at 31 December 2020;

- (iii) as advised by the Management, the proposed annual cap in respect of the Services was projected based on the proposed annual cap under each of the Existing Framework Agreements. For the Property Management Services Framework Agreement, the annual cap was projected based on (a) the estimated deliverable property area by Sunac Group and (b) estimated property management fee to be charged by the Company after taking into account the estimated vacancy rate based on the historical figures. For the Assistance Services Framework Agreement, the annual cap was projected based on (a) the estimated sales of the properties of Sunac Group and (b) estimated assistance services fee rate to be charged by the Company. As advised by the Management, Sunac Group's sales volume is expected to decline owing to the changing environment of the overall real estate market. As a result, the proposed annual cap of Sales Assistance Services gradually decreased from RMB1,000.0 million for FY2022 to RMB900.0 million for FY2023 and further decreased to RMB800.0 million for FY2024, representing a reduction of approximately 10.0% and 11.1% respectively. For the Consultancy and Other Value-added Services Framework Agreement, the annual cap was projected based on the sum of (a) the estimated upfront service fee to be charged by the Company which was projected based on the estimated property delivery area by Sunac Group and estimated unit service fee to be charged by the Company and (b) estimated construction service fee to be charged by the Company. For the Housing Repair Services Framework Agreement, the annual cap was projected on the estimated unit service fee to be charged by the Company.

Having considered the basis on which the proposed annual cap of the Services are determined as described above, we are of the view that such annual cap is fair and reasonable so far as the Independent Shareholders are concerned.

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## LETTER FROM OPUS CAPITAL

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### 6. Internal control procedures and review of the Continuing Connected Transactions

The Group has adopted certain internal control measures over the conduct of the Continuing Connected Transactions. Details of the internal control system are set out in the section headed “Property Management and Related Services Framework Agreement” in the Letter from the Board. The Management consider that the internal control mechanism is effective to ensure that the transactions contemplated under the Property Management and Related Services Framework Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

Based on the above, we have understood the internal control procedures of the Group and noted that there are stringent controls in the transaction approval and implementation process. We have understood, including but not limited to: (i) quarterly annual caps utilisation under the Existing Framework Agreements; (ii) quarterly updates on the price charged for an individual transaction under the Existing Framework Agreements; (iii) the Company’s half-yearly audit reviews of the Continuing Connected Transactions under the Existing Framework Agreements; and (iv) the review record of the management and relevant personnel in assessing the terms of the individual agreements. In addition, we have assessed the fairness and reasonableness of the pricing mechanism by obtaining and reviewing eight sets of price quotations offered to the Sunac Group and compared against eight sets of price quotations offered to Independent Third Parties customers based on substantially the same requirements and/or specification for each type of the Services covering each of the (a) Property Management Services; (b) Sales Assistance Services; (c) Consultancy and Other Value-added Services; and (d) Housing Repair Services during FY2020, FY2021 and FY2022 (the “**Review Period**”) prepared by the Group under the Existing Framework Agreements. Such samples were collected randomly on a yearly basis. Considering that (i) a total of 16 samples (the “**Sample Transactions**”) were selected on a random basis which covered each of the Existing Framework Agreements and (ii) such Sample Transactions are selected during the Review Period as contemplated under the Existing Framework Agreements. The aggregated contract sum of the Sample Transactions was approximately RMB18.1 million (excluding Sample Transactions relating to the Property Management Services as the contract value was subject to the unit price per sq.m. and therefore the sum of contract value was not made available), with the lowest and highest contract value ranging from approximately RMB0.5 million to approximately RMB5.2 million. According to the samples collected, we note that each contract was reviewed when appropriate, by the responsible relevant personnel and internal audit department before the individual agreement was entered into. Besides, the prices were checked by the Management or the relevant personnel independently with reference to the market price of similar services with reference quotations to independent customers as to make sure the price would not be higher than the price charged to independent customers on similar terms. For the pricing policy of the Sample Transactions, we noted that it is in line with the Group’s pricing policy as set out in the above section headed “5. Principal terms of the Property Management and Related Services Framework Agreement”, that the service fees of the Property Management Services, Sales Assistance Services and Consultancy and Other Value-added Services will be determined with reference to the prevailing market price (taking into account the location of the property projects or properties, the scope of services and the anticipated operation costs to be incurred

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## LETTER FROM OPUS CAPITAL

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including but not limited to labour costs and administration costs), the historical transaction amounts and the fees charged by the Group for providing similar services to Independent Third Parties. The fees to be charged for the Property Management Services shall not be higher than the guidance price of such services for similar type of property projects issued by the local government and shall not be lower than the fees charged to the Independent Third Parties. In connection with the Housing Repair Services, the services fees shall be determined in the Individual Agreement(s) with reference to factors including but not limited to the prevailing market rates, expected operating costs, the cities where the relevant projects are located and configuration standards. The terms of the Individual Agreements shall be no less favourable to the Group than those entered into between the Group and Independent Third Parties for the provision of similar services.

Based on our discussion with the Management, in regards to Property Management Services, the guidance price issued by the local government are generally available. We have performed desktop research on the relevant local government's website and compare against the price quotations we obtained as abovementioned, we noted that the fees charged by the Company for Property Management Services have followed the guidance price as stipulated by the respective local government. In respect of Sales Assistance Services, Consultancy and Other Value-added Services and Housing Repair Services, as the government guidance price for similar type of property projects are generally not applicable, we understand from the Management that both Independent Third Parties customer and the Sunac Group were charged in accordance with a standard pricing list maintained by the Group, which applies to providing Sales Assistance Services, Consultancy and Other Value-added Services and Housing Repair Services to both Independent Third Parties and connected parties (the "**Standard Pricing List**"), the Standard Pricing List was based on the market research conducted by the Company which consists of the charging rates adopted by the comparable property management companies, and in particular, charging rates adopted by comparable property management companies in a specific city or region for Housing Repairing Services. Service details including the charge rates of at least two to three comparable property management companies were collected to determine the price charged for each service would not fall below the prevailing market rate. We have obtained and reviewed the Standard Pricing List and noted that the Standard Pricing List sets out the price for providing Sales Assistance Services, Consultancy and Other Value-added Services and Housing Repair Services, such pricing is determined with reference to the market information collected by the Group. As advised by the Management, the operation department would monitor and update the Standard Pricing List if there is significant price change based on the then prevailing market information on the applicable services.

We consider that the internal control procedures contained in the internal control manual of the Group are sufficient and effective to implement the Continuing Connected Transactions and are in the ordinary and usual course of business, on normal commercial terms or better.

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## LETTER FROM OPUS CAPITAL

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### *Review by the external auditors and the independent non-executive Directors*

Pursuant to Rule 14A.56 of the Listing Rules, the Company must engage its external auditors to review the continuing connected transactions annually to check and confirm, among others, whether the pricing terms have been adhered to and whether the relevant caps have been exceeded. With reference to the 2020 Annual Report and the 2021 Annual Report, the Company had engaged PricewaterhouseCoopers, the independent auditors of the Company (the “**Auditors**”) to report on the continuing connected transactions in relation to the Existing Framework Agreements (the “**Historical Transactions**”) in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. We have obtained and reviewed the reports issued by the Auditors for FY2020 and FY2021 and note that the Auditors have concluded that nothing had come to their attention that caused them to believe that:

- (i) the Historical Transactions have not been approved by the Board;
- (ii) the Historical Transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing the Historical Transactions; and
- (iv) the Historical Transactions have exceeded the relevant cap amounts during FY2020 and FY2021.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors must review annually the continuing connected transactions and confirm in the Company’s annual report whether the continuing connected transactions have been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole. We note the independent non-executive Directors have issued such confirmation in respect of the Historical Transactions in the 2020 Annual Report and the 2021 Annual Report.

Based on the above, we are of the view that the implementation of the above internal control procedures can ensure that the pricing terms of the Continuing Connected Transactions can be on normal commercial terms, fair and reasonable, and in particular, on terms that are no less favourable to the Group than those offered to the Independent Third Parties customers and that the Continuing Connected Transactions can be conducted as agreed in the Property Management and Related Services Framework Agreement and in compliance with Chapter 14A of the Listing Rules.

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## LETTER FROM OPUS CAPITAL

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### OPINION AND RECOMMENDATION

Having considered the abovementioned principal factors and reasons, we are of the view that (i) the terms of the Property Management and Related Services Framework Agreement and the Continuing Connected Transactions are on normal commercial terms and fair and reasonable; (ii) the Continuing Connected Transactions are entered into in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. We therefore advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant resolutions approving the Property Management and Related Services Framework Agreement and the Continuing Connected Transactions at the EGM.

Yours faithfully,  
For and on behalf of  
**Opus Capital Limited**  
**Li Lan**  
*Executive Director*

*Mr. Li Lan is an Executive Director of Opus Capital Limited and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Li has over 16 years of corporate finance experience in Hong Kong and has participated in and completed various financial advisory and independent financial advisory transactions.*

\* *For identification purposes only.*

## 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 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

### (a) Directors' interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, save as disclosed below, none of the Directors or the chief executives of the Company or their respective associates had or was deemed to have any interests and short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) 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 and short positions which the Directors or the chief executives of the Company or their respective associates were deemed or taken to have under provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

#### (i) *Interests in Shares of the Company*

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of interest in the Company
Mr. Wang Mengde	Beneficial owner	1,707,734	0.06%
Ms. Cao Hongling	Beneficial owner	1,680,563	0.05%
Ms. Yang Man	Beneficial owner	410,687	0.01%
Mr. Lu Peng	Beneficial owner	45,814	0.001%
Mr. Gao Xi	Beneficial owner	793,000	0.03%
Ms. Wang Lihong	Beneficial owner	100,965	0.003%

*Note:* Based on the 3,056,844,000 Sunac Services shares in issue as at the Latest Practicable Date.

*(ii) Interests in underlying Shares of the Company*

Name of Director	Nature of interest	Number of unvested shares awarded under the share award scheme	Approximate percentage of interest in the Company
Mr. Wang Mengde	Beneficial owner	450,000	0.01%
Ms. Cao Hongling	Beneficial owner	1,375,000	0.04%
Ms. Yang Man	Beneficial owner	486,000	0.02%
Mr. Lu Peng	Beneficial owner	50,000	0.002%
Mr. Gao Xi	Beneficial owner	125,000	0.004%

*Note:* Based on the 3,056,844,000 Sunac Services shares in issue as at the Latest Practicable Date.

*(iii) Interests in shares of the Company's associated corporations*

Name of Director	Name of associated corporation	Nature of interest	Number of Shares held	Approximate percentage of interest in the Company
Mr. Wang Mengde	Sunac China	Beneficial owner	18,087,000	0.33%
Ms. Cao Hongling	Sunac China	Beneficial owner	3,098,500	0.06%
Ms. Yang Man	Sunac China	Beneficial owner	29,508	0.001%
Mr. Lu Peng	Sunac China	Beneficial owner	626,199	0.01%
Mr. Gao Xi	Sunac China	Beneficial owner	586,000	0.01%
Ms. Wang Lihong	Sunac China	Beneficial owner	30,000	0.001%

*Note:* Based on the 5,448,883,911 Sunac China shares in issue as at the Latest Practicable Date.

*(iv) Interests in underlying shares of the Company's associated corporations*

Name of Director	Name of associated corporation	Nature of interest	Number of outstanding share options granted under the share option schemes	Number of unvested shares awarded under the share award scheme	Approximate percentage of interest in the Company
Mr. Wang Mengde	Sunac China	Beneficial owner	2,800,000	950,000	0.07%
Ms. Cao Hongling	Sunac China	Beneficial owner	1,830,082	220,000	0.04%
Ms. Yang Man	Sunac China	Beneficial owner	–	22,000	0.0004%
Mr. Lu Peng	Sunac China	Beneficial owner	560,000	405,000	0.02%
Mr. Gao Xi	Sunac China	Beneficial owner	1,200,000	354,000	0.03%

*Note:* Based on the 5,448,883,911 Sunac China shares in issue as at the Latest Practicable Date.

As at the Latest Practicable Date, save as disclosed below, none of the Directors is a director or employee of a company which has, or is deemed to have, an interest or a short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

<b>Name of Director</b>	<b>Title</b>	<b>Company</b>
Mr. WANG Mengde	Director	Sunac China

**(b) Substantial Shareholders' interests and short positions**

As at the Latest Practicable Date, save as disclosed below, so far as was known to any Director or chief executive of the Company, no other person or company (other than the Directors or chief executives of the Company) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register kept by the Company pursuant to section 336 of the SFO which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

<b>Name of Shareholder</b>	<b>Nature of interest/Capacity</b>	<b>Number of Shares held<sup>(1)</sup></b>	<b>Approximate percentage of interest in the Company<sup>(2)</sup></b>
Sun Hongbin	Founder of a discretionary trust	2,046,662,489(L)	66.95%
(“Mr. Sun”) <sup>(4)(5)(6)(7)</sup>	Interest of controlled corporation	1,567,117(L)	0.05%
	Beneficial owner	1,466,472(L)	0.05%
South Dakota Trust Company LLC <sup>(6)</sup>	Trustee	2,046,662,489(L)	66.95%
Sunac Holdings LLC <sup>(5)</sup>	Interest of controlled corporation	2,046,662,489(L)	66.95%
Sunac International Investment Holdings Ltd <sup>(4)</sup>	Interest of controlled corporation	1,980,941,000(L)	64.80%
	Beneficial owner	65,721,489(L)	2.15%
Sunac China <sup>(3)</sup>	Interest of controlled corporation	1,980,941,000(L)	64.80%
Sunac Services Investment Limited <sup>(3)</sup>	Beneficial owner	1,540,000,000(L)	50.38%
Sunac Shine (PTC) Limited (“Sunac Shine”) <sup>(3)</sup>	Trustee	440,941,000(L)	14.42%

*Notes:*

- (1) The letter “L” denotes a long position in the Shares.
- (2) Based on the 3,056,844,000 Sunac Services shares in issue as at the Latest Practicable Date.
- (3) Sunac Services Investment Limited is wholly owned by Sunac China. Sunac Shine is wholly-owned by Sunac China and acts as the trustee of the Sunac Services Share Award Scheme Trust which is set up for the purpose of a share award scheme adopted on 11 June 2021. By virtue of the SFO, Sunac China is deemed to be interested in the Shares held by Sunac Services Investment and Sunac Shine.
- (4) As at the Latest Practicable Date, Sunac China was owned as to (i) approximately 37.49% by Sunac International Investment Holdings Ltd, (ii) approximately 0.89% by Tianjin Biaodi Enterprise Management Co., Ltd., which was indirectly wholly owned by Mr. Sun, and (iii) approximately 0.37% by Mr. Sun. By virtue of the SFO, Sunac International Investment Holdings Ltd and Mr. Sun are deemed to be interested in the same number of Shares in which Sunac China is interested.
- (5) Sunac International Investment Holdings Ltd is owned as to 70% by Sunac Holdings LLC. By virtue of the SFO, Sunac Holdings LLC is deemed to be interested in the same number of Shares in which Sunac International Investment Holdings Ltd is interested.
- (6) Sunac Holdings LLC is wholly owned by South Dakota Trust Company LLC, a discretionary trust set up by Mr. Sun as the founder. By virtue of the SFO, South Dakota Trust Company LLC and Mr. Sun are deemed to be interested in the same number of Shares in which Sunac Holdings LLC is interested.
- (7) Tianjin Biaodi Enterprise Management Co., Ltd. is indirectly wholly owned by Mr. Sun. By virtue of the SFO, Mr. Sun is deemed to be interested in the same number of Shares in which Tianjin Biaodi Enterprise Management Co., Ltd. is interested.

**3. DIRECTORS’ COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors nor their respective close associates is and was interested in any business (other than the Group’s business) which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

**4. DIRECTORS’ INTERESTS IN ASSETS**

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors had any interest, either directly or indirectly, in any assets which has since 31 December 2021 (being the date to which the latest published audited consolidated financial statements of the Group were made up), up to the Latest Practicable Date, been acquired or disposed of by or leased to, any member of the Group or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

**5. DIRECTORS’ SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

**6. DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE**

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which is significant in relation to the businesses of any member of the Group.

**7. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited financial statements of the Company were made up.

**8. EXPERT AND CONSENT**

The following are the qualifications of the expert who has given opinion contained in this circular:

<b>Name</b>	<b>Qualification</b>	<b>Date of advice</b>
Opus Capital	a corporation licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO	20 July 2022

Opus Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which they respectively appeared.

As at the Latest Practicable Date, Opus Capital did not have any direct or indirect interest in any assets which had been acquired, 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 2021, the date to which the latest audited financial statements of the Group was made up; and had no shareholding, directly or indirectly, in any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

**9. MISCELLANEOUS**

The English text of this circular shall prevail over its respective Chinese text for the purpose of interpretation.

**10. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.sunacservice.com>) for a period of 14 days from the date of this circular:

- a. the Property Management and Related Services Framework Agreement dated 29 April 2022 and the supplemental agreement to the Property Management and Related Services Framework Agreement dated 14 July 2022;
- b. the letter from the Independent Board Committee, the text of which is set out on page 14 of this circular;
- c. the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 15 to 35 of this circular;
- d. the written consent referred to in the paragraph headed “Expert and Consent “in this appendix; and
- e. this circular.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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**SUNAC 融創服務**

**SUNAC SERVICES HOLDINGS LIMITED**

**融創服務控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 01516)**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**EGM**”) of Sunac Services Holdings Limited (the “**Company**”) will be held on Tuesday, 9 August 2022 at 9:30 a.m. at Meeting Room 1-A, 3F, Conrad Tianjin, No. 46, Tianta Road, Nankai District, Tianjin, PRC for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as an ordinary resolution of the Company:

Unless otherwise defined, capitalised terms used therein shall have the same meanings as those defined in the circular of the Company dated 20 July 2022 (the “**Circular**”).

### **ORDINARY RESOLUTION**

**“THAT:**

- (a) the entering into of the Property Management and Related Services Framework Agreement dated 29 April 2022 and the supplemental agreement to the Property Management and Related Services Framework Agreement dated 14 July 2022 (a copy of each of the Property Management and Related Services Framework Agreement dated 29 April 2022 and the supplemental agreement to the Property Management and Related Services Framework Agreement dated 14 July 2022 has been produced to the EGM and marked “A” and “B” and initialed by the chairman of the EGM for the purposes of identification), all the transactions contemplated thereunder, and the proposed annual caps set out in the Circular, be and are hereby approved, confirmed and ratified; and
- (b) any one Director, or any two Directors if the affixation of the common seal of the Company is necessary, be and is/are hereby authorised for and on behalf of the Company to do all such acts and things and sign, agree, ratify or execute all such documents which he/she/they in his/her/their discretion considers necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Property Management and Related Services Framework Agreement dated 29 April 2022 and the aforementioned supplemental agreement and any of the transactions contemplated thereunder and to agree to such variations, amendments or waivers of matters relating thereto as are, in the opinion of such Director, in the interest of the Company.”

By order of the Board  
**Sunac Services Holdings Limited**  
**Wang Mengde**  
*Chairman*

Hong Kong, 20 July 2022

*Registered Office:*

Intertrust Corporate Services (Cayman) Limited  
One Nexus Way, Camana Bay  
Grand Cayman, KY1-9005  
Cayman Islands

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Notes:*

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and on a poll, vote on his/her behalf. A proxy need not be a member of the Company.
2. Where there are joint registered holders of any Share, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such Share as if he/she is solely entitled thereto, but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Share shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy together with any power of attorney (if any) or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, No. 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time for holding the EGM (or any adjournment thereof).
4. For the purpose of determining the eligibility of the shareholders of the Company to attend and vote at the above meeting, the register of members of the Company will be closed from Thursday, 4 August 2022 to Tuesday, 9 August 2022 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the above meeting, all transfer of shares of the Company accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, 3 August 2022.
5. The above resolution will be put to vote at the EGM by way of poll.
6. In order to facilitate the prevention and control of the novel coronavirus pandemic and to safeguard the public health, shareholders of the Company are encouraged to consider appointing the chairman of the EGM as his/her/their proxy to vote on the relevant resolutions, instead of attending the EGM in person.

*As at the date of this notice, the chairman of the Board and non-executive director is Mr. Wang Mengde; the executive directors are Ms. Cao Hongling and Ms. Yang Man; the non-executive directors are Mr. Lu Peng and Mr. Gao Xi; and the independent non-executive directors are Ms. Wang Lihong, Mr. Yao Ning and Mr. Zhao Zhonghua.*