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

If you have sold or transferred all your shares in **Jinmao Property Services Co., Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or 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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JINMAO PROPERTY SERVICES CO., LIMITED
金茂物業服務發展股份有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 00816)

**CONTINUING CONNECTED TRANSACTIONS IN RELATION
TO THE RENEWAL OF
THE EXISTING FRAMEWORK AGREEMENTS**

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



A letter from the Board is set out on pages 5 to 34 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 35 of this circular. A letter from Red Sun Capital, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 36 to 88 of this circular.

A notice convening the EGM to be held at 6F, YouAn International Tower, Unit 2, Xitieying Middle Avenue, Fengtai District, Beijing, the PRC on Friday, 22 December 2023 at 3:00 p.m. is set out on pages 94 to 97 of this circular. A form of proxy for use at the EGM is enclosed with this circular.

Whether or not you are able to attend and vote at 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 share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable and in any event not later than 48 hours (excluding any part of a day that is a public holiday) 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.

30 November 2023

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the meanings respectively set opposite to them:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Car Park Space(s)”	unsold car park space(s) and/or other asset(s)
“China Jinmao”	China Jinmao Holdings Group Limited (中國金茂控股集團有限公司), a company incorporated in Hong Kong with limited liability and the immediate controlling shareholder of the Company, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00817)
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	Jinmao Property Services Co., Limited (金茂物業服務發展股份有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00816)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at 6F, YouAn International Tower, Unit 2, Xitieying Middle Avenue, Fengtai District, Beijing, the PRC on Friday, 22 December 2023 at 3:00 p.m.
“Existing Consultancy and Other Value-added Services Framework Agreement”	the consultancy and other value-added services framework agreement dated 21 February 2022 entered into by and between the Company and China Jinmao

DEFINITIONS

“Existing Framework Agreements”	the Existing Property Management Services Framework Agreement, the Existing Sales Assistance Services Framework Agreement, the Existing Property Agency Services Framework Agreement, and the Existing Consultancy and Other Value-added Services Framework Agreement
“Existing Property Agency Services Framework Agreement”	the property agency services framework agreement dated 21 February 2022 entered into by and between the Company and China Jinmao
“Existing Property Management Services Framework Agreement”	the property management services framework agreement dated 21 February 2022 entered into by and between the Company and China Jinmao, as amended by the supplemental agreement dated 25 October 2022 entered into by and between the Company and China Jinmao
“Existing Sales Assistance Services Framework Agreement”	the sales assistance services framework agreement dated 21 February 2022 entered into by and between the Company and China Jinmao
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all independent non-executive Directors, namely, Dr. Chen Jieping, Dr. Han Jian and Mr. Sincere Wong
“Independent Financial Adviser” or “Red Sun Capital”	Red Sun Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under each of the New Framework Agreements
“Independent Shareholders”	the Shareholders other than China Jinmao and its associates

DEFINITIONS

“Jinmao Connected Persons”	China Jinmao and its associates (excluding, for the avoidance of doubt, the Group)
“Jinmao Group”	China Jinmao and its subsidiaries
“Latest Practicable Date”	24 November 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Consultancy and Other Value-added Services Framework Agreement”	the consultancy and other value-added services framework agreement dated 26 October 2023 entered into by and between the Company and China Jinmao
“New Framework Agreements”	the New Property Management Services Framework Agreement, the New Sales Assistance Services Framework Agreement, the New Property Agency Services Framework Agreement, and the New Consultancy and Other Value-added Services Framework Agreement
“New Property Agency Services Framework Agreement”	the property agency services framework agreement dated 26 October 2023 entered into by and between the Company and China Jinmao
“New Property Management Services Framework Agreement”	the property management services framework agreement dated 26 October 2023 entered into by and between the Company and China Jinmao
“New Sales Assistance Services Framework Agreement”	the sales assistance services framework agreement dated 26 October 2023 entered into by and between the Company and China Jinmao
“PRC”	the People’s Republic of China, and for the purpose of this circular only, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus of the Company dated 25 February 2022
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of ordinary share(s) of the Company
“Sinochem Corporation”	Sinochem Corporation (中國中化股份有限公司), a company with limited liability incorporated under the laws of the PRC, the holding company of Sinochem Hong Kong and held as to 98.00% by Sinochem Group
“Sinochem Group”	Sinochem Group Co., Ltd. (中國中化集團有限公司), a state-owned enterprise incorporated in the PRC, the holding company of Sinochem Corporation and a wholly-owned subsidiary of Sinochem Holdings
“Sinochem Holdings”	Sinochem Holdings Corporation Ltd. (中國中化控股有限責任公司), a state-owned enterprise incorporated in the PRC, which is the ultimate controlling shareholder of China Jinmao
“Sinochem Hong Kong”	Sinochem Hong Kong (Group) Company Limited (中化香港(集團)有限公司), a company incorporated in Hong Kong with limited liability, the immediate controlling shareholder of China Jinmao holding approximately 37.09% of its total issued shares, and a wholly-owned subsidiary of Sinochem Corporation
“sq.m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	percent

LETTER FROM THE BOARD



JINMAO PROPERTY SERVICES CO., LIMITED
金茂物業服務發展股份有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 00816)

Executive Directors

Mr. Song Liuyi (*Chairman of the Board*)
Mr. Xie Wei (*Chief Executive Officer*)
Ms. Zhou Liye (*Chief Financial Officer*)

Non-executive Directors

Ms. Qiao Xiaojie
Mr. Gan Yong

Independent Non-executive Directors

Dr. Chen Jieping
Dr. Han Jian
Mr. Sincere Wong

Registered Office

Rooms 4702-03, 47/F
Office Tower Convention Plaza
1 Harbour Road
Wanchai
Hong Kong

***Corporate Headquarters and Principal
Place of Business in the PRC***

6F, YouAn International Tower
Unit 2, Xitieying Middle Avenue
Fengtai District
Beijing PRC

30 November 2023

To the shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS IN RELATION TO
THE RENEWAL OF
THE EXISTING FRAMEWORK AGREEMENTS**

INTRODUCTION

Reference is made to the announcement of the Company dated 26 October 2023 in relation to the continuing connected transactions contemplated under New Framework Agreements, which are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The purpose of this circular is to provide you with (i) further information on the details of the New Framework Agreements; (ii) the letter from the Independent Board Committee to the Independent Shareholders; (iii) the letter from Red Sun Capital to the Independent Board Committee and the Independent Shareholders; (iv) the notice of the EGM; and (v) other information as required under the Listing Rules.

LETTER FROM THE BOARD

CONTINUING CONNECTED TRANSACTIONS UNDER THE NEW FRAMEWORK AGREEMENTS

References are made to the section headed “Connected Transactions” of the Prospectus, the announcement of the Company dated 25 October 2022 and the circular of the Company dated 23 November 2022 in relation to, among other things, the continuing connected transactions of the Group with Jinmao Connected Persons contemplated under the Existing Framework Agreements (collectively, the “**Relevant Disclosure**”).

As the term of the Existing Framework Agreements will expire on 31 December 2023 and the Group intends to continue to enter into the transactions of similar nature after that date, the Company entered into the New Framework Agreements with China Jinmao for a term from 1 January 2024 to 31 December 2026 on 26 October 2023. Most of the terms of the New Framework Agreements are substantially the same as those of the Existing Framework Agreements.

(A) Continuing Connected Transactions Under the New Property Management Services Framework Agreement

Principal Terms of the New Property Management Services Framework Agreement

Date

26 October 2023

Parties

- (i) The Company
- (ii) China Jinmao

Nature of transactions

Pursuant to the New Property Management Services Framework Agreement, the Company (for itself and on behalf of the Group) agreed to provide (i) property management services to the Jinmao Connected Persons, in respect of property units developed by the Jinmao Connected Persons which have been sold but not yet been delivered to the buyers of such property units, and properties owned, used or operated by the Jinmao Connected Persons, and (ii) those services provided to property owners and residents who have paid their property management fees to the Group by redeeming the reward points they earned through the reward program developed by China Jinmao (the “**Property Management Services**”).

LETTER FROM THE BOARD

With respect to item (ii) of the Property Management Services, China Jinmao has developed a reward program whereby the customers of Jinmao Group can earn reward points for money spent on transactions with Jinmao Group, such as purchasing properties developed by Jinmao Group and booking hotel rooms owned by Jinmao Group, and redeem the reward points to pay all or part of the fees for their selected products or services, which may include the property management fees payable to the Group. For the fees for the property management services to be provided by the Group which are to be paid by property owners and residents by redeeming the reward points, China Jinmao or its designated subsidiaries will reimburse the equivalent amount of such property management fees to the Group in cash.

Pricing

The fees payable by the Jinmao Connected Persons to the Group in respect of the Property Management Services under the New Property Management Services Framework Agreement shall be determined on arm's length basis with reference to the following:

- (i) the size and location of the relevant properties;
- (ii) the scope and standards of the Property Management Services;
- (iii) the expected operational costs (including, among others, labor costs, material costs and administrative costs) of the Group in relation to the provision of the Property Management Services; and
- (iv) the fees charged by other property management service providers for similar services in respect of similar types of properties in the market, with such information collected in the process of the Group's price researches through, among others, information exchange within the industry, industry talent from other property management service providers recruited by the Group, enquiries made to third party property management service providers for comparable services, and publicly available information (such as websites, annual reports, circulars and announcements) disclosed by other listed and private companies. The fees charged by the Group to the Jinmao Connected Persons shall not be higher than the standard fees designated by the relevant regulatory authorities (only applicable if the province and/or the city in the PRC in which the property is situated has such regulation), with such standard fees mostly designated by the relevant Municipal Development and Reform Commission and applicable to all property management service providers within the relevant province or city (as the case may be), and priced at different levels according to, among others, the type of property and level of services; and the terms offered by the Group to the Jinmao Connected Persons shall not be less favorable to the Group than the terms offered by the Group to independent customers for the same or similar type and scope of property management services, such that the fees per sq.m. payable by the Jinmao Connected Persons to the Group will be no less than the fees per sq.m. payable by independent customers for the same type and scope of property management services provided by the Group.

LETTER FROM THE BOARD

For the services to be provided to property owners and residents who will pay their property management fees to the Group by redeeming the reward points, the Jinmao Group will reimburse the equivalent amount of such property management fees to the Group in cash on a dollar-to-dollar basis.

Payment

The relevant member of the Group shall enter into a specific agreement with the relevant member of the Jinmao Connected Persons pursuant to the New Property Management Services Framework Agreement in respect of each transaction regarding the provision of Property Management Services. Subject to the terms and conditions of the New Property Management Services Framework Agreement, the specific agreement shall set forth the details of the specific services, the price and basis of determination of the services, the method of payment, and the specific duration of the services.

Term

Subject to obtaining the approval from the Independent Shareholders at the EGM, the New Property Management Services Framework Agreement shall take effect from 1 January 2024 and expire on 31 December 2026, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under the Listing Rules and all other applicable law and regulations (including the Civil Code of the PRC).

Annual Caps

Existing annual caps

The existing annual caps of the transactions contemplated under the Existing Property Management Services Framework Agreement for the two years ended 31 December 2022 and 2023 are set forth below:

	Year ended 31 December 2022 RMB'000	Year ending 31 December 2023 RMB'000
Maximum aggregate annual amount of fees charged by the Group for the provision of Property Management Services	200,000	250,000

LETTER FROM THE BOARD

Historical transaction amounts

The total transaction amounts for the provision of the Property Management Services charged by the Group to the Jinmao Connected Persons for the two years ended 31 December 2021 and 2022 and the six months ended 30 June 2023 are set forth below:

	Year ended 31 December 2021 RMB'000	Year ended 31 December 2022 RMB'000	Six months ended 30 June 2023 RMB'000
Amount of fees charged by the Group for the provision of Property Management Services	104,246	146,845	61,447

With respect to the transactions contemplated under the Existing Property Management Services Framework Agreement, the actual transaction amounts for the year ended 31 December 2022 did not exceed the existing annual cap as set out in the Relevant Disclosure, and the Company expects that the existing annual cap for the year ending 31 December 2023 will not be exceeded as at the date of the EGM.

The relatively low utilization of the annual cap for the year ending 31 December 2023 during the six months ended 30 June 2023 was mainly a reflection of the Group's annual pattern that the amount of fees charged by the Group for the provision of Property Management Services in the first half of the year would be less as compared to the second half of the year, as a result of, among others, the settlement date of fees for Property Management Services more commonly falling at the end of the year, and the utility costs incurred by the Group in the process of delivering Property Management Services which would be reimbursed by the Jinmao Connected Persons being commonly higher during the winter.

Proposed annual caps and factors taken into account in determining annual caps

It is estimated that the maximum annual amounts of fees chargeable by the Group and payable by the Jinmao Connected Persons in relation to the Property Management Services for the three years ending 31 December 2024, 2025 and 2026 will not, in aggregate, exceed the amounts set out in the table below:

	Year ending 31 December		
	2024 RMB'000	2025 RMB'000	2026 RMB'000
Maximum aggregate annual amount of fees charged by the Group for the provision of Property Management Services	280,000	320,000	350,000

LETTER FROM THE BOARD

The following factors were considered in arriving at the above annual caps:

- (i) the historical transaction amounts in respect of the Property Management Services, and the growth trend in the transaction amount over the two years ended 31 December 2021 and 2022 and the six months ended 30 June 2023 which aligns with the business expansion of the Group as evidenced by the rapid growth of its contracted GFA and GFA under management in recent years. While the annualized amount of fees charged for the provision of Property Management Services for the year of 2023 based on the historical transaction amounts for the six months ended 30 June 2023 represents a decrease as compared to the historical transaction amounts for the year ended 31 December 2022, it was simply a reflection of the Group's annual pattern that the amount of fees charged by the Group for the provision of Property Management Services in the first half of the year would be less as compared to the second half of the year. In fact, as at 30 June 2023, the Group's contracted GFA was approximately 94.5 million sq.m., and GFA under management was approximately 71.0 million sq.m., representing an increase of approximately 35.8% and approximately 56.0%, respectively, as compared to those of 30 June 2022. In particular, since 2022, the Group has started to provide Property Management Services for more office buildings operated by Jinmao Group, which has further increased the amount of transactions with the Jinmao Connected Persons;
- (ii) the estimated revenue from the Jinmao Connected Persons in the range between RMB80 million and RMB110 million to be recognised by the Group for each of the three years ending 31 December 2026 based on the existing signed contracts with the Jinmao Connected Persons on the provision of Property Management Services. As at 30 June 2023, the Group was contracted to manage 101 properties developed by the Jinmao Connected Persons which were yet to be delivered with a total contracted GFA of approximately 11.22 million sq.m.;
- (iii) the estimated GFA to be delivered by the Jinmao Connected Persons in the three years ending 31 December 2026, taking into consideration the properties under development and land bank held by the Jinmao Connected Persons as at 31 December 2022 as well as their business plan, in particular, the saleable/leasable GFA of approximately 98.5 million sq.m. which were yet to be delivered by Jinmao Group as disclosed in the annual report of China Jinmao for the year ended 31 December 2022. It is expected that an aggregate of approximately 139 property management projects (with additional GFA of approximately 4.6 million sq.m., 5.1 million sq.m. and 5.3 million sq.m. for each of the three years ending 31 December 2026, respectively) will be awarded by the Jinmao Connected Persons to the Group for the three years ending 31 December 2026, based on the property development plan and the estimated delivery schedule of the Jinmao Connected Persons;

LETTER FROM THE BOARD

- (iv) the scope of the Property Management Services which includes those services provided to property owners and residents who have paid their property management fees to the Group by redeeming the reward points they earned through the reward program launched by China Jinmao. In estimating the amount of such fees to be paid by the Jinmao Connected Persons for services provided to property owners and residents, the Group has made reference to its revenue generated from the property management services provided to the independent third parties for the six months ended 30 June 2023 of approximately RMB688,393,000, and, having taken into account historical reimbursement amounts pursuant to the reward program, assumed that approximately 2% of the property management fees payable by the independent third parties for the three years ending 31 December 2024, 2025 and 2026 would be reimbursed by Jinmao Group pursuant to the reward program. The Company currently expects that the annual amount to be reimbursed by Jinmao Group under the reward program will account for no more than 10% of the annual caps for the three years ending 31 December 2024, 2025 and 2026;
- (v) the estimated management fees to be charged by the Group, with reference to the management fees charged during the two years ended 31 December 2021 and 2022 and the six months ended 30 June 2023 as well as the prevailing market rates for similar services in respect of similar types of properties; and
- (vi) a reasonable buffer of 10% to cater for any additional demand of the Jinmao Connected Persons for the Property Management Services, inflation and currency fluctuations and on the general assumption that there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group and the Jinmao Connected Persons during the projected period.

(B) Continuing Connected Transactions Under the New Sales Assistance Services Framework Agreement

Principal Terms of the New Sales Assistance Services Framework Agreement

Date

26 October 2023

Parties

- (i) The Company
- (ii) China Jinmao

LETTER FROM THE BOARD

Nature of transactions

Pursuant to the New Sales Assistance Services Framework Agreement, the Company (for itself and on behalf of the Group) agreed to provide sales assistance service to the Jinmao Connected Persons with respect to properties developed by them, to assist with their sales and marketing activities at property sales venues and display units (the “**Sales Assistance Services**”).

Pricing

The fees payable by the Jinmao Connected Persons to the Group under the New Sales Assistance Services Framework Agreement will be determined on arm’s length basis with reference to the following:

- (i) the size and location of the relevant properties;
- (ii) the scope of the Sales Assistance Services;
- (iii) the expected operational costs (including, among others, labor costs, material costs and administrative costs) of the Group in relation to the provision of the Sales Assistance Services; and
- (iv) the fees charged by other service providers for similar services in respect of similar types of properties in the market, with such information collected in the process of the Group’s price researches through, among others, information exchange within the industry, industry talent from other sales assistance service providers recruited by the Group, enquiries made to third party sales assistance service providers for comparable services, and publicly available information (such as websites, annual reports, circulars and announcements) disclosed by other listed and private companies. The terms offered by the Group to the Jinmao Connected Persons shall not be less favorable to the Group than the terms offered by the Group to its independent customers for the same or similar type and scope of sales assistance services.

Payment

The relevant member of the Group shall enter into a specific agreement with the relevant member of the Jinmao Connected Persons pursuant to the New Sales Assistance Services Framework Agreement in respect of each transaction regarding the provision of Sales Assistance Services. Subject to the terms and conditions of the New Sales Assistance Services Framework Agreement, the specific agreement shall set forth the details of the specific services, the price and basis of determination of the services, the method of payment, and the specific duration of the services.

LETTER FROM THE BOARD

Term

Subject to obtaining the approval from the Independent Shareholders at the EGM, the New Sales Assistance Services Framework Agreement shall take effect from 1 January 2024 and expire on 31 December 2026, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under the Listing Rules and all other applicable law and regulations (including the Civil Code of the PRC).

Annual Caps

Existing annual caps

The existing annual caps of the transaction contemplated under the Existing Sales Assistance Services Framework Agreement for the two years ended 31 December 2022 and 2023 are set forth below:

	Year ended 31 December 2022 RMB'000	Year ending 31 December 2023 RMB'000
Maximum aggregate annual amount of fees charged by the Group for the provision of Sales Assistance Services	330,000	390,000

Historical transaction amounts

The total transaction amounts for the provision of the Sales Assistance Services charged by the Group to the Jinmao Connected Persons for the two years ended 31 December 2021 and 2022 and the six months ended 30 June 2023 are set forth below:

	Year ended 31 December 2021 RMB'000	Year ended 31 December 2022 RMB'000	Six months ended 30 June 2023 RMB'000
Amount of fees charged by the Group for the provision of Sales Assistance Services	219,626	214,895	95,347

With respect to the transactions contemplated under the Existing Sales Assistance Services Framework Agreement, the actual transaction amounts for the year ended 31 December 2022 did not exceed the existing annual cap as set out in the Relevant Disclosure, and the Company expects that the existing annual cap for the year ending 31 December 2023 will not be exceeded as at the date of the EGM.

LETTER FROM THE BOARD

The relatively low utilization of the annual caps for the years ended 31 December 2022 and ending 31 December 2023 during 2022 and the six months ended 30 June 2023 was mainly due to (i) macroeconomic factors at the time such as the effect of COVID-19 pandemic (the “**Market Conditions**”), which led to the actual demand for certain services provided by the Group for the year ended 31 December 2022 and/or the six months ended 30 June 2023 being lower than expected (as a result of less new properties being delivered by the Jinmao Connected Persons or otherwise); and (ii) announcement at the time of PRC government policies intended to promote sustainable and healthy long-term development of, but with the short-term effect of tightening the regulation of, the PRC property development industry (the “**Policy Conditions**”), including the strict implementation of the three red lines* (三條紅線) from around the second half of 2020 by the PRC government on the PRC real estate development industry, which led to, among others, less new properties being delivered by the Jinmao Connected Persons in the year ended 31 December 2022 and/or the six months ended 30 June 2023.

Proposed annual caps and factors taken into account in determining annual caps

It is estimated that the maximum annual amounts of fees chargeable by the Group and payable by the Jinmao Connected Persons in relation to the Sales Assistance Services for the three years ending 31 December 2024, 2025 and 2026 will not, in aggregate, exceed the amounts set out in the table below:

	Year ending 31 December		
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Maximum aggregate annual amount of fees charged by the Group for the provision of Sales Assistance Services	200,000	240,000	270,000

The following factors were considered in arriving at the above annual caps:

- (i) the historical transaction amounts;
- (ii) the estimated increase in demand for the Sales Assistance Services as a result of the projected growth in sales activities of the Jinmao Connected Persons for the three years ending 31 December 2026, taking into consideration the properties under development and land bank held by the Jinmao Connected Persons as at 31 December 2022 and the estimated time of pre-sale as well as their business plan in light of the positive PRC property development market trend. In view of the effect of COVID-19 pandemic reducing, the gross domestic product of the PRC for the third quarter of 2023 recording a period-on-period growth compared to the corresponding period in the prior year of approximately 4.9% based on the data published by the National

LETTER FROM THE BOARD

Bureau of Statistics of the PRC, the continuous increase in urbanization rate in the PRC, as well as the recent announcements of PRC government policies in support of the PRC property development industry (including “Notice of Measures Regarding Reduction of Interest Rates on Outstanding First Home Mortgages” (《關於降低存量首套住房貸款利率有關事項的通知》) and “Notice of Adjusting and Optimizing Differential Housing Credit Policies” (《關於調整優化差別化住房信貸政策的通知》) announced by the People’s Bank of China and the National Administration of Financial Regulation on 31 August 2023), it is expected that the PRC property development market will gradually stabilize and the pace of delivery of new properties by the Jinmao Connected Persons will gradually accelerate over the three years ending 31 December 2026;

- (iii) the estimated service fees to be charged in respect of the Sales Assistance Services, with reference to the service fees charged during the two years ended 31 December 2021 and 2022 and the six months ended 30 June 2023 as well as the prevailing market rates for similar services in respect of similar types of properties;
- (iv) the new smart platform which the Group expects to start operating in 2024 and which will widen the scope of the Sales Assistance Services that the Jinmao Connected Persons may require the Group to provide. The new smart platform will be able to record the information of the prospective buyers of the properties developed by the Jinmao Connected Persons in a more systematic manner, which will allow the sales team of the Jinmao Connected Persons to follow up with such prospective buyers more efficiently, and to have more interactions with such prospective buyers through, among others, introducing to such prospective buyers other properties developed by the Jinmao Connected Persons in the same city;
- (v) in addition to the new smart platform which the Group expects to start operating in 2024, the continuous increase in scope of services required by Jinmao Connected Persons will lead to the expected increase in operational costs (primarily labour costs) to be incurred by the Group. Among others, the Jinmao Connected Persons have since 2023 engaged the Group to provide services to enliven the atmosphere at property sales venues;
- (vi) the not less than 70 property development projects (including ongoing projects and projects which are yet to commence) for which the Group has been engaged by the Jinmao Connected Persons to provide Sales Assistance Services, based on the relevant existing signed contracts with the Jinmao Connected Persons, with the contract sum for each of such projects being in the range of RMB2.0 million to RMB2.5 million;

LETTER FROM THE BOARD

- (vii) the number of Sales Assistance Services engagement awarded by the Jinmao Connected Persons to the Group is expected to increase to 75, 83 and 88 for the three years ending 31 December 2026, respectively, based on the property development plan and the estimated delivery schedule of the Jinmao Connected Persons in light of the positive PRC property development market trend, the average ratio of the sales assistance service engagements of the Jinmao Connected Persons awarded to the Group for the two years ended 31 December 2021 and 2022 and the six months ended 30 June 2023 at approximately 90%, and the expected increase in scope of Sales Assistance Services required by Jinmao Connected Persons; and
- (viii) a reasonable buffer of 10% to cater for any additional demand of the Jinmao Connected Persons for the Sales Assistance Services, inflation and currency fluctuations and on the general assumption that there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group and the Jinmao Connected Persons during the projected period.

(C) Continuing Connected Transactions Under the New Property Agency Services Framework Agreement

Principal Terms of the New Property Agency Services Framework Agreement

Date

26 October 2023

Parties

- (i) The Company
- (ii) China Jinmao

Nature of transactions

Pursuant to the New Property Agency Services Framework Agreement, the Company (for itself and on behalf of the Group) agreed to provide property agency services to the Jinmao Connected Persons, by sourcing potential purchasers and providing assistance in entering into sales contracts with buyers, with respect to newly developed properties and the Car Park Spaces developed by the Jinmao Connected Persons (the “**Property Agency Services**”).

LETTER FROM THE BOARD

Pricing

Property Agency Services for newly developed properties

With respect to the Property Agency Services for newly developed properties, the Group will charge a commission calculated at a fixed percentage of the sales price of the relevant properties. The commission to be charged will be determined on arm's length basis with reference to (i) the size and location of the relevant properties, (ii) the expected operational costs (including, among others, labor costs and administrative costs) of the Group in relation to the provision of the Property Agency Services, and (iii) the fees charged by other service providers for similar services in respect of similar types of properties in the market, with such information collected in the process of the Group's price researches through, among others, information exchange within the industry, industry talent from other property agency service providers recruited by the Group, enquiries made to third party property agents for comparable services, and publicly available information (such as websites, annual reports, circulars and announcements) disclosed by other listed and private companies. The terms offered by the Jinmao Connected Persons to the Group shall not be less favorable to the Group than the terms offered to other sales agents for property agency services with respect to the same project.

Property Agency Services for the Car Park Spaces

With respect to the Property Agency Services for Car Park Spaces, the Group will charge either (i) a commission calculated at a fixed percentage of the sales price of the relevant Car Park Spaces or a fixed amount on top of the sales price of the relevant Car Park Spaces, or (ii) the difference between the actual sales price paid by the purchaser and the pre-determined minimum sales price. The specific pricing mechanism will be determined by the parties on a case by case basis, with the latter pricing mechanism more likely to be adopted when the Group is to become the exclusive provider of property agency services with respect to the relevant Car Park Spaces.

The fees, if charged on a fixed percentage or fixed amount basis, will be determined on arm's length basis with reference to (i) the location of the relevant Car Park Spaces, and the supply and demand of Car Park Spaces in the vicinity of the project, (ii) the expected operational costs (including, among others, labor costs and administrative costs) of the Group in relation to the provision of the Property Agency Services, and (iii) the fees charged by other service providers for similar services in respect of similar Car Park Spaces in the market, with such information collected in the process of the Group's price researches through, among others, information exchange within the industry, industry talent from other property agency service providers recruited by the Group, enquiries made to third party property agents for comparable services, and publicly available information (such as websites, annual reports, circulars and announcements) disclosed by other listed and private companies.

LETTER FROM THE BOARD

If the fees are calculated based on the difference between the actual sales price paid by the purchaser and the pre-determined minimum sales price, the Group may be required to pay to the Jinmao Connected Persons a refundable deposit (the “**Deposit**”) up to the total minimum sales price of the Car Park Spaces to be sold under the project, in order to become the exclusive provider of property agency services with respect to such Car Park Spaces. The minimum sales price will be determined on arm’s length basis with reference to (i) the location of the relevant Car Park Spaces, and the supply and demand of Car Park Spaces in the vicinity of the project, (ii) the available market data of the indicative price range of similar Car Park Spaces in the vicinity of the project, and (iii) the valuation of the relevant Car Park Spaces determined by an independent valuer (if such valuation is considered necessary in the rare circumstance when the Group and the Jinmao Connected Persons cannot reach an agreement on the valuation of the relevant Car Park Spaces and an independent valuer is engaged). Upon the consummation of a sale transaction, the Group will receive the actual sales price of the Car Park Space from the purchaser which will cover the related Deposit in respect of such Car Park Space whereas the remainder thereof will be recognized as the commission from such Property Agency Services. In respect of any unsold Car Park Space, the Group is entitled to either (i) terminate the exclusive right to provide property agency services with respect to such Car Park Space upon completion or termination of the relevant project, in which case, the Deposit paid in respect of such unsold Car Park Space will be refunded (without interest) to the Group in full, (ii) replace the exclusive right to provide property agency services with respect to such unsold Car Park Space with the exclusive right to provide property agency services with respect to another unsold Car Park Space developed by the Jinmao Connected Persons (of the same value) to be agreed between the Group and the Jinmao Connected Persons, or (iii) negotiate with the relevant Jinmao Connected Persons for making downward adjustment to the minimum sales price and the corresponding Deposit paid/payable for such unsold Car Park Space based on changes to the average price of comparable Car Park Spaces in the surrounding markets as well as the prevailing market conditions.

Under each of the above pricing mechanisms, the terms offered by the Jinmao Connected Persons to the Group shall not be less favorable to the Group than the terms offered to other sales agents for property agency services with respect to similar Car Park Spaces.

Payment

The relevant member of the Group shall enter into a specific agreement with the relevant member of the Jinmao Connected Persons pursuant to the New Property Agency Services Framework Agreement in respect of each transaction regarding the provision of Property Agency Services. Subject to the terms and conditions of the New Property Agency Services Framework Agreement, the specific agreement shall set forth the details of the specific services, the price and basis of determination of the services, the method of payment, and the specific duration of the services.

Term

Subject to obtaining the approval from the Independent Shareholders at the EGM, the New Property Agency Services Framework Agreement shall take effect from 1 January 2024 and expire on 31 December 2026, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under the Listing Rules and all other applicable law and regulations (including the Civil Code of the PRC).

LETTER FROM THE BOARD

Annual Caps

Existing annual caps

The existing annual caps of the transactions contemplated under the Existing Property Agency Services Framework Agreement for the two years ended 31 December 2022 and 2023 are set forth below:

	Year ended 31 December 2022 RMB'000	Year ending 31 December 2023 RMB'000
Maximum aggregate annual amount of commissions charged by the Group for the provision of Property Agency Services		
– For newly developed properties	10,000	20,000
– For car park spaces	150,000	200,000
Total	160,000	220,000

Historical transaction amounts

The historical transaction amounts of (i) the total commissions paid by the Jinmao Connected Persons for the provision of Property Agency Services by the Group and (ii) the Deposits paid by the Group to the Jinmao Connected Persons for the two years ended 31 December 2021 and 2022 and the six months ended 30 June 2023 are set forth below:

	Year ended 31 December 2021 RMB'000	Year ended 31 December 2022 RMB'000	Six months ended 30 June 2023 RMB'000
Amount of commissions charged by the Group for the provision of Property Agency Services			
– For newly developed properties	–	–	85
– For Car Park Spaces	32,547	118,719	56,371
Total	32,547	118,719	56,456
Maximum daily balance of the historical Deposits	107,912	393,692	492,686

LETTER FROM THE BOARD

With respect to the transactions contemplated under the Existing Property Agency Services Framework Agreement, the actual transaction amounts for the year ended 31 December 2022 did not exceed the existing annual caps as set out in the Relevant Disclosure, and the Company expects that the existing annual caps for the year ending 31 December 2023 will not be exceeded as at the date of the EGM.

The Group made the commercial decision not to commence providing Property Agency Services in respect of newly developed properties in 2022. The relatively low utilization of the annual cap in relation to the provision of Property Agency Services in respect of newly developed properties for the year ending 31 December 2023 during the six months ended 30 June 2023 was partly attributable to less new properties being delivered by the Jinmao Connected Persons as a result of Market Conditions and the Policy Conditions, but was more due to the provision of Property Agency Services in respect of newly developed properties being a relatively new business of the Group which only commenced in 2023 and the relevant market being a competitive one which would take the Group time to build up its competitive advantages.

The relatively low utilization of the annual cap in relation to the provision of Property Agency Services in respect of Car Park Spaces for the year ending 31 December 2023 during the six months ended 30 June 2023 was mainly due to less new Car Park Spaces being available for sale given less new properties being delivered by the Jinmao Connected Persons as a result of Market Conditions and the Policy Conditions, and the lower demand for Car Park Spaces as a result of macroeconomic conditions which resulted in lower sales price and consequently lower fees paid to the Group.

Proposed annual caps and factors taken into account in determining annual caps

It is estimated that (i) the maximum annual amounts of commissions chargeable by the Group and payable by the Jinmao Connected Persons in relation to the Property Agency Services and (ii) the Deposits to be paid by the Group to the Jinmao Connected Persons pursuant to the New Property Agency Services Framework Agreement for the three years ending 31 December 2024, 2025 and 2026 will not, in aggregate, exceed the amounts set out in the table below:

	Year ending 31 December		
	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Maximum aggregate annual amount of commissions charged by the Group for the provision of Property Agency Services			
– For newly developed properties	50,000	60,000	70,000
– For Car Park Spaces	200,000	220,000	220,000
Total	250,000	280,000	290,000
Maximum daily balance of the Deposits	600,000	600,000	600,000

LETTER FROM THE BOARD

The following factors were considered in arriving at the above annual caps for the commissions:

- (i) the long-term cooperation relationship between the Group and Jinmao Group and the ability of the Group to access a vast number of potential buyers leveraging the Group's active engagement and close relationship with the owners and residents of the properties under the management of the Group;
- (ii) in respect of newly developed properties:
 - (a) the estimated value of newly developed properties to be sold by the Jinmao Connected Persons, based on their sales plan, existing projects available for sale, projects under development and land bank as at 31 December 2022 and future development. As at 30 June 2023, the Jinmao Group had not less than 80 ongoing and potential property development projects in aggregate, each with a saleable/leasable GFA in the range of 40,000 sq.m. to 900,000 sq.m., across a number of major provinces and first and second-tier cities in the PRC, which may require the Property Agency Services in respect of newly developed properties from the Group;
 - (b) the new smart platform which the Group expects to start operating in 2024. The Group expects the new smart platform to substantially improve the Group's capability in attracting more potential buyers, and consequentially substantially increase the Group's competitiveness in the relevant market, which may lead to more engagements by the Jinmao Connected Persons of the Group for the provision of Property Agency Services in respect of newly developed properties, as well as more commission payable to the Group for each of such engagements; and
 - (c) having taken into account historical commission levels determined by the Group and the Jinmao Connected Persons, the prevailing commission level for providing Property Agency Services in respect of similar types of newly developed properties in the market and the expected increase in reliance on the Property Agency Services in respect of newly developed properties by the Jinmao Connected Persons in line with the positive PRC property development market trend as described above in this circular, the estimated commission within the range of 2% to 4% as a percentage of the sales price of the relevant properties for the three years ending 31 December 2026;

LETTER FROM THE BOARD

- (iii) in respect of Car Park Spaces:
- (a) the engagement of the Group under the existing signed contracts to provide the Property Agency Services for over 14,000 car park spaces developed by the Jinmao Connected Persons;
 - (b) the estimated number of 15,000, 17,300 and 19,360 existing unsold and new Car Park Spaces of the Jinmao Connected Persons which may require the Property Agency Services for each of the three years ending 31 December 2026, as well as the estimated sell-through rate of 15% to 30% in relation to such Car Park Spaces, based on, among others, existing signed contracts entered into with the Jinmao Connected Persons, the properties under development and land bank held by the Jinmao Connected Persons as at 31 December 2022 as well as their estimated delivery schedule and corresponding number of Car Park Spaces, historical sales data of the Group, the available market data of the sell-through rate of similar Car Park Spaces in the vicinity of the project, and the positive PRC property development market trend; and
 - (c) the arrangement that the Group may charge a commission calculated at a fixed percentage of the sales price of the relevant Car Park Spaces or a fixed amount on top of the sales price of the relevant Car Park Spaces, which, having taken into account historical commission levels determined by the Group and the Jinmao Connected Persons and the prevailing commission level under the same fee arrangement for providing Property Agency Services in respect of comparable Car Park Spaces in the market, is expected to be an amount within the range of 3% to 10% (if calculated as a percentage of the estimated sales price of the relevant Car Park Spaces);
 - (d) the arrangement that is expected to be adopted more between the Group and the Jinmao Connected Persons where the Group may charge a commission based on the difference between the actual sales price and the pre-determined minimum sales price of the Car Park Spaces, which, having taken into account historical commission levels determined by the Group and the Jinmao Connected Persons and the prevailing commission level under the same fee arrangement for providing Property Agency Services in respect of comparable Car Park Spaces in the market, is expected to be within the range of 20% to 70% (if calculated as a percentage of the estimated sales price of the relevant Car Park Spaces);

LETTER FROM THE BOARD

- (iv) a reasonable buffer of 15% to cater for any additional demand of the Jinmao Connected Persons for the Property Agency Services, inflation and currency fluctuations and on the general assumption that there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group and the Jinmao Connected Persons during the projected period.

The abovementioned proposed annual caps for the Deposits were determined based on:

- (i) the amount and balance of historical Deposits and growth trend over the two years ended 31 December 2021 and 2022 and the six months ended 30 June 2023;
- (ii) the expected number of Car Park Spaces which will be sold by the Group under the New Property Agency Services Framework Agreement;
- (iii) the recent transaction prices of comparable Car Park Spaces within the locality of the Car Park Spaces for which the Jinmao Connected Persons may engage the Group as the sales agent under the New Property Agency Services Framework Agreement;
- (iv) the estimated value of the unsold Car Park Spaces of Jinmao Connected Persons available for sale by the Group as an agent for the three years ending 31 December 2026; and
- (v) the minimum sales price standards determined by the Group and the Jinmao Connected Persons.

(D) Continuing Connected Transactions Under the New Consultancy and Other Value-Added Services Framework Agreement

Principal Terms of the New Consultancy And Other Value-Added Services Framework Agreement

Date

26 October 2023

Parties

- (i) The Company
- (ii) China Jinmao

LETTER FROM THE BOARD

Nature of transactions

Pursuant to the New Consultancy and Other Value-added Services Framework Agreement, the Company (for itself and on behalf of the Group) agreed to provide certain consultancy and other value-added service to the Jinmao Connected Persons, including but not limited to (i) consultancy services from the perspective of property management with respect to property development site selection, positioning, preliminary planning and design, engineering and construction, (ii) pre-delivery and post-delivery services, such as site clearing, assistance with preparatory work and maintenance of order, pre-delivery inspection and assessment, and repair and maintenance services during the post-delivery warranty periods, (iii) engineering services for the upgrade of smart management hardware, and (iv) value-added services as may be required by the Jinmao Connected Persons from time to time, such as management and operation services in respect of car park spaces owned by the Jinmao Connected Persons (the “**Consultancy and Other Value-added Services**”).

Pricing

The fees payable by the Jinmao Connected Persons to the Group under the New Consultancy and Other Value-added Services Framework Agreement will be determined on arm’s length basis with reference to the following:

- (i) the size and location of the relevant properties;
- (ii) the scope of the Consultancy and Other Value-added Services;
- (iii) the expected operational costs (including, among others, labor costs, material costs and administrative costs) of the Group in relation to the provision of the Consultancy and Other Value-added Services; and
- (iv) the fees charged by other service providers for similar services in respect of similar types of properties in the market, with such information collected in the process of the Group’s price researches through, among others, information exchange within the industry, industry talent from other consultancy and value-added service providers recruited by the Group, enquiries made to third party consultancy and value-added service providers for comparable services, and publicly available information (such as websites, annual reports, circulars and announcements) disclosed by other listed and private companies. The terms offered by the Group to the Jinmao Connected Persons shall not be less favorable to the Group than the terms offered by the Group to its independent customers for the same or similar type and scope of value-added services.

LETTER FROM THE BOARD

Payment

The relevant member of the Group shall enter into a specific agreement with the relevant member of the Jinmao Connected Persons pursuant to the New Consultancy and Other Value-added Services Framework Agreement in respect of each transaction regarding the provision of Consultancy and Other Value-added Services. Subject to the terms and conditions of the New Consultancy and Other Value-added Services Framework Agreement, the specific agreement shall set forth the details of the specific services, the price and basis of determination of the services, the method of payment, and the specific duration of the services.

Term

Subject to obtaining the approval from the Independent Shareholders at the EGM, the New Consultancy and Other Value-added Services Framework Agreement shall take effect from 1 January 2024 and expire on 31 December 2026, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under the Listing Rules and all other applicable law and regulations (including the Civil Code of the PRC).

Annual Caps

Existing annual caps

The existing annual caps of the transactions contemplated under the Existing Consultancy and Other Value-Added Services Framework Agreement for the two years ended 31 December 2022 and 2023 are set forth below:

	Year ended 31 December 2022 RMB'000	Year ending 31 December 2023 RMB'000
Maximum aggregate annual amount of fees charged by the Group for the provision of Consultancy and Other Value-added Services	536,000	615,000

LETTER FROM THE BOARD

Historical transaction amounts

The total transaction amounts for the provision of Consultancy and Other Value-added Services by the Group to the Jinmao Connected Persons for the two years ended 31 December 2021 and 2022 and the six months ended 30 June 2023 are set forth below:

	Year ended 31 December 2021 RMB'000	Year ended 31 December 2022 RMB'000	Six months ended 30 June 2023 RMB'000
Amount of fees charged by the Group for the provision of Consultancy and Other Value-added Services	313,028	404,764	146,266

With respect to the transactions contemplated under the Existing Consultancy and Other Value-Added Services Framework Agreement, the actual transaction amounts for the year ended 31 December 2022 did not exceed the existing annual cap as set out in the Relevant Disclosure, and the Company expects that the existing annual cap for the year ending 31 December 2023 will not be exceeded as at the date of the EGM.

The relatively low utilization of the annual cap for the year ending 31 December 2023 during the six months ended 30 June 2023 was mainly due to less new properties being delivered by the Jinmao Connected Persons as a result of the Market Conditions and Policy Conditions, which overshadowed the continuous increase in transaction amounts arising from the provision of value-added services in the six months ended 30 June 2023.

Proposed annual caps and factors taken into account in determining annual caps

It is estimated that the maximum annual amounts of fees chargeable by the Group and payable by the Jinmao Connected Persons in relation to the Consultancy and Other Value-added Services for the three years ending 31 December 2024, 2025 and 2026 will not, in aggregate, exceed the amounts set out in the table below:

	Year ending 31 December		
	2024 RMB'000	2025 RMB'000	2026 RMB'000
Maximum aggregate annual amount of fees charged by the Group for the provision of Consultancy and Other Value-added Services	730,000	790,000	860,000

LETTER FROM THE BOARD

The following factors were considered in arriving at the above annual caps:

- (i) the historical transaction amounts;
- (ii) the estimated revenue to be recognised by the Group based on the existing signed contracts with the Jinmao Connected Persons on the provision of Consultancy and Other Value-added Services;
- (iii) the estimated size and number of properties to be developed and delivered by the Jinmao Connected Persons in the three years ending 31 December 2026, taking into consideration the properties under development and land bank held by the Jinmao Connected Persons as at 31 December 2022, the delivery schedule of the projects of the Jinmao Connected Persons, as well as their business plan in light of the positive PRC property development market trend as described above in this circular. It is expected that the Group will be engaged by the Jinmao Connected Persons to provide, among others, (a) consultancy services from the perspective of property management with respect to an aggregate of approximately 130 property development projects, (b) pre-delivery and post-delivery services with respect to an aggregate of approximately 139 property related projects, and (c) value-added services with respect to not less than 170 property related projects for the three years ending 31 December 2026;
- (iv) the estimated service fees to be charged in respect of the Consultancy and Other Value-added Services on a per sq.m. basis with reference to the prevailing market rates for the provision of the same type of services;
- (v) the new engineering services for artificial intelligence of things (including smart community, smart homes, supply of smart hardware, smart internet of things platform) which the Group expects to start rendering in 2024 and which will widen the scope of the Consultancy and Other Value-added Services that the Jinmao Connected Persons may require the Group to provide. It is expected that the Group will be engaged by the Jinmao Connected Persons to provide the new engineering services for artificial intelligence of things with respect to not less than 155 property related projects for the three years ending 31 December 2026, with the contract sum for each of such projects expected to be in the range of RMB1.5 million to RMB3 million per annum;
- (vi) the expected increase in scope of services required by Jinmao Connected Persons leading to the expected increase in operational costs (primarily labour costs) to be incurred by the Group; and
- (vii) a reasonable buffer of 10% to cater for any additional demand of the Jinmao Connected Persons for the Consultancy and Other Value-added Services, inflation and currency fluctuations and on the general assumption that there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group and the Jinmao Connected Persons during the projected period.

LETTER FROM THE BOARD

INTERNAL CONTROL PROCEDURES AND CORPORATE GOVERNANCE MEASURES

The Group has adopted the following internal control and corporate governance measures to ensure that the terms of the Group's transactions with the Jinmao Connected Persons under the New Framework Agreements are fair and reasonable and not prejudicial to the interests of the Company and the Independent Shareholders:

- (i) the Board (including the independent non-executive Directors) will be responsible for reviewing and evaluating the terms of the New Framework Agreements for the continuing connected transactions (including any renewal thereof), in particular the pricing principles and annual caps, to ensure that such terms are fair and reasonable to the Group and compliant with relevant laws and regulations, the Group's internal policies and the Listing Rules;
- (ii) the business department of the Company will oversee the monitoring, collection and evaluation of historical transaction prices and market data, including but not limited to information on the market practices and prevailing market rates for the provision of the relevant services in respect of similar types of properties in comparable locations which are to be collected through, among others, information exchange within the industry, industry talent from other relevant service providers recruited by the Group, enquiries made to third party service providers for comparable services, and publicly available information (such as websites, annual reports, circulars and announcements) disclosed by other listed and private companies;
- (iii) when determining the fees payable by the Jinmao Connected Persons to the Group under the New Framework Agreements, the Group will make reference to the prevailing market conditions and practices by utilising the market data collected by the business department as mentioned in the preceding paragraph, as well as the pricing and terms offered by the Group to independent third parties for similar transactions which is recorded in a database of fees paid to the Group and/or terms offered by the Group compiled by, among others, property type, geographical location of the property, the scope of services to be provided by the Group and the identity of the customer, to ensure that the terms and conditions offered to the Jinmao Connected Persons are fair and reasonable and are no less favorable to the Group than those offered to independent third parties for comparable services. Specifically, the business department of each regional center of the Group is responsible for the initial pricing of the fees payable by the Jinmao Connected Persons to the Group with respect to the projects within the region after taking into accounts the aforementioned factors, which will then be submitted to the headquarters of the Group for final review and approval;
- (iv) the Group will independently evaluate the projects developed by the Jinmao Connected Persons, including the size and location of the relevant projects, the scope and standards of the services required and the expected operational costs for providing such services, before taking on any particular project;

LETTER FROM THE BOARD

- (v) various internal departments of the Company (including but not limited to the finance department and legal department) will regularly monitor the implementation of the continuing connected transactions contemplated under the New Framework Agreements and keep track of the aggregate transaction amounts under each New Framework Agreement on a monthly basis, to ensure that the pricing principles and annual caps contained therein are complied with;
- (vi) the independent non-executive Directors will conduct an annual review of the continuing connected transactions under the New Framework Agreements and provide an annual confirmation as to whether these transactions are conducted on normal commercial terms or better, and according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and
- (vii) the Company's external auditors will also conduct an annual review of the continuing connected transactions under the New Framework Agreements, including the pricing policies and the annual caps.

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW FRAMEWORK AGREEMENTS

The Group is principally engaged in the provision of property management services, value-added services to non-property owners, including sales assistance services to property developers, and consultancy and other value-added services as well as community value-added services.

The Group has continuously spent efforts in developing the Group's business and to maximize returns to Shareholders, and has been actively communicating with the Jinmao Connected Persons for possible future projects and business plans. The provision of Property Management Services, Sales Assistance Services, Property Agency Services, and Value-added Services by the Group to the Jinmao Connected Persons contemplated under the New Framework Agreements is consistent with the business and commercial objectives of the Group.

Leveraging on the Group's long-standing business relationship with the Jinmao Connected Persons, the Group will continue to provide Property Management Services, Sales Assistance Services, Property Agency Services, and Value-added Services to the Jinmao Connected Persons pursuant to the New Framework Agreements, which are expected to be of a regular and recurrent nature and can enable the Group to continue to diversify its income streams, bring stable income and profit to the Group and facilitate the business development of the Group.

LETTER FROM THE BOARD

Considering, among others, that the Jinmao Group has sizeable development nationwide and is able to provide substantial ongoing business opportunities, and with the mutual understanding of the standards, requirements and specific needs of each other which put the Group in a priority position in satisfying the demand of the Jinmao Connected Persons with lower communication costs, the continuous cooperation by the Group with the Jinmao Connected Persons pursuant the New Framework Agreements can further enhance the Group's mutually beneficial and complementary relationship with the Jinmao Connected Persons and foster the growth and development of the Group (such as through scaling up its operations and gaining greater market recognition) in the long run.

Although the proposed annual caps in relation to the transactions contemplated under each of the New Framework Agreements are mostly higher than the historical transaction amounts, the Directors are of the view that there is no material reliance on the Jinmao Connected Persons and any change in the relationship with the Jinmao Connected Persons will not have a material adverse impact on the business of the Group for the following reasons:

- (i) the business relationship between the Group and the Jinmao Connected Persons is mutually beneficial and complementary. The principal businesses of the Jinmao Connected Persons of property development and commercial leasing require property management services and various value-added services in their business development and daily operations from time to time. It is critical for property developers to ensure the satisfaction of customers, and it is beneficial for the Jinmao Connected Persons to appoint a quality property management service provider that is consistent with their own branding, marketing positioning and service quality. The service quality, brand recognition, historical experience, expertise and customer satisfaction of the Group are well-recognized in the market and make the Group a competitive and attractive service provider for the Jinmao Connected Persons. In particular, the experience of the Group in managing high-end residential and non-residential properties, the knowledge of the Group of the requirements for managing green buildings, and the capabilities of the Group of providing high-end, premium and personalized services as well as smart property management services will assist the Group in fulfilling the business needs of the Jinmao Connected Persons in a way that will generate synergies and nurture each other's mutual growth;
- (ii) even though a large number of property management service providers are available in the market, the Directors believe that it might not be in the best interest of the Jinmao Connected Persons to select and engage those other property management service providers, considering the familiarity of the Group with the properties developed by the Jinmao Connected Persons as a result of the Group's long-standing business relationship with the Jinmao Connected Persons, and the amount of time and relevant experience required for other service providers to provide services that are of comparable standard and quality to that of the Group. As such, the Board considers that it is unlikely that the business relationship between the Group and the Jinmao Connected Persons will materially adversely change in the foreseeable future;

LETTER FROM THE BOARD

- (iii) the New Framework Agreements cover the provision of a wide range of services, including but not limited to sales assistance services, consultancy services, pre-delivery services, post-delivery services, etc. The Board believes it is unlikely that the Jinmao Connected Persons will terminate the New Framework Agreements without cause, as there may be substantial administrative cost in finding other suppliers in the market to provide such services and may cause disruption to the operation of Jinmao Connected Persons;
- (iv) in any event, given China Jinmao's majority shareholding in the Company, the Board believes that the business relationship between the Group and the Jinmao Connected Persons is not likely to terminate or significantly deteriorate. The business relationship between the Group and the Jinmao Connected Persons is common among property management companies and their parent or related companies which are property developers;
- (v) the New Framework Agreements and the transactions contemplated thereunder are not exclusive, and as such the Group is not restricted from providing similar services to other customers; and
- (vi) the Group has been actively and constantly pursuing business opportunities with independent third-party customers. The proportion of the total revenue of the Group contributed by the amounts attributable to the transactions contemplated under the Existing Framework Agreements decreased from 44.17% for the year ended 31 December 2021, to 36.34% for the year ended 31 December 2022 and 26.57% for the six months ended 30 June 2023; and the proportion of GFA under management from third parties increased from 34.1% at the end of 2021, to 37.7% at the end of 2022 and 47.8% as at 30 June 2023. The Board expects that customers of the Group other than the Jinmao Connected Persons will continue to contribute significant proportions of the revenue of the Group; and even if the revenue to be contributed from the Jinmao Connected Persons were to decrease, it would not have a material adverse impact on the Group, as the Group would be able to cushion it by focusing its resources in providing services for other customers.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under each of the New Framework Agreements are conducted on normal commercial terms, entered into in the ordinary and usual course of business of the Group, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

As Ms. Qiao Xiaojie and Mr. Gan Yong, all being non-executive Directors of the Company, are also director or employee of China Jinmao, they have abstained from voting on the relevant Board resolutions to approve the transactions contemplated under the New Framework Agreements.

LETTER FROM THE BOARD

INFORMATION OF THE GROUP AND CHINA JINMAO

The Group is a fast-growing upscale property management and city operation service provider in the PRC, and is principally engaged in the provision of property management services, value-added services to non-property owners and community value-added services.

China Jinmao is a large-scale developer and operator of quality real estate projects in the PRC, and the platform enterprise of Sinochem Holdings in the development of real estate business. China Jinmao is principally engaged in city operations, property development, commercial leasing, retail operations, hotel operations, as well as technology and services. The shares of China Jinmao are listed on the Stock Exchange (stock code: 00817).

IMPLICATIONS OF THE LISTING RULES

China Jinmao is the controlling shareholder of the Company, holding approximately 67.28% of the total number of issued shares of the Company as at the Latest Practicable Date, and is therefore a connected person of the Company. Accordingly, the transactions contemplated under each of the New Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Given that the highest applicable percentage ratios in respect of the annual caps for continuing connected transactions contemplated under each of the New Framework Agreements are more than 5%, the transactions contemplated under each of the New Framework Agreements are subject to the reporting, announcement, annual review, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM

A notice convening the EGM to be held at 6F, YouAn International Tower, Unit 2, Xitieying Middle Avenue, Fengtai District, Beijing, the PRC on Friday, 22 December 2023 at 3:00 p.m. is set out on pages 94 to 97 of this circular. At the EGM, ordinary resolutions will be proposed to the Independent Shareholders to consider and, if thought fit, approve the transactions contemplated under each of the New Framework Agreements. The votes on the ordinary resolutions will be taken by way of poll in accordance with the requirements of the Listing Rules.

As China Jinmao (directly holding approximately 67.28% of the total number of issued shares of the Company as at the Latest Practicable Date) and Sinochem Hong Kong (being the immediate controlling shareholder of China Jinmao and directly holding approximately 7.48% of the total number of issued shares of the Company as at the Latest Practicable Date) are regarded as having a material interest in the New Framework Agreements, they are required to abstain and shall abstain from voting on the ordinary resolutions to be proposed at the EGM to approve the transactions contemplated under each of the New Framework Agreements.

LETTER FROM THE BOARD

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholder; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its shares to a third party, either generally or on a case-by-case basis. Accordingly, to the best knowledge, information and belief of the Directors, there exists no discrepancy between any Shareholder's beneficial shareholding interest in the Company and the number of shares in the Company in respect of which such Shareholder will control or will be entitled to exercise control over the voting right at the EGM.

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

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the New Framework Agreements are entered into after arm's length negotiations and on normal commercial terms, and the terms of the transactions contemplated under each of the New Framework Agreements are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the transactions contemplated under each of the New Framework Agreements.

ADDITIONAL INFORMATION

The Independent Board Committee, comprising all independent non-executive Directors, namely, Dr. Chen Jieping, Dr. Han Jian and Mr. Sincere Wong, has been formed to advise the Independent Shareholders as to whether the transactions contemplated under each of the New Framework Agreements are conducted by the Company in its ordinary and usual course of business, on normal commercial terms, in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned, and how to vote on the relevant resolutions to be proposed at the EGM.

Red Sun Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under each of the New Framework Agreements.

LETTER FROM THE BOARD

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 35 of this circular which contains its recommendation to the Independent Shareholders regarding the transactions contemplated under each of the New Framework Agreements; (ii) the letter from Red Sun Capital set out on pages 36 to 88 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in such regard; and (iii) the additional information set out in the appendix to this circular.

Yours faithfully,
For and on behalf of the Board
Jinmao Property Services Co., Limited
Song Liuyi
Chairman



JINMAO PROPERTY SERVICES CO., LIMITED
金茂物業服務發展股份有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00816)

30 November 2023

To: the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS IN RELATION TO
THE RENEWAL OF
THE EXISTING FRAMEWORK AGREEMENTS**

We refer to the circular of the Company dated 30 November 2023 (the “**Circular**”) to the Shareholders, of which this letter forms part. Terms defined in the Circular have the same meanings in this letter unless the context otherwise requires.

In compliance with the Listing Rules, we have been appointed to advise the Independent Shareholders as to whether that the transactions contemplated under each of the New Framework Agreements are conducted by the Company in its ordinary and usual course of business, on normal commercial terms, in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned.

Red Sun Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under each of the New Framework Agreements.

Having considered the terms of the New Framework Agreements, as well as and the advice of Red Sun Capital, the Independent Financial Adviser to us and the Independent Shareholders, we consider that the transactions contemplated under each of the New Framework Agreements are conducted by the Company in its ordinary and usual course of business, on normal commercial terms, in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the transactions contemplated under each of the New Framework Agreements.

Yours faithfully,
the Independent Board Committee of
Jinmao Property Services Co., Limited
Chen Jieping
Han Jian
Sincere Wong
Independent Non-executive Directors

LETTER FROM RED SUN CAPITAL

Set out below is the text of a letter from Red Sun Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under each of the New Framework Agreements (including the Proposed Annual Caps) for the purpose of inclusion in this circular.



Room 310, Floor 3
China Insurance Group Building
141 Des Voeux Road Central
Hong Kong

Tel: (852) 2857 9208
Fax: (852) 2857 9100

30 November 2023

To: the Independent Board Committee and the Independent Shareholders of Jinmao Property Services Co., Limited

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE RENEWAL OF THE EXISTING FRAMEWORK AGREEMENTS

I. INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the New Framework Agreements, collectively, the New Property Management Services Framework Agreement, the New Sales Assistance Services Framework Agreement, the New Property Agency Services Framework Agreement, and the New Consultancy and Other Value-added Services Framework Agreement, and the transactions contemplated thereunder (together the “**Continuing Connected Transactions**”) (including the respective proposed annual caps for the three years ending 31 December 2026 (the “**Proposed Annual Caps**”), details of which are contained in the letter from the Board (the “**Letter from the Board**”) as set out in the circular to the Shareholders dated 30 November 2023 (the “**Circular**”), of which this letter forms part. This letter contains our advice to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions and the Proposed Annual Caps. Unless otherwise stated, terms defined in the Circular have the same meanings in this letter.

References are made to the section headed “Connected Transactions” of the Prospectus, the announcement of the Company dated 25 October 2022 and the circular of the Company dated 23 November 2022 in relation to, among other things, the continuing connected transactions of the Group with Jinmao Connected Persons contemplated under the Existing Framework Agreements.

LETTER FROM RED SUN CAPITAL

On 26 October 2023 (after trading hours), the Company entered into the New Property Management Services Framework Agreement, the New Sales Assistance Services Framework Agreement, the New Property Agency Services Framework Agreement, and the New Consultancy and Other Value-added Services Framework Agreement with China Jinmao.

As set out in the Letter from the Board, China Jinmao is the controlling shareholder of the Company, holding approximately 67.28% of the total number of issued shares of the Company as at the Latest Practicable Date, and is therefore a connected person of the Company. Accordingly, the transactions contemplated under each of the New Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Given that the highest applicable percentage ratios in respect of the annual caps for continuing connected transactions contemplated under each of the New Framework Agreements are more than 5%, the transactions contemplated under each of the New Framework Agreements are subject to the reporting, announcement, annual review, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Based on the Letter from the Board, as China Jinmao (directly holding approximately 67.28% of the total number of issued shares of the Company as at the Latest Practicable Date) and Sinochem Hong Kong (being the immediate controlling shareholder of China Jinmao and directly holding approximately 7.48% of the total number of issued shares of the Company as at the Latest Practicable Date) are regarded as having a material interest in the New Framework Agreements, they are required to abstain and shall abstain from voting on the ordinary resolutions to be proposed at the EGM to approve the transactions contemplated under each of the New Framework Agreements.

The EGM will be convened and held to seek the approval of the Independent Shareholders on the entering into of the New Framework Agreements and the transactions contemplated thereunder (including the Proposed Annual Caps).

As set out in the Letter from the Board, as Ms. Qiao Xiaojie and Mr. Gan Yong, all being non-executive Directors of the Company, are also director or employee of China Jinmao, they have abstained from voting on the relevant Board resolutions to approve the transactions contemplated under the New Framework Agreements.

II. THE INDEPENDENT BOARD COMMITTEE

The Board comprises of three executive Directors, namely, Mr. Song Liuyi, Mr. Xie Wei and Ms. Zhou Liye, two non-executive Directors, namely, Ms. Qiao Xiaojie and Mr. Gan Yong, and three independent non-executive Directors, namely, Dr. Chen Jieping, Dr. Han Jian and Mr. Sincere Wong.

The Independent Board Committee comprising all the independent non-executive Directors, namely Dr. Chen Jieping, Dr. Han Jian and Mr. Sincere Wong has been established to advise the Independent Shareholders in relation to the New Framework Agreements and the transactions contemplated thereunder (including the Proposed Annual Caps). Red Sun Capital Limited has been appointed by the Board with the approval of the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

LETTER FROM RED SUN CAPITAL

III. OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Company or any relevant parties in connection with the New Framework Agreements. Accordingly, we are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the transactions contemplated under the New Framework Agreements.

In the previous two years, save for this appointment and our appointment as the independent financial adviser in relation to certain proposed continuing connected transactions pursuant to the property management related services framework agreement entered into by the Company and Sinochem Holdings Corporation Ltd. (the “**Proposed Sinochem CCTs**”), details of which are set out in the announcement of the Company dated 9 November 2023, Red Sun Capital Limited has not acted as an independent financial adviser to the Independent Board Committee and the Independent Shareholders of the Company for any transaction.

Apart from normal professional fees paid or payable to us in connection with (i) the Proposed Sinochem CCTs; and (ii) this appointment as the independent financial adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Group or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent from the Group pursuant to Rule 13.84 of the Listing Rules.

IV. BASIS OF OUR ADVICE

In formulating our advice, we have relied solely on the statements, information, opinions, beliefs and representations for matters relating to the Group, Jinmao Group and their respective shareholders and management contained in the Circular and the information and representations provided to us by the Group and/or its senior management (the “**Management**”) and/or the Directors. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, the Directors and the Management and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have assumed that all such statements, information, opinions, beliefs and representations contained or referred to in the Circular (including this letter) or otherwise provided or made or given by the Group and/or the Management and/or the Directors and for which it is/they are solely responsible were true and accurate, and valid and complete in all material respects at the time they were made and given and continue to be true and accurate, and valid and complete in all material respects as at the date of the Circular. We have assumed that all the opinions, beliefs and representations for matters relating to the Group and the Jinmao Group made or provided by the Management and/or the Directors contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or the Management and/or the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

LETTER FROM RED SUN CAPITAL

We consider that we have been provided with sufficient information and documents to enable us to reach an informed view and the Company has assured us no material information has been withheld from us to allow us to reasonably rely on the information provided so as to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions, beliefs and representations provided to us by the Group and/or the Management and/or the Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification nor have we conducted any independent investigation into information provided by the Directors and the Management, background, business or affairs or future prospects of the Company, the Jinmao Group and, where applicable, their respective shareholder(s) and subsidiaries or affiliates, and their respective history, experience and track records, or the prospects of the markets in which they respectively operate.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the New Framework Agreements and the transactions contemplated thereunder, 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 purposes, without our prior written consent.

V. BACKGROUND INFORMATION OF THE CONTINUING CONNECTED TRANSACTIONS

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have taken into consideration the following principal factors and reasons:

1. Background Information of the Group

As set out in the Letter from the Board, the Group is principally engaged in the provision of property management services, value-added services to non-property owners, and community value-added services.

Set out below is a summary of (i) the audited consolidated statements of financial position as at 31 December 2021 and 2022 as extracted from the Company's annual report for the year ended 31 December 2022 (the "**2022 Annual Report**"); and (ii) the unaudited consolidated financial results for the six months ended 30 June 2022 and 2023 as extracted from the Company's interim report for the six months ended 30 June 2023 (the "**2023 Interim Report**"), respectively:

LETTER FROM RED SUN CAPITAL

Summary of consolidated statement of profit or loss

	For the year ended		For the six months	
	31 December		ended 30 June	
	2021	2022	2022	2023
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue				
Property management services	823.2	1,206.9	540.7	749.8
Value-added services to non-property owners	506.7	584.6	310.4	223.6
Community value-added services	185.6	644.6	245.8	379.9
Total Revenue	1,515.5	2,436.0	1,096.9	1,353.3
Profit for the year/period attributable to owners of the parent	178.0	336.0	169.2	145.8

Financial performance for the years ended 31 December 2021 and 2022

As set out in the 2022 Annual Report, total revenue of the Group amounted to approximately RMB2,436.0 million for the year ended 31 December 2022, representing an increase of approximately 60.7% as compared to the corresponding period of 2021. Such increase was primarily attributable to (i) revenue from property management services amounted to approximately RMB1,206.9 million, representing an increase of approximately 46.6% as compared to the corresponding period of 2022; (ii) revenue from value-added services to non-property owners for the year ended 31 December 2022 of approximately RMB584.6 million, representing an increase of approximately 15.4% as compared to the corresponding period of 2021; and (iii) revenue from community value-added services amounted to approximately RMB644.6 million, representing a growth of approximately 247.3% compared to the corresponding prior year. As of 31 December 2022, total contracted gross floor area (the “GFA”) of the Group reached approximately 80.8 million sq.m., covering 68 cities across 24 provinces, municipalities and autonomous regions in the PRC, and the Group managed 382 properties in the PRC with a total GFA under management of approximately 56.9 million sq.m., including 241 residential communities and 141 non-residential properties.

For the year ended 31 December 2022, profit attributable to owners of the parent amounted to approximately RMB336.0 million, representing an increase of approximately 88.8% as compared to the profit attributable to owners of the parent of approximately RMB178.0 million for the year ended 31 December 2021.

LETTER FROM RED SUN CAPITAL

Financial performance for six months ended 30 June 2022 and 2023

As set out in the 2023 Interim Report, total revenue of the Group amounted to approximately RMB1,353.3 million for the six months ended 30 June 2023, representing an increase of approximately 23.4% as compared to the corresponding period of 2022. Such increase was primarily attributable to (i) revenue from property management services amounted to approximately RMB749.8 million, representing an increase of approximately 38.7% as compared to the corresponding period of 2022; (ii) revenue from value-added services to non-property owners amounted to approximately RMB223.6 million, representing a decrease of approximately 28.0% as compared to the corresponding period of 2022; and (iii) revenue from community value-added services amounted to approximately RMB379.9 million, representing an increase of approximately 54.6% compared to the corresponding period in 2022. The Group's total contracted GFA amounted to approximately 94.5 million sq.m., covering 75 cities across 23 provinces, municipalities and autonomous regions in the PRC, and the Group managed 443 properties in the PRC with a total GFA under management of approximately 71.0 million sq.m., including 276 residential communities and 167 non-residential properties.

For the six months ended 30 June 2023, profit attributable to owners of the parent amounted to approximately RMB145.8 million, representing a decrease of approximately 13.8% as compared to approximately RMB169.2 million of the corresponding period of 2022.

Summary of the consolidated statement of financial position

	As at 31 December		As at
	2021	2022	30 June
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Total assets	1,359.1	3,003.5	3,491.3
– Cash and cash equivalents	553.6	1,019.0	1,075.5
– Trade receivables	414.5	778.6	1,030.3
– Prepayments, other receivables and other assets	267.3	611.5	808.5
– Property, plant and equipment	54.7	90.5	90.9
– Investment properties	9.4	94.2	96.2
– Goodwill	–	249.1	249.1
– Intangible assets	6.4	91.7	88.3
Total liabilities	1,155.1	1,643.3	2,121.3
– Other payables and accruals	629.8	664.3	753.5
– Contract liabilities	313.9	370.4	478.4
– Trade payables	170.9	456.1	594.8
– Lease liabilities (non-current portion)	25.3	84.9	82.1
Equity attributable to the owners of the parent	195.4	1,343.2	1,350.2

Note: For the avoidance of doubt, only selected major asset and liability components are disclosed in the table above.

LETTER FROM RED SUN CAPITAL

Financial position as at 31 December 2021 and 2022

Based on the 2022 Annual Report, total assets of the Group as at 31 December 2022 amounted to approximately RMB3,003.5 million, which primarily comprised of (i) cash and cash equivalents, which amounted to approximately RMB1,019.0 million as at 31 December 2022, representing an increase of approximately RMB465.4 million as compared to approximately RMB553.6 million as at 31 December 2021, primarily attributable to the proceeds from the listing of the shares of the Company by way of global offering in 2022; (ii) trade receivables, which amounted to approximately RMB778.6 million as at 31 December 2022, representing an increase of approximately RMB364.1 million as compared to approximately RMB414.5 million as at 31 December 2021, primarily attributable to an increase in the Group's property management revenue as the Group expanded its business with an increase in our GFA under management during the year ended 31 December 2022; (iii) prepayments, other receivables and other assets, which amounted to approximately RMB611.5 million as at 31 December 2022, representing an increase of approximately RMB344.2 million as compared to approximately RMB267.3 million as at 31 December 2021, primarily attributable to the expansion in scale of real estate brokerage services, which resulted in the increase in the payment of performance guarantees; and (iv) goodwill of approximately RMB249.1 million as at 31 December 2022, primarily attributable to the acquisition of 100% equity interests in Beijing Capital Property Services Limited during the year.

With reference to the 2022 Annual Report, total liabilities of the Group as at 31 December 2022 amounted to approximately RMB1,643.3 million, which primarily comprised of (i) other payables and accruals, which amounted to approximately RMB664.3 million as at 31 December 2022, representing an increase of approximately RMB34.5 million as compared to approximately RMB629.8 million as at 31 December 2021, which primarily comprised of amounts due to related parties, receipts on behalf of residents and tenants, and deposits and temporary receipts primarily in relation to bidding and renovation; (ii) trade payables, which amounted to approximately RMB456.1 million as at 31 December 2022, representing an increase of approximately RMB285.1 million as compared to approximately RMB170.9 million as at 31 December 2021, primarily attributable to the expansion of the Group's business, reflecting an increase in the procurement of security and cleaning services and facilities and equipment maintenance services; and (iii) contract liabilities, which amounted to approximately RMB370.4 million as at 31 December 2022, representing an increase of approximately RMB56.4 million as compared to approximately RMB313.9 million as at 31 December 2021.

As at 31 December 2022, the equity attributable to owners of the parent amounted to approximately RMB1,343.2 million, representing an increase of approximately RMB1,147.8 million as compared to approximately RMB195.4 million as at 31 December 2021.

LETTER FROM RED SUN CAPITAL

Financial position as at 30 June 2023 and 31 December 2022

Based on the 2023 Interim Report, total assets of the Group as at 30 June 2023 amounted to approximately RMB3,491.3 million, which primarily comprised of (i) cash and cash equivalents, which amounted to approximately RMB1,075.5 million as at 30 June 2023, representing an increase of approximately RMB56.5 million as compared to approximately RMB1,019.0 million as at 31 December 2022, primarily attributable to the net cash flows from operating activities; (ii) trade receivables, which amounted to approximately RMB1,030.3 million as at 30 June 2023, representing an increase of approximately RMB251.7 million as compared to approximately RMB778.6 million as at 31 December 2022, primarily attributable to an increase in the Group's property management revenue as the Group expanded its business with an increase in our GFA under management during the six months ended 30 June 2023; (iii) prepayments, other receivables and other assets, which amounted to approximately RMB808.5 million as at 30 June 2023, representing an increase of approximately RMB197.0 million as compared to approximately RMB611.5 million as at 31 December 2022, primarily attributable to the expansion in scale of carpark sales agency services, which resulted in the increase in the payment of performance guarantees; and (iv) goodwill of approximately RMB249.1 million as at 30 June 2023, primarily attributable to the acquisition of 100% equity interests in Beijing Capital Property Services Limited during 2022.

With reference to the 2023 Interim Report, total liabilities of the Group as at 30 June 2023 amounted to approximately RMB2,121.3 million, which primarily comprised of (i) other payables and accruals, which amounted to approximately RMB753.5 million as at 30 June 2023, representing an increase of approximately RMB89.2 million as compared to approximately RMB664.3 million as at 31 December 2022, which primarily comprised of amounts due to related parties, receipts on behalf of residents and tenants, and deposits and temporary receipts primarily in relation to bidding and renovation; (ii) trade payables, which amounted to approximately RMB594.8 million as at 30 June 2023, representing an increase of approximately RMB138.7 million as compared to approximately RMB456.1 million as at 31 December 2022, primarily attributable to the expansion of the Group's business, reflecting an increase in the procurement of security and cleaning services and facilities and equipment maintenance services; and (iii) contract liabilities, which amounted to approximately RMB478.4 million as at 30 June 2023, representing an increase of approximately RMB108.0 million as compared to approximately RMB370.4 million as at 31 December 2022.

As at 30 June 2023, the equity attributable to owners of the parent amounted to approximately RMB1,350.2 million, representing an increase of approximately RMB7.0 million as compared to approximately RMB1,343.2 million as at 31 December 2022.

2. Background information of the China Jinmao

China Jinmao is a large-scale developer and operator of quality real estate projects in the PRC, and the platform enterprise of Sinochem Holdings in the development of real estate business. China Jinmao is principally engaged in city operations, property development, commercial leasing, retail operations, hotel operations, as well as technology and services.

The shares of China Jinmao are listed on the Stock Exchange (stock code: 00817). Based on the published information of China Jinmao on the website of the Stock Exchange, Sinochem Holdings is a controlling shareholder of China Jinmao as at the Latest Practicable Date. Sinochem Holdings is a state-owned enterprise incorporated in the PRC, which is wholly owned by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

3. Overview of the PRC industry landscape

Based on preliminary gross domestic product data¹ published by the National Bureau of Statistics of China in July 2023, for the six months ended 30 June 2023, the gross domestic product (“GDP”) of the PRC recorded a period-on-period growth compared to the corresponding period in the prior year (比上年同期增長) of approximately 5.5%.

Pursuant to the 14th Five Year Plan (the “14th FYP”)* (十四五規劃) announced by the PRC government in March 2021, the target urbanisation rate of the resident population* (常住人口城鎮化率) for the next five years from 2021 is approximately 65.0%. Based on publication by the PRC government in relation to the 14th FYP, the PRC government will focus on enhancing the quality and efficacy of the overall economy with a view to attain sustainable and healthy development through, among others, (i) the improvement of supply chain modernisation* (提升產業鏈供應鏈現代化水平); (ii) the development of strategic new industries* (發展戰略性新興產業); (iii) the acceleration of modern service industries development* (加快發展現代服務業); (iv) the coordination of infrastructure construction advancement* (統籌推進基礎設施建設); and (v) the acceleration of the development of digitalisation* (加快數位化發展).

We also noted the strict implementation of the three red lines* (三條紅線) from around the second half of 2020 by the PRC government on the PRC real estate development industry², which was one of the core policy directives for the property development industry issued by the PRC government at the relevant time. More recently, the People’s Bank of China* (中國人民銀行) and China Banking and Insurance Regulatory Commission* (中國銀行保險監督管理委員會) jointly issued the announcement titled “Provision of Financial Support for the Stability and Healthy Development of the Real Estate Market*” (關於做好當前金融支持房地產市場平穩健康發展工作的通知)³ dated 23 November 2022 in relation to (i) ensure stable and orderly real estate financing* (保持房地產融資平穩有序); (ii) proactively carry out “guarantee delivery of vacant possession” related financial services* (積極做好“保交樓”金融服務); (iii) proactively cooperate on risk management of real estate development enterprises in difficulties* (積極配合做好受困房地產企業風險處置); (iv) protect the legal rights and interests of residential property financial consumers* (依法保障住房金融消費者合法權益); (v) adjust part of the financial management policies in stages* (階段性調整部分金融管理政策); and (vi) provide greater financial support on leasing of residential properties* (加大住房租賃金融支持力度).

1 Data published by National Bureau of Statistics, the PRC (source: www.stats.gov.cn/sj/zxfb/202307/t20230717_1941310.html)

2 PRC government published article in relation to finance and land related policies dated 1 March 2021 (source: www.gov.cn/xinwen/2021-03/01/content_5589400.htm)

3 Announcement of Provision of Financial Support for the Stability and Healthy Development of the Real Estate Market* 《關於做好當前金融支持房地產市場平穩健康發展工作的通知》 jointly published by the People’s Bank of China* (中國人民銀行) and China Banking and Insurance Regulatory Commission* (中國銀行保險監督管理委員會) dated 23 November 2022 (source: www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=1082913generaltype=0)

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Accordingly, the development of the PRC property market continues to be influenced by changes in PRC government policies at a national and regional level, which is intended to promote sustainable and healthy long-term development of the property development industry, the then prevailing market environment as well as the overall economic development of the PRC. In view of the above, it is expected that the increase in urbanisation rate in the PRC and continuous development of the PRC economy shall continue to drive growth for the PRC property management industry as a whole over time.

VI. PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Reasons for and benefits of entering into the New Framework Agreements

We have summarised the following reasons for and benefits of entering into the New Framework Agreements from the Letter from the Board.

The Group has continuously spent efforts in developing the Group's business and to maximise returns to Shareholders, and has been actively communicating with the Jinmao Connected Persons for possible future projects and business plans. The provision of Property Management Services, Sales Assistance Services, Property Agency Services, and Consultancy and Other Value-added Services by the Group to the Jinmao Connected Persons contemplated under the New Framework Agreements is consistent with the business and commercial objectives of the Group. In addition, leveraging on the Group's long-standing business relationship with the Jinmao Connected Persons, the Group will continue to provide Property Management Services, Sales Assistance Services, Property Agency Services, and Consultancy and Other Value-added Services to the Jinmao Connected Persons pursuant to the New Framework Agreements, which are expected to be of a regular and recurrent nature and can enable the Group to continue to diversify its income streams, bring stable income and profit to the Group and facilitate the business development of the Group.

Considering, among others, that the Jinmao Group has sizeable development nationwide and is able to provide substantial ongoing business opportunities, and with the mutual understanding of the standards, requirements and specific needs of each other which put the Group in a priority position in satisfying the demand of the Jinmao Connected Persons with lower communication costs, the continuous cooperation by the Group with the Jinmao Connected Persons pursuant the New Framework Agreements can further enhance the Group's mutually beneficial and complementary relationship with the Jinmao Connected Persons and foster the growth and development of the Group (such as through scaling up its operations and gaining greater market recognition) in the long run.

In view of that, (i) the Group has an established business relationship with the Jinmao Connected Persons; (ii) the Group is principally engaged in the provision of property management services, value-added services to non-property owners, including sales assistance services to property developers, and consultancy and other value-added services as well as community value-added services, and the Continuing Connected Transactions are a furtherance of the Group's principal businesses; (iii) the Continuing Connected Transactions shall broaden the revenue base of the Group and that the Proposed Annual Caps, if approved, shall facilitate the Continuing Connected Transactions to be conducted in an effective and efficient manner

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without the need for the Company to seek Shareholders' approval on a transaction-by-transaction basis; and (iv) the Group has the right but not the obligation to provide the relevant services to and/or transact with the Jinmao Connected Persons at terms determined in accordance with the respective pricing policies, we concur with the Directors' view that the Continuing Connected Transactions are in the interests of the Company as a whole.

2. Principal terms of the New Framework Agreements

2.1 *New Property Management Services Framework Agreement*

The following principal terms of the New Property Management Services Framework Agreement has been extracted from the Letter from the Board:

Date:	26 October 2023
Parties:	(i) the Company; and (ii) China Jinmao.
Nature of transaction:	Pursuant to the New Property Management Services Framework Agreement, the Company (for itself and on behalf of the Group) agreed to provide (i) property management services to the Jinmao Connected Persons, in respect of property units developed by the Jinmao Connected Persons which have been sold but not yet been delivered to the buyers of such property units, and properties owned, used or operated by the Jinmao Connected Persons; and (ii) those services provided to property owners and residents who have paid their property management fees to the Group by redeeming the reward points they earned through the reward program developed by China Jinmao (the “ Property Management Services ”).

With respect to item (ii) of the Property Management Services, China Jinmao has developed a reward program whereby the customers of Jinmao Group can earn reward points for money spent on transactions with Jinmao Group, such as purchasing properties developed by Jinmao Group and booking hotel rooms owned by Jinmao Group, and redeem the reward points to pay all or part of the fees for their selected products or services, which may include the property management fees payable to the Group. For the fees for the property management services to be provided by the Group which are to be paid by property owners and residents by redeeming the reward points, China Jinmao or its designated subsidiaries will reimburse the equivalent amount of such property management fees to the Group in cash.

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Pricing: The fees payable by the Jinmao Connected Persons to the Group in respect of the Property Management Services under the New Property Management Services Framework Agreement shall be determined on arm's length basis with reference to the following:

- (i) the size and location of the relevant properties;
- (ii) the scope and standards of the Property Management Services;
- (iii) the expected operational costs (including, among others, labor costs, material costs and administrative costs) of the Group in relation to the provision of the Property Management Services; and
- (iv) the fees charged by other property management service providers for similar services in respect of similar types of properties in the market, with such information collected in the process of the Group's price researches through, among others, information exchange within the industry, industry talent from other property management service providers recruited by the Group, enquiries made to third party property management service providers for comparable services, and publicly available information (such as websites, annual reports, circulars and announcements) disclosed by other listed and private companies. The fees charged by the Group to the Jinmao Connected Persons shall not be higher than the standard fees designated by the relevant regulatory authorities (only applicable if the province and/or the city (as the case may be) in the PRC in which the property is situated has such regulation), with such standard fees mostly designated by the relevant Municipal Development and Reform Commission and applicable to all property management service providers within the relevant province or city, and priced at different levels according to, among others, the type of property and level of services, and the terms offered by the Group to the Jinmao Connected Persons shall not be less favorable to the Group than the terms offered by the Group to independent customers for the same or similar type and scope of property management services, such that the fees per sq.m. payable by the Jinmao Connected Persons to the Group will be no less than the fees per sq.m. payable by independent customers for the same type and scope of property management services provided by the Group.

For the services to be provided to property owners and residents who will pay their property management fees to the Group by redeeming the reward points, the Jinmao Group will reimburse the equivalent amount of such property management fees to the Group in cash on a dollar-to-dollar basis.

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Payment: The relevant member of the Group shall enter into a specific agreement with the relevant member of the Jinmao Connected Persons pursuant to the New Property Management Services Framework Agreement in respect of each transaction regarding the provision of Property Management Services. Subject to the terms and conditions of the New Property Management Services Framework Agreement, the specific agreement shall set forth the details of the specific services, the price and basis of determination of the services, the method of payment, and the specific duration of the services.

Term: Subject to obtaining the approval from the Independent Shareholders at the EGM, the New Property Management Services Framework Agreement shall take effect from 1 January 2024 and expire on 31 December 2026, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under the Listing Rules and all other applicable law and regulations (including the Civil Code of the PRC).

Proposed annual caps: It is estimated that the maximum annual amounts of fees chargeable by the Group and payable by the Jinmao Connected Persons in relation to the Property Management Services for the three years ending 31 December 2024, 2025 and 2026 will not, in aggregate, exceed the amounts set out in the table below:

For the year ending 31 December	Maximum aggregate annual amount of fees charged by the Group for the provision of Property Management Services (RMB'000)
2024	280,000
2025	320,000
2026	350,000

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2.2 *New Sales Assistance Services Framework Agreement*

The following principal terms of the New Sales Assistance Services Framework Agreement has been extracted from the Letter from the Board:

Date:	26 October 2023
Parties:	(i) the Company; and (ii) China Jinmao.
Nature of transaction:	Pursuant to the New Sales Assistance Services Framework Agreement, the Company (for itself and on behalf of the Group) agreed to provide sales assistance service to the Jinmao Connected Persons with respect to properties developed by them, to assist with their sales and marketing activities at property sales venues and display units (the “ Sales Assistance Services ”).
Pricing:	The fees payable by the Jinmao Connected Persons to the Group under the New Sales Assistance Services Framework Agreement will be determined on arm’s length basis with reference to the following: (i) the size and location of the relevant properties; (ii) the scope of the Sales Assistance Services; (iii) the expected operational costs (including, among others, labor costs, material costs and administrative costs) of the Group in relation to the provision of the Sales Assistance Services; and (iv) the fees charged by other service providers for similar services in respect of similar types of properties in the market, with such information collected in the process of the Group’s price researches through, among others, information exchange within the industry, industry talent from other sales assistance service providers recruited by the Group, enquiries made to third party sales assistance service providers for comparable services, and publicly available information (such as websites, annual reports, circulars and announcements) disclosed by other listed and private companies. The terms offered by the Group to the Jinmao Connected Persons shall not be less favorable to the Group than the terms offered by the Group to its independent customers for the same or similar type and scope of sales assistance services.

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Payment: The relevant member of the Group shall enter into a specific agreement with the relevant member of the Jinmao Connected Persons pursuant to the New Sales Assistance Services Framework Agreement in respect of each transaction regarding the provision of Sales Assistance Services. Subject to the terms and conditions of the New Sales Assistance Services Framework Agreement, the specific agreement shall set forth the details of the specific services, the price and basis of determination of the services, the method of payment, and the specific duration of the services.

Term: Subject to obtaining the approval from the Independent Shareholders at the EGM, the New Sales Assistance Services Framework Agreement shall take effect from 1 January 2024 and expire on 31 December 2026, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under the Listing Rules and all other applicable law and regulations (including the Civil Code of the PRC).

Proposed annual caps: It is estimated that the maximum annual amounts of fees chargeable by the Group and payable by the Jinmao Connected Persons in relation to the Sales Assistance Services for the three years ending 31 December 2024, 2025 and 2026 will not, in aggregate, exceed the amounts set out in the table below:

For the year ending 31 December	Maximum aggregate annual amount of fees charged by the Group for the provision of Sales Assistance Services (RMB'000)
2024	200,000
2025	240,000
2026	270,000

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2.3 *New Property Agency Services Framework Agreement*

The following principal terms of the New Property Agency Services Framework Agreement has been extracted from the Letter from the Board:

Date:	26 October 2023
Parties:	(i) the Company; and (ii) China Jinmao.
Nature of transaction:	Pursuant to the New Property Agency Services Framework Agreement, the Company (for itself and on behalf of the Group) agreed to provide property agency services to the Jinmao Connected Persons, by sourcing potential purchasers and providing assistance in entering into sales contracts with buyers, with respect to the Car Park Spaces and newly developed properties developed by the Jinmao Connected Persons (the “ Property Agency Services ”).
Pricing:	<u><i>Property Agency Services for newly developed properties</i></u> With respect to the Property Agency Services for newly developed properties, the Group will charge a commission calculated at a fixed percentage of the sales price of the relevant properties. The commission to be charged will be determined on arm’s length basis with reference to (i) the size and location of the relevant properties, (ii) the expected operational costs (including, among others, labor costs and administrative costs) of the Group in relation to the provision of the Property Agency Services, and (iii) the fees charged by other service providers for similar services in respect of similar types of properties in the market. The terms offered by the Jinmao Connected Persons to the Group shall not be less favorable to the Group than the terms offered to other sales agents for property agency services with respect to the same project.

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Property Agency Services for the Car Park Spaces

With respect to the Property Agency Services for Car Park Spaces, the Group will charge either (i) a commission calculated at a fixed percentage of the sales price of the relevant Car Park Spaces or a fixed amount on top of the sales price of the relevant Car Park Spaces, or (ii) the difference between the actual sales price paid by the purchaser and the pre-determined minimum sales price. The specific pricing mechanism will be determined by the parties on a case by case basis, with the latter pricing mechanism to be more likely to be adopted when the Group is to become the exclusive provider of property agency services with respect to the relevant Car Park Spaces.

The fees, if charged on a fixed percentage or fixed amount basis, will be determined on arm's length basis with reference to (i) the location of the relevant Car Park Spaces, and the supply and demand of Car Park Spaces in the vicinity of the project, (ii) the expected operational costs (including, among others, labor costs and administrative costs) of the Group in relation to the provision of the Property Agency Services, and (iii) the fees charged by other service providers for similar services in respect of similar Car Park Spaces in the market, with such information collected in the process of the Group's price researches through, among others, information exchange within the industry, industry talent from other property agency service providers recruited by the Group, enquiries made to third party property agents for comparable services, and publicly available information (such as websites, annual reports, circulars and announcements) disclosed by other listed and private companies.

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If the fees are calculated based on the difference between the actual sales price paid by the purchaser and the pre-determined minimum sales price, the Group may be required to pay to the Jinmao Connected Persons a refundable deposit (the “**Deposit**”) up to the total minimum sales price of the Car Park Spaces to be sold under the project, in order to become the exclusive provider of property agency services with respect to such Car Park Spaces. The minimum sales price will be determined on arm’s length basis with reference to (i) the location of the relevant Car Park Spaces, and the supply and demand of car park spaces in the vicinity of the project, (ii) the available market data of the indicative price range of similar Car Park Spaces in the vicinity of the project, and (iii) the valuation of the relevant Car Park Spaces determined by an independent valuer (if such valuation is considered necessary in the rare circumstance when the Group and the Jinmao Connected Persons cannot reach an agreement on the valuation of the relevant Car Park Spaces and an independent valuer is engaged). Upon the consummation of a sale transaction, the Group will receive the actual sales price of the Car Park Space from the purchaser which will cover the related Deposit in respect of such Car Park Space whereas the remainder thereof will be recognized as the commission from such Property Agency Services. Upon completion or termination of a project, the remaining sum of the Deposit in respect of unsold Car Park Spaces, if any, will be refunded to the Group in full.

Under each of the above pricing mechanisms, the terms offered by the Jinmao Connected Persons to the Group shall not be less favorable to the Group than the terms offered to other sales agents for property agency services with respect to similar Car Park Spaces.

Payment:

The relevant member of the Group shall enter into a specific agreement with the relevant member of the Jinmao Connected Persons pursuant to the New Property Agency Services Framework Agreement in respect of each transaction regarding the provision of Property Agency Services. Subject to the terms and conditions of the New Property Agency Services Framework Agreement, the specific agreement shall set forth the details of the specific services, the price and basis of determination of the services, the method of payment, and the specific duration of the services.

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Term: Subject to obtaining the approval from the Independent Shareholders at the EGM, the New Property Agency Services Framework Agreement shall take effect from 1 January 2024 and expire on 31 December 2026, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under the Listing Rules and all other applicable law and regulations (including the Civil Code of the PRC).

Proposed annual caps: It is estimated that (i) the maximum annual amounts of commissions chargeable by the Group and payable by the Jinmao Connected Persons in relation to the Property Agency Services, and (ii) the Deposits to be paid by the Group to the Jinmao Connected Persons pursuant to the New Property Agency Services Framework Agreement for the three years ending 31 December 2024, 2025 and 2026 will not, in aggregate, exceed the amounts set out in the table below:

For the year ending 31 December	Amount of commissions charged by the Group for the provision of Property Agency Services			Maximum daily balance of the Deposits (RMB'000)
	For newly developed properties (RMB'000)	For Car Park Spaces (RMB'000)	Total (RMB'000)	
2024	50,000	200,000	250,000	600,000
2025	60,000	220,000	280,000	600,000
2026	70,000	220,000	290,000	600,000

2.4 New Consultancy and Other Value-added Services Framework Agreement

The following principal terms of the New Consultancy and Other Value-added Services Framework Agreement has been extracted from the Letter from the Board:

Date: 26 October 2023

Parties: (i) the Company; and
(ii) China Jinmao.

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- Nature of transaction: Pursuant to the New Consultancy and Other Value-added Services Framework Agreement, the Company (for itself and on behalf of the Group) agreed to provide certain consultancy and other value-added service to the Jinmao Connected Persons, including but not limited to (i) consultancy services from the perspective of property management with respect to property development site selection, positioning, preliminary planning and design, engineering and construction; (ii) pre-delivery and post-delivery services, such as site clearing, assistance with preparatory work and maintenance of order, pre-delivery inspection and assessment, and repair and maintenance services during the post-delivery warranty periods; (iii) engineering services for the upgrade of smart management hardware; and (iv) value-added services as may be required by the Jinmao Connected Persons from time to time, such as management and operation services in respect of car park spaces owned by the Jinmao Connected Persons (the **“Consultancy and Other Value-added Services”**).
- Pricing: The fees payable by the Jinmao Connected Persons to the Group under the New Consultancy and Other Value-added Services Framework Agreement will be determined on arm’s length basis with reference to the following:
- (i) the size and location of the relevant properties;
 - (ii) the scope of the Consultancy and Other Value-added Services;
 - (iii) the expected operational costs (including, among others, labor costs, material costs and administrative costs) of the Group in relation to the provision of the Consultancy and Other Value-added Services; and
 - (iv) the fees charged by other service providers for similar services in respect of similar types of properties in the market, with such information collected in the process of the Group’s price researches through, among others, information exchange within the industry, industry talent from other consultancy and value-added service providers recruited by the Group, enquiries made to third party consultancy and value-added service providers for comparable services, and publicly available information (such as websites, annual reports, circulars and announcements) disclosed by other listed and private companies. The terms offered by the Group to the Jinmao Connected Persons shall not be less favorable to the Group than the terms offered by the Group to its independent customers for the same or similar type and scope of value-added services.

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- Payment:** The relevant member of the Group shall enter into a specific agreement with the relevant member of the Jinmao Connected Persons pursuant to the New Consultancy and Other Value-added Services Framework Agreement in respect of each transaction regarding the provision of Consultancy and Other Value-added Services. Subject to the terms and conditions of the New Consultancy and Other Value-added Services Framework Agreement, the specific agreement shall set forth the details of the specific services, the price and basis of determination of the services, the method of payment, and the specific duration of the services.
- Term:** Subject to obtaining the approval from the Independent Shareholders at the EGM, the New Consultancy and Other Value-added Services Framework Agreement shall take effect from 1 January 2024 and expire on 31 December 2026, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under the Listing Rules and all other applicable law and regulations (including the Civil Code of the PRC).
- Proposed annual caps:** It is estimated that the maximum annual amounts of fees chargeable by the Group and payable by the Jinmao Connected Persons in relation to the Consultancy and Other Value-added Services for the three years ending 31 December 2024, 2025 and 2026 will not, in aggregate, exceed the amounts set out in the table below:

	Maximum aggregate annual amount of fees charged by the Group for the provision of Consultancy and Other Value-added services (RMB'000)
For the year ending 31 December	
2024	730,000
2025	790,000
2026	860,000

3. Our analysis on the principal terms of the New Framework Agreements and work performed on the internal control procedures

3.1 New Property Management Services Framework Agreement

As advised by the Management, the service fees under the New Property Management Services Framework Agreement for the Property Management Services to be provided by the Group to the Jinmao Connected Persons, include, among others, (i) property management services to the Jinmao Connected Persons, in respect of property units developed by the Jinmao

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Connected Persons which have been sold but not yet been delivered to the buyers of such property units, and properties owned, used or operated by the Jinmao Connected Persons; and (ii) those services provided to property owners and residents who have paid their property management fees to the Group by redeeming the reward points they earned through the reward program developed by China Jinmao.

We have obtained and reviewed a sample of not less than six recent historical transactions, i.e. transacted during the year ended/ending 31 December 2022 and 2023, being the most recent two financial years under the Existing Property Management Services Framework Agreement, selected on random basis across a number of projects, including both transactions between the Group and (i) independent third parties; and (ii) members of the Jinmao Connected Persons, in relation to the Property Management Services.

As the sampled transactions were conducted across different months during the most recent two financial years under the Existing Property Management Services Framework Agreement, and covered various services provided by the Group under the Existing Property Management Services Framework Agreement, we considered the above sampled size and basis to be appropriate and representative for the purposes of our analysis.

We noted that the rates of service fee of the samples were based on, among others, (i) the size and location of the relevant properties; (ii) the scope and standards of the Property Management Services; (iii) the expected operational costs (including, among others, labor costs, material costs and administrative costs) of the Group in relation to the provision of the Property Management Services; and (iv) the fees charged by other property management service providers for similar services in respect of similar types of properties in the market, with such information collected in the process of the Group's price researches through, among others, information exchange within the industry, industry talent from other property management service providers recruited by the Group, enquiries made to third party property management service providers for comparable services, and publicly available information (such as websites, annual reports, circulars and announcements) disclosed by other listed and private companies. The fees charged by the Group to the Jinmao Connected Persons shall not be higher than the standard fees designated by the relevant regulatory authorities (only applicable if the province and/or the city (as the case may be) in the PRC in which the property is situated has such regulation), with such standard fees mostly designated by the relevant Municipal Development and Reform Commission and applicable to all property management service providers within the relevant province or city, and priced at different levels according to, among others, the type of property and level of services, and the terms offered by the Group to the Jinmao Connected Persons shall not be less favorable to the Group than the terms offered by the Group to independent customers for the same or similar type and scope of property management services, such that the fees per sq.m. payable by the Jinmao Connected Persons to the Group will be no less than the fees per sq.m. payable by independent customers for the same type and scope of property management services provided by the Group.

For the services to be provided to property owners and residents who will pay their property management fees to the Group by redeeming the reward points, Jinmao Group or its designated subsidiaries will reimburse the equivalent amount of such property management fees to the Group in cash on a dollar-to-dollar basis.

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Based on our work performed as detailed above, in particular, review of profit margin of transactions contemplated under the Property Management Services, terms of the sampled transactions with the Jinmao Connected Persons were no less favourable to the Group than similar transactions with independent third parties, our findings demonstrated that the Property Management Services were conducted on normal commercial terms and considered to be fair and reasonable.

In addition, we have also obtained and reviewed the internal procedures of the Group governing the transactions contemplated under the New Property Management Services Framework Agreement which involve, among others, the review of terms of relevant transactions by the approval personnel from the headquarters of the Group, segregation of duties and regularly monitored by the relevant personnel from various internal departments of the Company (including but not limited to the finance department and legal department). With a view to ensure that the transactions pursuant to the New Property Management Services Framework Agreement are conducted on normal commercial terms, the relevant personnel and the management of the Group shall review and ensure the transactions contemplated under the New Property Management Services Framework Agreement are conducted in accordance with the terms of the New Property Management Services Framework Agreement.

3.2 New Sales Assistance Services Framework Agreement

As advised by the Management, the service fees under the New Sales Assistance Services Framework Agreement for the Sales Assistance Services to be provided by the Group to the Jinmao Connected Persons, include the provision of sales assistance service to the Jinmao Connected Persons with respect to properties developed by them, to assist with their sales and marketing activities at property sales venues and display units.

We have obtained and reviewed a sample of not less than six recent historical transactions, i.e. transacted during the year ended/ending 31 December 2022 and 2023, being the most recent two financial years under the Existing Sales Assistance Services Framework Agreement, selected on random basis across a number of projects, including both transactions between the Group and (i) independent third parties; and (ii) members of the Jinmao Connected Persons, in relation to the Sales Assistance Services.

As the sampled transactions were conducted across different months during the most recent two financial years under the Existing Sales Assistance Services Framework Agreement, and covered various services provided by the Group under the Existing Sales Assistance Services Framework Agreement, we considered the above sampled size and basis to be appropriate and representative for the purposes of our analysis.

In relation to the Property Agency Services for newly developed properties, we noted that the rates of service fee of the samples were based on, among others, (i) the size and location of the relevant properties; (ii) the scope of the Sales Assistance Services; (iii) the expected operational costs (including, among others, labor costs, material costs and administrative costs) of the Group in relation to the provision of the Sales Assistance Services; and (iv) the fees charged by other service providers for similar services in respect of similar types of properties in the market. The terms offered by the Group to the Jinmao Connected Persons shall not be less favorable to the Group than the terms offered by the Group to its independent customers for the same or similar type and scope of sales assistance services.

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Based on our work performed as detailed above, in particular, review of profit margin of transactions contemplated under the Sales Assistance Services, terms of the sampled transactions with the Jinmao Connected Persons were no less favourable to the Group than similar transactions with independent third parties, our findings demonstrated that the Sales Assistance Services were conducted on normal commercial terms and considered to be fair and reasonable.

In addition, we have also obtained and reviewed the internal procedures of the Group governing the transactions contemplated under the New Sales Assistance Services Framework Agreement which involves, among others, the review of terms of relevant transactions by the approval personnel from the headquarters of the Group, segregation of duties and regularly monitored by the relevant personnel from various internal departments of the Company (including but not limited to the finance department and legal department). With a view to ensure that the transactions pursuant to the New Sales Assistance Services Framework Agreement are conducted on normal commercial terms, the relevant personnel and the management of the Group shall review and ensure the transactions contemplated under the New Sales Assistance Services Framework Agreement are conducted in accordance with the terms of the New Sales Assistance Services Framework Agreement.

3.3 New Property Agency Services Framework Agreement

As advised by the Management, the commission fees under the New Property Agency Services Framework Agreement for the Property Agency Services to be provided by the Group to the Jinmao Connected Persons, mainly include the provision of property agency services to the Jinmao Connected Persons, by sourcing potential purchasers and providing assistance in entering into sales contracts with buyers, with respect to the Car Park Spaces and newly developed properties developed by the Jinmao Connected Persons.

In connection with Property Agency Services for newly developed properties, we noted that the basis of the commission charged under the selected samples were based on, among others, (i) the size and location of the relevant properties; (ii) the expected operational costs (including, among others, labor costs and administrative costs) of the Group in relation to the provision of the Property Agency Services; and (iii) the fees charged by other service providers for similar services in respect of similar types of properties in the market.

We have obtained and reviewed a sample of not less than six recent historical transactions, i.e. transacted during the year ended/ending 31 December 2022 and 2023, being the most recent two financial years under the Existing Property Agency Services Framework Agreement, selected on random basis across a number of projects, including both transactions between the Group and (i) independent third parties; and (ii) members of the Jinmao Connected Persons, in relation to the Property Agency Services for newly developed properties.

As the sampled transactions were conducted across different months during the most recent two financial years under the Existing Property Agency Services Framework Agreement, and covered various services provided by the Group under the Existing Property Agency Services Framework Agreement, we considered the above sampled size and basis to be appropriate and representative for the purposes of our analysis. Based on our work performed, we noted that the rate of commission receivable by the Group for the provision of Property Agency Services for newly developed properties from Jinmao Connected Persons were no less favourable than those from independent third parties.

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In relation to Property Agency Services for Car Park Spaces, we noted that:

- (i) in case that the fees was charged on a fixed percentage or fixed amount basis, such were based on, among others, (a) the location of the relevant Car Park Spaces, and the supply and demand of Car Park Spaces in the vicinity of the project; (b) the expected operational costs (including, among others, labor costs and administrative costs) of the Group in relation to the provision of the Property Agency Services; and (c) the fees charged by other service providers for similar services in respect of similar Car Park Spaces in the market, with such information collected in the process of the Group's price researches through, among others, information exchange within the industry, industry talent from other property agency service providers recruited by the Group, enquiries made to third party property agents for comparable services, and publicly available information (such as websites, annual reports, circulars and announcements) disclosed by other listed and private companies; and
- (ii) in cases where the fees are calculated based on the difference between the actual sales price paid by the purchaser and the pre-determined minimum sales price, the Group is required to pay to the Jinmao Connected Persons a refundable deposit up to the total minimum sales price of the Car Park Spaces to be sold under the project. The minimum sales price will be determined on arm's length basis with reference to (a) the location of the relevant Car Park Spaces, and the supply and demand of Car Park Spaces in the vicinity of the project; (b) the available market data of the indicative price range of similar Car Park Spaces in the vicinity of the project; and (c) the valuation of the relevant Car Park Spaces determined by an independent valuer (if such valuation is considered necessary in the rare circumstance when the Group and the Jinmao Connected Persons cannot reach an agreement on the valuation of the relevant Car Park Spaces and an independent valuer is engaged).

As set out in the Letter from the Board, under each of the above pricing mechanisms, the terms offered by the Jinmao Connected Persons to the Group shall not be less favourable to the Group than the terms offered to other sales agents for property agency services with respect to similar car park spaces.

Based on our work performed as detailed above, in particular, review of profit margin of transactions contemplated under the Property Agency Services for Car Park Spaces, terms of the sampled transactions with the Jinmao Connected Persons were no less favourable to the Group than similar transactions with independent third parties.

With a view to further assess the fairness and reasonableness of the principal terms of the Property Agency Services, in particular, the refundable deposits in connection with the Property Agency Services for Car Park Spaces, we have conducted market research on comparable transactions (the "**Comparable Transactions**") involving refundable deposits for Car Park Spaces sales agency rights which were announced by Main Board listed companies engaged in property management services in the PRC during the period commencing from 1 October 2022 and ending on the date of the announcement dated 26 October 2023 in relation to the Continuing Connected Transactions, being a review period of approximately 12 months (the "**Selection Criteria**"), which is considered to cover a reasonable timeframe for identifying recent similar transactions conducted by a number of property management companies listed on the Main Board.

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Based on the Selection Criteria, we have identified an exhaustive list of nine Comparable Transactions, details of which are set out below:

Company name <i>(stock code)</i>	Date of announcement	Base price to the market price of the underlying asset	Rate of agency fees/commission	Rate of deposit to base price/agreed market value
Redsun Services Group Limited ("RS Services") (1971)	7 June 2023	sales reserve price, which is determined with reference to (i) the popularity of the unsold parking spaces; (ii) the real estate market condition and the scope of services provided; and (iii) the location of the unsold parking spaces	the multiple of contract prices of the sales or leasing of the subject parking spaces and the agreed rate of agency fees ^(Note 1)	100% of the base price
S-Enjoy Service Group Co., Limited ("S-Enjoy") (1755)	8 May 2023	pre-determined acceptable lowest sales price based on (i) popularity of the parking space; (ii) the condition of the real estate market; and (iii) location	ranged from 15% to 32% of the sales amount during 2022 and expected similar range for 2023 which is in line with the market practice ^(Note 2)	100% of the base price
S-Enjoy Service Group Co., Limited (1755)	21 April 2023	pre-determined acceptable lowest sales price based on (i) popularity of the parking space; (ii) the condition of the real estate market; and (iii) location	based on either (i) the difference between the actual sales prices and the base prices of subject parking lots; or (ii) the rate separately agreed between the Group and the purchaser of the parking lot.	100% of the base price
Times Neighborhood Holdings Limited (9928)	21 March 2023	not specified	not specified	not specified
Shimao Services Holdings Limited (873)	6 December 2022	minimum acceptable sale price that the owner is willing to sell, which was determined with reference to the historical transaction price of carpark spaces in the proximity area	the sum of (i) a portion over the pre-agreed base price of the respective carpark spaces; and (ii) a portion over the difference between the actual selling price and the pre-agreed base price of the respective carpark spaces	not more than 35% of the base price

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Company name <i>(stock code)</i>	Date of announcement	Base price to the market price of the underlying asset	Rate of agency fees/commission	Rate of deposit to base price/agreed market value
Ronshine Service Holding Co., Ltd (“ Ronshine ”) (2207)	23 November 2022	approximately 65% of the estimated market value of the parking spaces based on available transaction price of comparable car parking spaces in the surrounding markets	the sum of (i) the multiple of the base price and an agreed rate of 3% to 5% and (ii) the multiple of the difference between the sales price and the base price (if any) and other agreed rate of 3% to 5%	15% of the agreed market value
Poly Property Services Co., Ltd. (“ Poly Property ”) (6049)	16 November 2022	minimum price to be charged for the sales and leasing price at no exceeding 80% of the agreed price, which is determined by negotiations between parties with reference to comparable average price in the surrounding markets	the excess of the agreed price over the base price for sales and leasing	Not more than 50% of the base price
Roiserv Lifestyle Services Co., Ltd. (“ Roiserv ”) (2146)	15 November 2022	approximately 70% to 80% of the agreed market value	the difference between the agreed price and base price shall be distributed to Roiserv in the proportion of 70%	100% of the base price
Sino-Ocean Service Holding Limited (6677)	14 October 2022	shall not exceed 80% of the average price of comparable parking spaces in the surrounding markets	the difference between the actual sales price and the base price and expected to generate at least 20% of the respective selling price	shall not exceed 50% of the base price

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Company name (stock code)	Date of announcement	Base price to the market price of the underlying asset	Rate of agency fees/commission	Rate of deposit to base price/agreed market value
the Company (816)	26 October 2023	minimum sales price will be determined on arm's length basis with reference to (i) the location of the relevant Car Park Spaces, and the supply and demand of car park spaces in the vicinity of the project, (ii) the available market data of the indicative price range of similar car park spaces in the vicinity of the project, and (iii) the valuation of the relevant Car Park Spaces determined by an independent valuer, where necessary	(i) a commission calculated at a fixed percentage of the sales price of the relevant Car Park Spaces or a fixed amount on top of the sales price of the relevant Car Park Spaces, or (ii) the difference between the actual sales price paid by the purchaser and the pre-determined minimum sales price	up to the total minimum sales price of the Car Park Spaces to be sold under the project

Notes:

- (1) For further details of the agency fees paid to RS Services, please refer to (i) the circular of RS Services dated 22 August 2023; (ii) the announcement of RS Services dated 8 December 2022; and (iii) the prospectus of RS Services dated 24 June 2020.
- (2) For further details of the commission charged by S-Enjoy and its subsidiaries with respect to the parking lot sales agency services, please refer to the circulars of S-Enjoy dated 6 June 2023 and 14 December 2022, respectively.

Based on the foregoing, (i) the respective deposit/earnest money to base/reserve price of the Comparable Transactions ranged from 15% (Ronshine) to 100% (RS Service, S-Enjoy and Roiserv) of the corresponding base price/agreed market value (where applicable), of which the Deposit of up to the total minimum sales price of the Car Park Spaces to be sold under the project under the New Property Agency Services Framework Agreement falls within such range; and (ii) the respective base price of the Comparable Transactions ranged from 65% (Ronshine) to 80% (Poly Property) of the agreed asset value (which is determined with reference to the market price), under the New Property Agency Services Framework Agreement, the total minimum sales price divided by the estimated total car parking spaces market value based on the schedule (the “**CPS Schedule**”) provided by the Management is in the region of 80%, which falls within such range. Based on our work performed, in particular, review of profit margin of transactions contemplated under the Property Agency Services for Car Park Spaces, terms of the sampled transactions with the Jinmao Connected Persons were no less favourable to the Group than similar car parking agency services provided to independent third parties.

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In addition, we have also obtained and reviewed the internal procedures of the Group governing the transactions contemplated under the New Property Agency Services Framework Agreement which involves, among others, the review of terms of relevant transactions by the approval personnel from the headquarters of the Group, segregation of duties and regularly monitored by the relevant personnel from various internal departments of the Company (including but not limited to the finance department and legal department). With a view to ensure that the transactions pursuant to the New Property Agency Services Framework Agreement are conducted on normal commercial terms, the relevant personnel and the management of the Group shall review and ensure whether the transactions contemplated under the New Property Agency Services Framework Agreement are conducted in accordance with the terms of the New Property Agency Services Framework Agreement.

3.4 New Consultancy and Other Value-added Services Framework Agreement

As advised by the Management, the service fees under the New Consultancy and Other Value-added Services Framework Agreement for the Consultancy and Other Value-added Services to be provided by the Group to the Jinmao Connected Persons, include, among others, (i) consultancy services from the perspective of property management with respect to property development site selection, positioning, preliminary planning and design, engineering and construction; (ii) pre-delivery and post-delivery services, such as site clearing, assistance with preparatory work and maintenance of order, pre-delivery inspection and assessment, and repair and maintenance services during the post-delivery warranty periods; (iii) engineering services for the upgrade of smart management hardware; and (iv) value-added services as may be required by the Jinmao Connected Persons from time to time, such as management and operation services in respect of car park spaces owned by the Jinmao Connected Persons.

We have obtained and reviewed sample historical transactions, i.e. transacted during the year ended/ending 31 December 2022 and 2023, being the most recent two financial years under the Existing Consultancy and Other Value-added Services Framework Agreement, for each category of value-added services as set out in the preceding paragraph (i) to (iv) above (i.e. a total of not less than 16 samples), which were selected on random basis across a number of projects. Such sampled transactions, including both transactions between the Group and (i) independent third parties; and (ii) members of the Jinmao Connected Persons, in relation to the Consultancy and Other Value-added Services.

As the sampled transactions were conducted across different months during the most recent two financial years under the Existing Consultancy and Other Value-added Services Framework Agreement, and covered various services provided by the Group under the Existing Consultancy and Other Value-added Services Framework Agreement, we considered the above sampled size and basis to be appropriate and representative for the purposes of our analysis. We also noted that the rates of service fee of the samples were based on, among others, (i) the size and location of the relevant properties; (ii) the scope of the Consultancy and Other Value-added Services; (iii) the expected operational costs (including, among others, labor costs, material costs and administrative costs) of the Group in relation to the provision of the Consultancy and Other Value-added Services; and (iv) the fees charged by other service providers for similar services in respect of similar types of properties in the market. The terms offered by the Group to the Jinmao Connected Persons shall not be less favourable to the Group than the terms offered by the Group to its independent customers for the same or similar type and scope of value-added services.

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Based on our work performed as detailed above, in particular, review of profit margin of transactions contemplated under the Consultancy and Other Value-added Services, terms of the sampled transactions with the Jinmao Connected Persons were no less favourable to the Group than similar transactions with independent third parties, our findings demonstrated that the Consultancy and Other Value-added Services were conducted on normal commercial terms and considered to be fair and reasonable.

In addition, we have also obtained and reviewed the internal procedures of the Group governing the transactions contemplated under the New Consultancy and Other Value-added Services Framework Agreement which involves, among others, the review of terms of relevant transactions by the approval personnel from the headquarters of the Group, segregation of duties and regularly monitored by the relevant personnel from various internal departments of the Company (including but not limited to the finance department and legal department). With a view to ensure that the transactions pursuant to the New Consultancy and Other Value-added Services Framework Agreement are conducted on normal commercial terms, the relevant personnel and the management of the Group shall review and ensure the transactions contemplated under the New Consultancy and Other Value-added Services Framework Agreement are conducted in accordance with the terms of the New Consultancy and Other Value-added Services Framework Agreement.

3.5 Internal control procedures and corporate governance measures

We noted that the Group has adopted the following internal control and corporate governance measures to ensure that the terms of the Group's transactions with the Jinmao Connected Persons under the New Framework Agreements are fair and reasonable and not prejudicial to the interests of the Company and the Independent Shareholders:

- (i) the Board (including the independent non-executive Directors) will be responsible for reviewing and evaluating the terms of the New Framework Agreements for the continuing connected transactions (including any renewal thereof), in particular the pricing principles and annual caps, to ensure that such terms are fair and reasonable to the Group and compliant with relevant laws and regulations, the Group's internal policies and the Listing Rules;
- (ii) the business department of the Company will oversee the monitoring, collection and evaluation of historical transaction prices and market data, including but not limited to information on the market practices and prevailing market rates for the provision of the relevant services in respect of similar types of properties in comparable locations which are to be collected through, among others, information exchange within the industry, industry talent from other relevant service providers recruited by the Group, enquiries made to third party service providers for comparable services, and publicly available information (such as websites, annual reports, circulars and announcements) disclosed by other listed and private companies;

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- (iii) when determining the fees payable by the Jinmao Connected Persons to the Group under the New Framework Agreements, the Group will make reference to the prevailing market conditions and practices by utilising the market data collected by the business department as mentioned in the preceding paragraph, as well as the pricing and terms offered by the Group to independent third parties for similar transactions which is recorded in a database of fees paid to the Group and/or terms offered by the Group compiled by, among others, property type, geographical location of the property, the scope of services to be provided by the Group and the identity of the customer, to ensure that the terms and conditions offered to the Jinmao Connected Persons are fair and reasonable and are no less favorable to the Group than those offered to independent third parties for comparable services. Specifically, the business department of each regional center of the Group is responsible for the initial pricing of the fees payable by the Jinmao Connected Persons to the Group with respect to the projects within the region after taking into accounts the aforementioned factors, which will then be submitted to the headquarters of the Group for final review and approval;
- (iv) the Group will independently evaluate the projects developed by the Jinmao Connected Persons, including the size and location of the relevant projects, the scope and standards of the services required and the expected operational costs for providing such services, before taking on any particular project;
- (v) various internal departments of the Company (including but not limited to the finance department and legal department) will regularly monitor the implementation of the continuing connected transactions contemplated under the New Framework Agreements and keep track of the aggregate transaction amounts under each New Framework Agreements on a monthly basis, to ensure that the pricing principles and annual caps contained therein are complied with;
- (vi) the independent non-executive Directors will conduct an annual review of the continuing connected transactions under the New Framework Agreements and provide an annual confirmation as to whether these transactions are conducted on normal commercial terms or better, and according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and
- (vii) the Company's external auditors will also conduct an annual review of the continuing connected transactions under the New Framework Agreements, including the pricing policies and the annual caps.

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3.6 *Our findings*

Having considered the work performed by us as set out above, in particular, (i) the historical sampled transactions together with the relevant documents reviewed by us; (ii) our analysis and work performed on the pricing policies and internal control procedures in connection with the Continuing Connected Transactions as set out in the Letter from the Board, including the pricing basis of the Property Management Services, Sales Assistance Services, Property Agency Services and Consultancy and Other Value-added Services, which were not less favourable to the Group than transactions with Independent Third Parties; and (iii) the Group has the right but not the obligation to provide the relevant services to the Jinmao Group at terms determined in accordance with the respective pricing policies, we considered that the effective implementation of the subject internal control policies would ensure the transactions under the New Framework Agreements to be conducted on terms which are fair and reasonable.

4. **Basis and rationale for determining the Proposed Annual Caps in connection with the New Framework Agreements**

4.1 *Proposed annual caps for the New Property Management Services Framework Agreement (the “PM Services Annual Caps”)*

The annual cap amounts and historical transaction amount under the provision of the Property Management Services under the Existing Property Management Services Framework Agreement for the years ended 31 December 2021 and 2022, and the year ending 31 December 2023, and the PM Services Annual Caps for the years ending 31 December 2024, 2025 and 2026 under the new Property Management Services Framework Agreement are set out below:

	For the year ended/ending 31 December				
	2022	2023	2024	2025	2026
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Existing annual cap under the Existing Property Management Services Framework Agreement	200.0	250.0	N/A	N/A	N/A
Historical transaction amounts under the Existing Property Management Services Framework Agreement	146.8	61.4 (up till 30 June 2023) (Annualised amount: 122.8) ^(Note)	N/A	N/A	N/A

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	For the year ended/ending 31 December				
	2022	2023	2024	2025	2026
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Utilisation rate (%)	73.4	24.6 (up till 30 June 2023) <i>(Utilisation rate based on annualised amount: 49.2)^(Note)</i>	N/A	N/A	N/A
PM Services Annual Caps	N/A	N/A	280.0 (the “ 2024 PM Services Annual Cap ”)	320.0 (the “ 2025 PM Services Annual Cap ”)	350.0 (the “ 2026 PM Services Annual Cap ”)

Note: Utilisation rate based on the annualised amount calculated using the transaction amount for the six months ended 30 June 2023 is for illustration purposes only and does not represent the actual transaction amount for the year ending 31 December 2023.

As set out in the Letter from the Board, the PM Services Annual Caps for the years ending 31 December 2024, 2025 and 2026 have been determined primarily by reference to (i) the historical transaction amounts in respect of the Property Management Services, and the growth trend in the transaction amount over the two years ended 31 December 2021 and 2022 and the six months ended 30 June 2023 which aligns with the business expansion of the Group as evidenced by the growth of its contracted GFA and GFA under management in recent years; (ii) the estimated revenue from the Jinmao Connected Persons to be recognised by the Group based on the existing signed contracts with the Jinmao Connected Persons on the provision of Property Management Services; (iii) the estimated GFA to be delivered by the Jinmao Connected Persons during the three years ending 31 December 2026, taking into consideration the properties under development and land bank held by the Jinmao Connected Persons as at 31 December 2022 as well as their business plan, in particular, the saleable/leasable GFA of approximately 98.5 million sq.m. which were yet to be delivered by Jinmao Group as disclosed in the annual report of China Jinmao for the year ended 31 December 2022 (the “**2022 Jinmao Annual Report**”) and their estimated delivery schedule; (iv) the scope of the Property Management Services which includes those services provided to property owners and residents who have paid their property management fees to the Group by redeeming the reward points they earned through the reward program launched by China Jinmao; (v) the estimated management fees to be charged by the Group, with reference to the management fees charged during the two years ended 31 December 2021 and 2022 and the six months ended 30 June 2023 as well as the prevailing market rates for similar services in respect of similar types of properties; and (vi) a buffer of 10% to cater for any additional demand of the Jinmao Connected Persons for the Property Management Services, inflation and currency fluctuations and on the general assumption that there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group and the Jinmao Connected Persons during the projected period. Please refer to the section headed “Continuing connected transactions under the New Framework Agreements – Continuing connected transactions under the New Property Management Services Framework Agreement – Annual caps – Proposed annual caps and factors taken into account in determining annual caps” in the Letter from the Board for further details.

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With a view to assess the fairness and reasonableness of the PM Services Annual Caps, we obtained and reviewed a schedule prepared by the Management in relation to property management services for the years ending 31 December 2024, 2025 and 2026 (the “**PM Services Schedule**”). Based on the PM Services Schedule, we noted that the PM Services Annual Caps were primarily based on services, including (i) property management services to the Jinmao Connected Persons, in respect of property units developed by the Jinmao Connected Persons which have been sold but not yet been delivered to the buyers of such property units, and properties owned, used or operated by the Jinmao Connected Persons (the “**Traditional PM Services**”); and (ii) those property management services provided to property owners and residents who have paid their property management fees to the Group by redeeming the reward points they earned through the reward program (the “**Other PM Services**”).

In assessing the fairness and reasonableness of the PM Services Annual Caps, we have considered various factors and performed the related work including, among others,

- (i) based on the PM Services Schedule, the Traditional PM Services made up in the region of 90% of the 2024 PM Services Annual Cap. Accordingly, we have first reviewed and performed our analysis on the Traditional PM Services under the 2024 PM Services Annual Cap;
- (ii) the estimated revenue to be recognised based on the existing signed contracts with the Jinmao Connected Persons. As at 30 June 2023, the Group was contracted to manage not less than 101 properties developed by the Jinmao Connected Persons which were yet to be delivered with a total contracted GFA of approximately 11.2 million sq.m.;
- (iii) we have obtained from the Management the list of property projects, including ongoing and potential projects, of the Jinmao Connected Persons in connection with the Traditional PM Services, which sets out approximately 43, 47 and 49 property projects for each of the years ending 31 December 2024, 2025 and 2026, respectively. The estimated total gross floor area (“**GFA**”) of the property projects under development or to be developed by the Jinmao Connected Persons, amounted to approximately 4.6 million sq.m., 5.1 million sq.m., and 5.3 million sq.m. for the years ending 31 December 2024, 2025 and 2026 respectively, and the estimated monthly fees per sq.m. to be charged by the Group for the Traditional PM Services, subject to among other factors, the nature and scope of services, location and specific skills required, ranged between approximately RMB1.0 per sq.m. per month and RMB30.0 per sq.m. per month, with an average of approximately RMB4.4 per sq.m. per month for the years ending 31 December 2024, 2025 and 2026;

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- (iv) in addition, we have also reviewed the historical transaction amount of the Traditional PM Services for the year ended 31 December 2020, 2021 and 2022 ranged from not less than RMB60 million (2020) to approximately RMB146.8 million (2022), and based on the transaction amount for the six months ended 30 June 2023, the annualised amount for the year ending 31 December 2023 would be approximately RMB122.8 million, which may or may not represent the actual transaction amount. Given the Traditional PM Services are largely market driven and may be affected by a number of factors as further explained below, the transaction amount for a given year, if assessed in isolation, may not fully reflect the demand or growth potential of the Traditional PM Services going forward. On this basis, we have analysed the transaction amount over time (i.e. over a three year period).

In this connection, the three-year compound annual growth rate (the “**CAGR**”) of the historical transaction amount for Traditional PM Services, between the year ended 31 December 2020 and year ended 31 December 2022, was approximately 53.8% (the “**Traditional PM Services Historical CAGR**”). The aforesaid Traditional PM Services Historical CAGR of approximately 53.8% demonstrated that the demand for Traditional PM Services are market driven and the historical growth rate has been high attributable to various factors, such as, the number of property development projects launched during the subject years, the GFA of these property development projects as well as the market receptiveness and corresponding sales of these property development projects to independent third property buyers at the material time.

We considered that the Traditional PM Services are market driven and certain drivers of the demand are beyond the Management’s control. With a view to cater for such uncertainties, we have applied the Traditional PM Services Historical CAGR of approximately 53.8% to the Traditional PM Services transaction amount recorded for the year ended 31 December 2022 of approximately RMB146.8 million, being the most recent completed financial year of the Group, to assess the fair and reasonableness and noted that the portion of the 2024 PM Services Annual Cap which is associated with the Traditional PM Services of approximately RMB244.5 million is boardly in line with the calculated amount. Furthermore, it is noted that the ongoing operating environment of the PRC property market is challenging, therefore it would be prudent for the Management to assume the completed property units may take longer to sell, which would in turn drive the increase in demand of the Traditional PM Services from Jinmao Connected Persons for these vacant available-for-sales property units. Having considered the above, the basis of estimating the Traditional PM Services is considered to be reasonable;

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- (v) based on the PM Services Schedule, the remaining portion of less than 10% of the 2024 PM Services Annual Cap are related to Other PM Services, based on property owners and residents who pays their property management fees to the Group by redeeming the reward points they earned through the reward program launched by China Jinmao. In assessing the reasonableness of the estimated fee amount to be paid by the Jinmao Connected Persons for services provided to property owners and residents, we have obtained from the Management, revenue of the Group generated from the property management services provided to independent third parties for the year ended 31 December 2022, which amounted to approximately RMB180.3 million (the “**I3P PM Transaction Amount**”). On this basis, the estimated transaction amount of the Other PM Services under the 2024 PM Services Annual Cap only represented approximately 3.9% of the I3P PM Transaction Amount. Given the size of the estimated transaction amount of RMB20.0 million under the 2024 PM Services Annual Cap and the aforesaid moderate percentage compared to the I3P PM Transaction Amount, we consider the basis to be reasonable;
- (vi) we also noted that the Management has incorporated a buffer of 10% in the 2024 PM Services Annual Cap, we have conducted market research on the buffers incorporated into annual caps of framework agreements as set out in circulars issued by other companies listed on the Stock Exchange, the framework agreements for provision of services, which constituted continuing connected transactions, entered into in 2023. Given the proposed buffer of 10% under the 2024 PM Services Annual Cap is within the range of buffer under the market precedents identified above, we considered the buffer of 10% under the 2024 PM Services Annual Cap to be justifiable; and
- (vii) having considered that (a) the 2025 PM Services Annual Cap and the 2026 PM Services Annual Cap represents a year-on-year growth rate of approximately 14.3% and 9.4%, which is notably lower than the Traditional PM Services Historical CAGR of approximately 53.7%; (b) the Property Management Services are market driven and the relevant annual caps should have sufficient flexibility to cater for unforeseen increase in market demand; and (c) the PM Services are a furtherance of the Group’s principal businesses and shall broaden the revenue base of the Group. Furthermore, the PM Services Annual Caps shall facilitate the continuing connected transactions under the New Property Management Services Framework Agreement to be conducted in an effective and efficient manner without the need for the Company to seek independent Shareholders’ approval on a transaction-by-transaction basis, we considered that each of the 2025 PM Services Annual Cap and the 2026 PM Services Annual Cap to be reasonable.

Based on the above factors and analysis, we considered the basis for determining the PM Services Annual Caps to be fair and reasonable so far as the Company and the Independent Shareholders are concerned.

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4.2 Proposed annual caps under the New Sales Assistance Services Framework Agreement (the “SA Services Annual Caps”)

Since the listing of the Company, the provision of Sales Assistance Services to the Jinmao Connected Persons, has been governed by the terms of the Existing Sales Assistance Services Framework Agreement and the annual caps thereof, details of which are set out in the Prospectus. Given the continuous development of the Sales Assistance Services, the Company has entered into the New Sales Assistance Services Framework Agreement for the provision of Sales Assistance Services to the Jinmao Connected Persons for the years ending 31 December 2024, 2025 and 2026. The SA Services Annual Caps under the New Sales Assistance Services Framework Agreement are set out below:

	For the year ended/ending 31 December		
	2021	2022	2023
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Sales Assistance Services historical transaction amounts	219.6	214.9	95.3 (up till 30 June 2023) (Annualised amount: 190.6) ^(Note)
	For the year ending 31 December		
	2024	2025	2026
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
SA Services Annual Caps	200.0 (the “2024 SA Services Annual Cap”)	240.0 (the “2025 SA Services Annual Cap”)	270.0 (the “2026 SA Services Annual Cap”)

Note: Utilisation rate based on the annualised amount calculated using the transaction amount for the six months ended 30 June 2023 is for illustration purposes only and does not represent the actual transaction amount for the year ending 31 December 2023.

As set out in the Letter from the Board, the SA Services Annual Caps for the years ending 31 December 2024, 2025 and 2026 have been determined primarily by reference to factors, summarised as follows, (i) the historical transaction amounts; (ii) the estimated increase in demand for the Sales Assistance Services as a result of the projected growth in sales activities of the Jinmao Connected Persons for the three years ending 31 December 2026, taking into consideration the properties under development and land bank held by the Jinmao Connected Persons as at 31 December 2022 and the estimated time of pre-sale as well as their business plan in light of the PRC property development market trend; (iii) the estimated service fees to be charged in respect of the Sales Assistance Services, with reference to the service fees charged during the two years ended 31 December 2021 and 2022 and the six months ended 30 June 2023 as well as the prevailing market rates for similar services in respect of similar types of properties; (iv) the new smart platform which the Group expects to start operating in

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2024 and which will widen the scope of the Sales Assistance Services that the Jinmao Connected Persons may require the Group to provide. The new smart platform will be able to record the information of the prospective buyers of the properties developed by the Jinmao Connected Persons in a more systematic manner, which will allow the sales team of the Jinmao Connected Persons to follow up with such prospective buyers more efficiently, and to have more interactions with such prospective buyers through, among others, introducing such prospective buyers to other properties developed by the Jinmao Connected Persons in the same city; (v) the continuous increase in scope of services required by Jinmao Connected Persons will lead to the expected increase in operational costs (primarily labour costs) to be incurred by the Group. Among others, the Jinmao Connected Persons have since 2023 engaged the Group to provide services, including enliven the atmosphere at property sales venues; (vi) number of property development projects (including ongoing projects and projects which are yet to commence) for which the Group has been engaged by the Jinmao Connected Persons to provide Sales Assistance Services, based on the relevant existing signed contracts with the Jinmao Connected Persons; (vii) the number of Sales Assistance Services engagement awarded by the Jinmao Connected Persons to the Group is expected to increase for the three years ending 31 December 2026, based on the property development plan and the estimated delivery schedule of the Jinmao Connected Persons, the average ratio of the sales assistance service engagements of the Jinmao Connected Persons awarded to the Group for the two years ended 31 December 2021 and 2022 and the six months ended 30 June 2023, and the expected increase in scope of Sales Assistance Services required by Jinmao Connected Persons; and (viii) a buffer of 10% to cater for any additional demand of the Jinmao Connected Persons for the Sales Assistance Services, inflation and currency fluctuations and on the general assumption that there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group and the Jinmao Connected Persons during the projected period. Please refer to the section headed “Continuing connected transactions under the New Framework Agreements – Continuing connected transactions under the New Sales Assistance Services Framework Agreement – Annual caps – Proposed annual caps and factors taken into account in determining annual caps” in the Letter from the Board for further details.

In assessing the fairness and reasonableness of the SA Services Annual Caps, we have considered various factors and performed the related work including, among others,

- (i) obtained and reviewed a schedule prepared by the Management in relation to Sales Assistance Services for the years ending 31 December 2024, 2025 and 2026 (the “**SA Services Schedule**”);
- (ii) as set out in the SA Services Schedule, the Group has been contracted by the Jinmao Connected Persons to provide Sales Assistance Services for not less than 75, 83 and 88 property development projects for the years ending 31 December 2024, 2025 and 2026, respectively, including ongoing projects and projects which are yet to commence, the contract sum of which ranged from not less than RMB2.0 million to around RMB2.9 million per project. The aforesaid information supports the basis of the 2024 SA Services Annual Cap, 2025 SA Services Annual Cap and 2026 SA Services Annual Cap;

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- (iii) we have also reviewed the historical transaction amount of the Sales Assistance Services for the year ended/ending 31 December 2021, 2022 and 2023 (on an annualised basis), which ranged from approximately RMB190.6 million (2023, on an annualised basis) to approximately RMB219.6 million (2021) (the “**Historical Sales Assistance Services Transaction Amounts**”). In this connection, we noted that the Sales Assistance Services are market driven, subject to the then market conditions and may therefore fluctuate from year to year. To this end, we have compared the 2024 SA Services Annual Cap against the Historical Sales Assistance Services Transaction Amounts and noted that the 2024 SA Services Annual Cap (which already incorporated a buffer of 10%) is broadly in line with the Historical Sales Assistance Services Transaction Amounts. We considered the buffer of 10% to be reasonable as such would allow the Company to cater for certain level of unexpected market demand and fluctuation. On this basis, we consider the basis of the 2024 SA Services Annual Cap to be reasonable;
- (iv) for 2025 and 2026 SA Services Annual Caps, we had reviewed the SA Services Schedule and noted that the Management estimated that the number of property development projects of the Jinmao Connected Persons which may require Sales Assistance Services for the year ending 31 December 2024, 2025 and 2026, to be in the region of 75, 80 and 85 respectively. In this connection, we have reviewed the interim report of China Jinmao for the six months ended 30 June 2023 (the “**2023 Jinmao Interim Report**”) and noted that China Jinmao had acquired more than 80 major property development projects prior to 2023. These major property development projects had saleable/leasable GFA ranged from not less than 40,000 sq.m. to more than 900,000 sq.m. across the major provinces/cities in the PRC, including, Beijing, Shanghai, Guangzhou and Fuzhou.

Furthermore, we also reviewed the annual report of China Jinmao for the year ended 31 December 2022 and noted that for the most recent past five completed financial years (i.e. the years ended 31 December 2018, 2019, 2020, 2021 and 2022), the year-on-year fluctuation in its cost of sales, which was partly contributed by the fluctuations in the corresponding transaction amount for the provision of Sales Assistance Services charged by the Company to the China Jinmao, in absolute percentage terms, ranged from approximately 4.7% to 56.7% (the “**Historical Jinmao CoS Fluctuation Rate**”), with an average of approximately 32.8%. In this connection, it demonstrated that the costs of sales of China Jinmao, of which the transaction amount of sales assistance services charged by the Group and other third party service providers formed part, would fluctuate year-on-year as the demand for the Sales Assistance Services varied from year to year.

Having considered the abovementioned factors, in particular, the 2025 and 2026 SA Services Annual Caps represent a year-on-year increase of approximately 20.0% and 12.5% respectively, being within range and lower than the average Historical Jinmao CoS Fluctuation Rate, we consider the basis of the 2025 SA Services Annual Cap and 2026 SA Services Annual Cap to be reasonable;

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- (v) the provision of the Sales Assistance Services is a furtherance of the Group’s principal activities, the revenue of which shall broaden the Group’s income base, and that the 2024, 2025 and 2026 SA Services Annual Caps shall facilitate the relevant continuing connected transactions between the Group and the Jinmao Connected Persons to be conducted in an effective manner without the need for the Company to obtain independent Shareholders’ approval on a transaction-by-transaction basis; and
- (vi) the Sales Assistance Services under the New Sales Assistance Services Framework Agreement shall subject to the relevant pricing policies and internal control procedures as set out under section headed “3.5 Internal control procedures and corporate governance measures” in this letter above,

Based on the above factors and analysis, we considered the basis for determining the SA Services Annual Caps to be fair and reasonable so far as the Company and the Independent Shareholders are concerned.

4.3 Proposed annual caps under the New Property Agency Services Framework Agreement (the “PA Services Annual Caps”), being the maximum aggregate annual amount of commissions charged by the Group for the provision of Property Agency Services for newly developed properties (the “Estimated NDPA Services Amount”) and for Car Park Spaces (the “Estimated CPSA Services Amount”), and the maximum daily balance of the Deposits (the “CPSA Deposit Annual Caps”)

The PA Services Annual Caps for the years ending 31 December 2024, 2025 and 2026 under the New Property Agency Services Framework Agreement are set out below:

	For the year ended/ending 31 December		
	2021	2022	2023
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Property Agency Services historical transaction amounts (i.e. Amount of commissions charged by the Group for the provision of Property Agency Services)	32.5	118.7	56.5 (up till 30 June 2023) (Annualised amount: 113.0)
– For newly developed properties	–	–	0.1 (up till 30 June 2023) (Annualised amount: 0.2) ^(Note)

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	For the year ended/ending 31 December		
	2021	2022	2023
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
– For Car Park Spaces	32.5	118.7	56.4 (up till 30 June 2023) (Annualised amount: 112.8) ^(Note)
Maximum daily balance of the historical Deposits	107.9	393.7	492.7 (up till 30 June 2023)

	For the year ending 31 December		
	2024	2025	2026
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
PA Services Annual Caps	250.0 (the “ 2024 PA Services Annual Cap ”)	280.0 (the “ 2025 PA Services Annual Cap ”)	290.0 (the “ 2026 PA Services Annual Cap ”)
– Estimated NDPA Services Amount	50.0 (the “ 2024 NDPA Services Amount ”)	60.0 (the “ 2025 NDPA Services Amount ”)	70.0 (the “ 2026 NDPA Services Amount ”)
– Estimated CPSA Services Amount	200.0 (the “ 2024 CPSA Services Amount ”)	220.0 (the “ 2025 CPSA Services Amount ”)	220.0 (the “ 2026 CPSA Services Amount ”)
CPSA Deposit Annual Caps	600.0 (the “ 2024 CPSA Deposit Annual Caps ”)	600.0 (the “ 2025 CPSA Deposit Annual Caps ”)	600.0 (the “ 2026 CPSA Deposit Annual Caps ”)

Note: Utilisation rate based on the annualised amount calculated using the transaction amount for the six months ended 30 June 2023 is for illustration purposes only and does not represent the actual transaction amount for the year ending 31 December 2023.

As set out in the Letter from the Board, the PA Services Annual Caps for the years ending 31 December 2024, 2025 and 2026 have been determined primarily by reference to:

- (i) the long-term cooperation relationship between the Group and Jinmao Group and the ability of the Group to access a vast number of potential buyers leveraging the Group’s active engagement and close relationship with the owners and residents of the properties under the management of the Group;

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- (ii) in respect of Estimated NDPA Services Amount, (a) the estimated value of newly developed properties to be sold by the Jinmao Connected Persons, based on their sales plan, existing projects available for sale, projects under development and land bank as at 31 December 2022 and future development. As at 30 June 2023, the Jinmao Group had not less than 80 ongoing and potential property development projects in aggregate, each with a saleable/leasable GFA in the range of 40,000 sq.m. to 900,000 sq.m., across a number of major provinces and first and second-tier cities in the PRC which may require the Property Agency Services in respect of newly developed properties from the Group; (b) the new smart platform which the Group expects to start operating in 2024. The Group expects the new smart platform to substantially improve the Group's capability in attracting more potential buyers, and consequentially substantially increase the Group's competitiveness in the relevant market, which may lead to more engagements by the Jinmao Connected Persons of the Group for the provision of Property Agency Services in respect of newly developed properties, as well as more commission payable to the Group for each of such engagements; and (c) having taken into account historical commission levels determined by the Group and the Jinmao Connected Persons, the prevailing commission level for providing Property Agency Services in respect of similar types of newly developed properties in the market and the expected increase in reliance on the Property Agency Services in respect of newly developed properties by the Jinmao Connected Persons in line with the PRC property development market trend as described in the Letter from the Board;
- (iii) in respect of Estimated CPSA Services Amount, (a) the engagement of the Group under the existing signed contracts to provide the Property Agency Services for Car Park Spaces developed by the Jinmao Connected Persons; (b) the estimated number of existing unsold and new Car Park Spaces of the Jinmao Connected Persons which may require the Property Agency Services for the three years ending 31 December 2026 as well as the estimated sell-through rate in relation to such Car Park Spaces; (c) the arrangement that the Group may charge a commission calculated at a fixed percentage of the sales price of the relevant Car Park Spaces or a fixed amount on top of the sales price of the relevant Car Park Spaces, which, having taken into account historical commission levels determined by the Group and the Jinmao Connected Persons and the prevailing commission level under the same fee arrangement for providing Property Agency Services in respect of comparable Car Park Spaces in the market, is expected to be an amount within the range of 3% to 10% (if calculated as a percentage of the estimated sales price of the relevant Car Park Spaces); and (d) the arrangement that is expected to be adopted more between the Group and the Jinmao Connected Persons where the Group may charge a commission based on the difference between the actual sales price and the pre-determined minimum sales price of the Car Park Spaces; and

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- (iv) a buffer of 15% to cater for, among others, additional demand of the Jinmao Connected Persons for the Property Agency Services and inflation, and on the general assumption that there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group and the Jinmao Connected Persons during the projected period.

As for the CPSA Deposit Annual Caps, such have been determined primarily by reference to (i) the amount and balance of historical Deposits and growth trend over the two years ended 31 December 2021 and 2022 and the six months ended 30 June 2023; (ii) the expected number of Car Park Spaces which will be sold by the Group under the New Property Agency Services Framework Agreement; (iii) the recent transaction prices of comparable car park spaces within the locality of the Car Park Spaces for which the Jinmao Connected Persons may engage the Group as the sales agent under the New Property Agency Services Framework Agreement; (iv) the estimated value of the unsold Car Park Spaces of Jinmao Connected Persons available for sale by the Group as an agent for the three years ending 31 December 2026; and (v) the minimum sales price standards determined by the Group and the Jinmao Connected Persons.

Please refer to the section headed “Continuing connected transactions under the New Framework Agreements – Continuing connected transactions under the New Property Agency Services Framework Agreement – Annual caps – Proposed annual caps and factors taken into account in determining annual caps” in the Letter from the Board for further details.

Our analysis on the PA Services Annual Caps – the Estimated NDPA Services Amount

Based on the Letter from the Board, the PA Services Annual Caps mainly comprised of (i) the Estimated NDPA Services Amount; and (ii) the Estimated CPSA Services Amount.

With a view to assess the fairness and reasonableness of the Estimated NDPA Services Amount, we obtained and reviewed a schedule prepared by the Management in relation to the Property Agency Services for newly developed properties for the years ending 31 December 2024, 2025 and 2026 (the “**NDPA Services Schedule**”).

The NDPA Services Schedule listed out the ongoing and potential property development projects of the Jinmao Connected Persons that are or may become available for the Group to provide sales agency services under the New Property Agency Services Framework Agreement. Based on the NDPA Services Schedule and the 2023 Jinmao Interim Report, we noted that there are not less than 80 ongoing and potential property development projects in aggregate across a number of PRC provinces and major cities for China Jinmao.

Based on the estimated aggregate value of the aforesaid property development projects and the estimated commission rate, which typically ranged from approximately 2.0% to 4.0%, each of the 2024, 2025 and 2026 NDPA Services Amount of approximately RMB50 million, RMB60 million and RMB70 million represented a portion of the aforesaid calculated amount.

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In this connection, we have reviewed the 2023 Jinmao Interim Report and noted that Jinmao Group had acquired more than 80 major property development projects prior to 2023. These major property development projects had saleable/leasable GFA ranged from not less than 40,000 sq.m. to more than 900,000 sq.m. across the major provinces, first and second-tier cities in the PRC, including, Beijing, Shanghai, Guangzhou, Tianjin and Fuzhou. As set out in the 2023 Jinmao Interim Report, the Jinmao Group has a land bank for secondary development totalling approximately 43 million sq.m.. It is also noted that the property development projects and property portfolio of Jinmao Group comprised residential properties, office properties and retail spaces.

On this basis, based on (i) the ongoing and potential property development projects of the Jinmao Connected Persons under the NDPA Services Schedule, of which are or may become available for the Group to provide sales agency services; (ii) the prevailing commission level for providing Property Agency Services in respect of similar types of newly developed properties in the market; (iii) the historical contracted sales amount of the Jinmao Group which ranged from approximately RMB155 billion to RMB235.6 billion during the three years ended 31 December 2020, 2021 and 2022 with reference to the 2022 Jinmao Annual Report; (iv) the significant growth of the Group's real estate brokerage services as evidenced by the increase in revenue generated from real estate brokerage services under the community value-added services segment of the Group of approximately 82.1% from approximately RMB46.9 million for the six months ended 30 June 2022 to approximately RMB85.4 million for the six months ended 30 June 2023, compared with the year-on-year increase of approximately 20.0% and 16.7% of the 2025 NDPA Services Amount and 2026 NDPA Services Amount, respectively, despite the relatively low historical transaction amount for the six months ended 30 June 2023 which may be adversely affected by the prevailing market demand for the subject property development projects of China Jinmao, which the Group provided Property Agency Services at the material time. Nonetheless, we considered that it is inappropriate to unduly focus our analysis on the historical transaction amount of any particular given period as the prevailing market demand, the overall saleability, price and location of the subject property development projects, the overall market sentiment as well as the marco-economic conditions would also affect the sales of properties and in turn the transaction amount for the Property Agency Services; (v) the implementation of the PRC government's requirements of "ensuring property delivery and stabilising people's livelihood" by China Jinmao with reference to the 2022 Jinmao Annual Report; (vi) the Group and China Jinmao is more familiar with the business processes and requirements, quality standards and operational requirements of each other compared to other independent third party service providers which may or may not have provided these relevant services to China Jinmao previously, which would enable the Group better serve China Jinmao by providing these relevant services more effectively and fulfilling the criteria and expectations of China Jinmao satisfactorily going forward; and (vii) considering the absolute amount of the 2024, 2025 and 2026 NDPA Services Amount (i.e. RMB50 million, RMB60 million and RMB70 million), which is comparatively small to the overall property sales amount and the scale of China Jinmao, with a view to avoid circumstances where an insufficient annual cap will cause the cessation of the relevant services to be provided the Group and that the procedures involving the renewal of annual caps is unduly burdensome and/or lengthy as it may subject to further administrative and/or approval procedures of two separate listed companies, such would not be in the interests of the Company's operations as a whole, the 2024, 2025 and 2026 NDPA Services Amount is considered to be reasonable.

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Our analysis on the PA Services Annual Caps – the Estimated CPSA Services Amount

With a view to assess the fairness and reasonableness of the Estimated CPSA Services Amount, we obtained and reviewed a schedule prepared by the Management in relation to the Property Agency Services for the Car Park Space for the years ending 31 December 2024, 2025 and 2026 (the “**CPSA Services Schedule**”).

The CPSA Services Schedule listed out the going and potential car parking spaces held by the Jinmao Connected Persons that are or may become available for the Group to provide sales agency services under the New Property Agency Services Framework Agreement. Based on the CPSA Services Schedule, we noted that there are not less than 40 ongoing and potential property development projects in aggregate across a number of PRC provinces and major cities, including Beijing, Shanghai, Guangzhou, Chongqing.

Based on the estimated aggregate value of the aforesaid property development projects, a certain portion of which is estimated to be sold by the Company and the estimated commission rate, the basis of each of the 2024 CPSA Services Amount of approximately RMB200 million is considered to be reasonable. The 2025 CPSA Services Amount and the 2026 CPSA Services Amount, which represented a year-on-year growth rate of 10% and nil%, are considered to be reasonable as compared with three-year CAGR of the commission charged by the Group between the year ended 31 December 2021 and the year ending 31 December 2023 (on an annualised basis) of approximately 86.1% when compared to the year ended 31 December 2022.

We also noted that the CPSA Services Schedule was based on the estimated number of car parking spaces available from property development projects located in various regions and cities across the PRC, including, among others, Beijing, Shanghai, Guangzhou, Nanjing, Chongqing and Changsha. The total number of car parking spaces as set out in the CPSA Services Schedule exceeded 14,000 units with an estimated market unit price ranging from approximately RMB45,000 to RMB450,000, with an estimated total market value exceeding RMB2,000.0 million as provided by the Management. For illustrative purposes only, based on the CPSA Services Schedule, the estimated difference between the actual sales price paid by the purchaser and the pre-determined minimum sales price of the car parking spaces available is not less than RMB700.0 million, in aggregate, as compared with the 2024, 2025 and 2026 CPSA Services Amount, in aggregate, of RMB640.0 million, such further supports the reasonableness of the 2024, 2025 and 2026 CPSA Services Amount. In this connection, we have checked the unit price of a sample of car park spaces in the relevant surrounding area with a view to ensure the market unit price as set out in the CPSA Services Schedule is of a reasonable basis.

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On this basis, based on (i) the number of Car Park Spaces available and the average selling price of these subject car parking spaces, the aggregate value of car parking spaces held by the Jinmao Connected Persons that may become available for the Group to sell; and (ii) the basis of the Car Park Spaces agency fee as specified under the New Property Agency Services Framework Agreement, the basis of the 2024, 2025 and 2026 CPSA Services Amount is considered to be reasonable.

Our analysis on the CPSA Deposit Annual Caps

We have reviewed the CPSA Services Schedule, which listed out the car parking spaces held by the Jinmao Connected Persons that may become available for the Group to sell under the New Property Agency Services Framework Agreement. The total number of car parking spaces as set out in the CPSA Services Schedule exceeded 14,000 units with an estimated market unit approximately RMB45,000 to RMB450,000, with an estimated total market value exceeding RMB2,000.0 million as provided by the Management. In this connection, we have checked the unit price of a sample of car park spaces in the relevant surrounding area with a view to ensure the market unit price as set out in the CPSA Services Schedule is of a reasonable basis.

In addition, we also noted from 2023 Jinmao Interim Report that Jinmao Group had more than 80 major property development projects acquired prior to 2023. These major property development projects had saleable/leasable GFA ranged from not less than 40,000 to more than 900,000 sq.m. across the major provinces, first and second-tier cities in the PRC, including, Beijing, Shanghai, Guangzhou, Tianjin and Fuzhou. It is also noted that the property portfolio of Jinmao Group comprised residential properties, office properties and retail spaces.

Having considered that (i) the 2024 CPSA Deposit Annual Cap of RMB600 million is determined with reference to less than 30% of the aggregate estimated market value of car parking spaces held by the Jinmao Connected Persons that are or may become available for the Group to sell; (ii) the information contained in the CPSA Services Schedule and our corresponding analysis and work performed as set out above; (iii) the existing property development projects of the Jinmao Group as set out in the 2023 Jinmao Interim Report; (iv) in respect of any unsold Car Park Spaces, the Management confirmed that the Group is entitled to either (a) terminate the exclusive right to provide property agency services with respect to such Car Park Spaces upon completion or termination of the relevant project, in which case, the Deposit paid in respect of such unsold Car Park Spaces will be refunded (without interest) to the Group in full; (b) replace the exclusive right to provide property agency services with respect to such unsold Car Park Spaces with the exclusive right to provide property agency services with respect to another unsold Car Park Spaces developed by the Jinmao Connected Persons (of the same value) to be agreed between the Group and the Jinmao Connected Persons; or (c) negotiate with the relevant Jinmao Connected Persons for making downward adjustment to the minimum sales price and the corresponding Deposit paid/payable for such unsold Car Park Spaces based on changes to the average price of comparable car park spaces in the surrounding markets as well as the prevailing market conditions; (v) the 2025 and 2026 CPSA Deposit Annual Cap of RMB600 million is at the same level as at the 2024 CPSA Deposit Annual Cap; (vi) based on the 2023 Jinmao Interim Report, Jinmao Group recorded cash and cash equivalents, and net assets of approximately RMB32,919.0 million and RMB113,449.3 million as at 30 June 2023, respectively, the CPSA Deposit Annual Cap of

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RMB600 million represents approximately 1.8% and 0.5% of cash and cash equivalents, and net assets of the Jinmao Group, respectively. Given the financial position of the Jinmao Group as at 30 June 2023, its status as a Hong Kong Main Board listed company, and its state-owned enterprise background, it is considered that the counter-party credit risks of Jinmao Group in relation to the deposit is limited; (vii) based on the findings of our market research on listed companies which primarily engaged in the provision of property management and related services in the PRC, it is not uncommon market practice for a party to pay a refundable deposit/earnest money in return for an exclusive right over a period of time; and (viii) the CPSA Deposit Annual Caps facilitate the provision of CPSA Services, being one of the existing property management and related value-added services offered by the Group, which shall broaden the revenue base of the Group, we considered the CPSA Deposit Annual Caps to be fair and reasonable.

4.4 Proposed annual caps under the New Consultancy and Other Value-added Services Framework Agreement (the “Value-added Services Annual Caps”)

Since the listing of the Company, the provision of the consultancy and other value-added services to the Jinmao Connected Persons, such as (i) consultancy services from the perspective of property management with respect to property development site selection, positioning, preliminary planning and design, engineering and construction; (ii) pre-delivery and post-delivery services, such as site clearing, assistance with preparatory work and maintenance of order, pre-delivery inspection and assessment, and property related repair and maintenance services during the post-delivery warranty periods and system related repair and maintenance services; (iii) engineering services for the upgrade of smart management hardware; and (iv) value-added services (together the “**Consultancy and Other Value-added Services**”), has been governed by the terms of the Existing Consultancy and Other Value-added Services Framework Agreement and the annual caps thereof, details of which are set out in the Prospectus. However, given the continuous development of the Consultancy and Other Value-added Services, the Company has entered into the New Consultancy and Other Value-added Services Framework Agreement for the provision of Consultancy and Other Value-added Services to the Jinmao Connected Persons for the years ending 31 December 2024, 2025 and 2026.

The Value-added Services Annual Caps under the New Value-added Services Framework Agreement are set out below:

	For the year ended/ending 31 December		
	2021	2022	2023
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Consultancy and Other Value-added Services historical transaction amounts	313.0	404.8	146.3 (up till 30 June 2023) (<i>Annualised amount: 292.6</i>) ^(Note)

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	For the year ending 31 December		
	2024	2025	2026
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Value-added Services Annual Caps	730.0 (the “ 2024 Value-added Services Annual Cap ”)	790.0 (the “ 2025 Value-added Services Annual Cap ”)	860.0 (the “ 2026 Value-added Services Annual Cap ”)

Note: Utilisation rate based on the annualised amount calculated using the transaction amount for the six months ended 30 June 2023 is for illustration purposes only and does not represent the actual transaction amount for the year ending 31 December 2023.

As set out in the Letter from the Board, the Value-added Services Annual Caps for the years ending 31 December 2024, 2025 and 2026 have been determined primarily by reference to (i) the historical transaction amounts; (ii) the estimated revenue to be recognised by the Group based on the existing signed contracts with the Jinmao Connected Persons on the provision of Consultancy and Other Value-added Services; (iii) the estimated size and number of properties to be developed and delivered by the Jinmao Connected Persons in the three years ending 31 December 2026, taking into consideration the properties under development and land bank held by the Jinmao Connected Persons as at 31 December 2022, the delivery schedule of the projects of the Jinmao Connected Persons, as well as their business plan in light of the PRC property development market trend as described in the Letter from the Board; (iv) the estimated service fees to be charged in respect of the Consultancy and Other Value-added Services on a per sq.m. basis with reference to the prevailing market rates for the provision of the same type of services; (v) the new engineering services for artificial intelligence of things (including smart community, smart homes, supply of smart hardware, smart internet of things platform) which the Group expects to start rendering in 2024, and such shall also widen the scope of the Consultancy and Other Value-added Services that the Jinmao Connected Persons may require the Group to provide; (vi) the expected increase in scope and standard of services required by Jinmao Connected Persons leading to the expected increase in operational costs (primarily labour costs) to be incurred by the Group; and (vii) a buffer of 10% to cater for any additional demand of the Jinmao Connected Persons for the Consultancy and Other Value-added Services, inflation and currency fluctuations and on the general assumption that there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group and the Jinmao Connected Persons during the projected period. Please refer to the section headed “Continuing connected transactions under the New Framework Agreements – Continuing connected transactions under the New Consultancy and Other Value-added Services Framework Agreement – Annual caps – Proposed annual caps and factors taken into account in determining annual caps” in the Letter from the Board for further details.

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In assessing the fairness and reasonableness of the Value-added Services Annual Caps, we have considered various factors and performed the related work including, among others,

- (i) obtained and reviewed a schedule prepared by the Management in relation to Consultancy and Other Value-added Services for the years ending 31 December 2024, 2025 and 2026 (the “**Value-added Services Schedule**”).

As set out in the Value-added Services Schedule, the Group is expected to provide (a) engineering services to the Jinmao Connected Persons for the upgrading of smart management hardware* (智慧化管理硬體升級的工程服務), such as engineering services for artificial intelligence of things, including smart community, smart homes, supply of smart hardware, smart internet of things platform as part of the post-delivery services; and (b) value added services to the Jinmao Connected Persons for community living services, car parking management services, space resources services, home beautification services, under the Consultancy and Other Value-added Services for not less than 170 property related projects, including approximately 150 residential property projects and not less than 22 non-residential projects, and the estimated 1.2 million sq.m under management of the Group for community living services under the community value-added services of the Consultancy and Other Value-added Services as at 31 December 2023 with the estimated fees per project to be charged by the Group, subject its scope of work, scale and resources requirements, between approximately RMB50,000 and RMB5.0 million, with an average of approximately RMB1.1 million for the years ending 31 December 2024. It is estimated that over 35% and 25% of the 2024 Value-added Services Annual Cap will be attributable to (a) the engineering services for the upgrading of smart management hardware; and (b) community value added services, respectively.

Based on the Value-added Services Schedule, in addition to the expected increase in contribution attributable to the engineering services for the upgrading of smart management hardware and value added services for community living services, car parking management services, space resources services, home beautification services to the Jinmao Connected Persons as discussed in the above paragraph, another significant contributor of the 2024 Value-added Services Annual Cap is the pre-delivery services and post-delivery services. While pre-delivery services include site clearing, assistance with preparatory work and maintenance of order, pre-delivery inspection and assessment, and the post-delivery services include property related repair and maintenance services during the post-delivery warranty periods and system related repair and maintenance services. For the aforesaid pre-delivery services and post-delivery services under the Consultancy and Other Value-added Services for not less than 43 property related projects, including approximately 39 residential property projects and not less than 4 non-residential projects with an estimated GFA of approximately 4.6 million sq.m. for the year ending 31 December 2024, with the estimated fees per project to be charged by the Group, subject to its scope of work, scale and resources requirements, between approximately RMB1.0

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million and RMB7.0 million, with an average of approximately RMB4.3 million. It is estimated that in the region of 25% of the 2024 Value-added Services Annual Cap will be attributable to the pre-delivery services and post-delivery services.

In addition, the remaining 2024 Value-added Services Annual Cap was mainly attributable to consultancy services from the perspective of property management, we noted from the Consultancy and Other Value-added Services Schedule that the Jinmao Connected Persons is expected to have 40 potential projects which will require such Consultancy and Other Value-added Services, the estimated contract sum of which ranges from RMB100,000 to RMB600,000 for the year ending 31 December 2024;

- (ii) we have also reviewed the historical transaction amount of the Consultancy and Other Value-added Services for the year ended/ending 31 December 2021, 2022 and 2023 (on an annualised basis), which ranged from approximately RMB292.6 million (2023, on an annualised basis) to approximately RMB404.8 million (2022) (the “**Historical Value-added Services Transaction Amounts**”). We also calculated that the year-on-year fluctuation in Historical Value-added Services Transaction Amounts which ranged from approximately 27.7% to 29.3% (the “**Historical Value-Added Services Fluctuation Rate**”);
- (iii) we understand that the Consultancy and Other Value-added Services are market driven and the demand of such Consultancy and Other Value-added Services, which covered a wide range of value-added services and work scope, is beyond the control of the Group. In this connection, we have compared the estimated rate of increase of the 2025 Value-added Services Annual Cap and the 2026 Value-added Services Annual Cap against the Historical Value-Added Services Fluctuation Rate to assess the reasonableness of the fluctuation as represented by the estimated rate of increase. In this connection, we noted that the 2025 Value-added Services Annual Cap and the 2026 Value-added Services Annual Cap represent year-on-year increase of approximately 8.2% and 8.9% respectively, which is within the range of the Historical Value-Added Services Fluctuation Rate. Furthermore, based on information provided by the Management, during the five years ended 31 December 2018, 2019, 2020, 2021 and 2022, the Group recorded a year-on-year increase for each year over the aforesaid period. Hence, further supporting the basis of the aforesaid year-on-year increase of approximately 8.2% and 8.9% represented by the 2025 Value-added Services Annual Cap and the 2026 Value-added Services Annual Cap, respectively.

As part of our analysis, we also considered that the aforesaid historical fluctuations as well as potential growth in demand has to be factored in with a view to avoid a situation whereby insufficient annual cap may lead to the possibility of a cessation of all relevant services in a short period of time and cause undue disruption to the ongoing and/or potential projects at the material time. Such possible temporary cessation may be unduly burdensome and/or lengthy as it may subject to further

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administrative and/or approval procedures of two separate listed companies, such would not be in the interests of the Company's operations as a whole. On this basis, we consider the 2025 Value-added Services Annual Cap and the 2026 Value-added Services Annual Cap to be reasonable;

- (iv) we also considered that the provision of the Consultancy and Other Value-added Services is a furtherance of the Group's principal activities, the revenue of which shall broaden the Group's income base, the Consultancy and Other Value-added Services are market driven and the relevant annual caps should have sufficient flexibility to cater for any unforeseen increase in market demand, and that the 2024, 2025 and 2026 Value-added Services Annual Caps shall facilitate the relevant continuing connected transactions between the Group and the Jinmao Connected Persons to be conducted in an effective manner without the need for the Company to obtain independent Shareholders' approval on a transaction-by-transaction basis; and
- (v) the Consultancy and Other Value-added Services under the New Value-added Services Framework Agreement shall subject to the relevant pricing policies and internal control procedures as set out under section headed "3.5 Internal control procedures and corporate governance measures" in this letter above.

Based on the above factors and analysis, we considered the basis of the Value-added Services Annual Caps to be fair and reasonable so far as the Company and the Independent Shareholders are concerned.

4.5 Ongoing business relationship with Jinmao Connected Persons

With reference to the Prospectus, there is a long-standing business relationship between our Group and Jinmao Connected Persons, and the mutual understanding of the standards, requirements and specific needs of each other, our Group will continue to provide certain property management and related services to the Jinmao Connected Persons after the Listing. There is an increasing trend of revenue and assets of the Group, as evidenced by the growth in revenue of approximately 158.0% from approximately RMB944.2 million for year ended 31 December 2020 to approximately RMB2,436.0 million for the year ended 31 December 2022, and the growth in assets of approximately 40.7% from approximately RMB2,135.2 million as at 31 December 2020 to approximately RMB3,003.5 million as at 31 December 2022.

In addition, with reference to the 2022 Annual Report, the portion of revenue generated from property management services for properties developed by independent third parties increased from approximately 8.1% for the year ended 31 December 2021 to approximately 14.1% for the year ended 31 December 2022, and the proportion of GFA under management from third parties increased from approximately 34.1% as at the end of 2021 to approximately 37.7% as at the end of 2022. Furthermore, with reference to the 2023 Interim Report, the portion of revenue generated from property management services for properties

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developed by independent third parties increased from approximately 11.6% for the six months ended 30 June 2022 to approximately 20.9% for the six months ended 30 June 2023, and the proportion of GFA under management from third parties increased from approximately 39.3% as at 30 June 2022 to approximately 47.8% as at 30 June 2023.

In relation to the non-property management services segment (including value-added services to non-property owners and community value-added services, which included revenue generated from the provision of Sales Assistance Services, Property Agency Services and Consultancy and Other Value-added Services), with reference to the 2022 Annual Report and based on information provided by the Management, the portion of revenue generated from independent third parties increased from approximately 21.1% for the year ended 31 December 2021 to approximately 39.4% for the year ended 31 December 2022. Moreover, with reference to the 2023 Interim Report and based on information provided by the Management, the portion of revenue generated from non-property management services segment from independent third parties increased from approximately 35.1% for the six months ended 30 June 2022 to approximately 49.9% for the six months ended 30 June 2023. We also noted from the Management that the Group shall continue to expand the range, work scope and quality of its services to independent third parties. On this basis, it is the intention of the Management to increase the overall transactions amount between the Group and independent third parties over time.

Furthermore, it is noted that after the properties developed by Jinmao Connected Persons have been sold to independent third party property buyers, and ownership of the relevant properties will be transferred from Jinmao Connected Persons to these independent third parties. Thus, the corresponding property management services will be provided to independent third parties instead of the Jinmao Connected Persons. On this basis, barring unforeseen circumstances, the Management expects the proportion of revenue to be generated from the provision of property management services provided to Jinmao connected Person to gradually decrease as the proportion of revenue to be generated from the provision of property management services provided to independent third parties gradually increases over time.

Having considered that (i) the growth of business in terms of revenue and total assets of the Group since its Listing; (ii) the increase in the proportion of historical revenue generated from property management services provided to Jinmao Connected Persons and independent third parties and the proportion of GFA under management from third parties; (iii) the business model of property management companies and as demonstrated by the historical increase in revenue generated from independent third parties following the sale of properties developed by the Jinmao Connected Persons to the independent third party property buyers, we concur with the Management that there is no material reliance on Jinmao Connected Persons as a result of the Proposed Annual Caps.

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VII. RECOMMENDATION

Having considered the factors as set out in this letter above, in particular,

- (i) the reasons for and benefits of the New Framework Agreements;
- (ii) the Property Management Services, the Sales Assistance Services, the Property Agency Services and the Consultancy and Other Value-added Services under the New Framework Agreements is a furtherance and continuance of the Group's existing principal businesses and shall broaden the revenue base of the Group;
- (iii) the services contemplated under the New Framework Agreements shall be conducted in the ordinary and usual course of business of the Group and on normal commercial terms, to be governed by the internal procedures, so that the terms of the transactions contemplated thereunder shall be no less favourable to the Group than similar transactions conducted with independent third parties to the Group under the same conditions; and
- (iv) the basis for determining the proposed annual caps under the respective New Framework Agreements is reasonable, details of which are set out under the section headed "4. Basis and rationale for determining the Proposed Annual Caps in connection with the New Framework Agreements" in this letter above,

we are of the view that the transactions contemplated under the New Framework Agreements with China Jinmao, are in the ordinary and usual course of business of the Group, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and the terms of the New Framework Agreements, including the Proposed Annual Caps, are fair and reasonable so far as the Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, that the Independent Shareholders to vote in favour of the relevant ordinary resolutions to approve the New Framework Agreements (including the Proposed Annual Caps) at the EGM.

Yours faithfully
For and on behalf of
Red Sun Capital Limited
Lewis Lai
Managing Director

Mr. Lewis Lai is a licensed person registered with the SFC and a responsible officer of Red Sun Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 16 years of experience in the corporate finance industry.

* *for identification purposes only*

1. RESPONSIBILITY OF THE DIRECTORS

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

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executives of the Company or their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules:

Interests in the shares or underlying shares of the Company

Name of Director	Capacity	No. of shares held	Percentage of issued share capital of the Company
Mr. Song Liuyi	Beneficial owner	45,317 (Long Position)	0.005%

Interests in the shares or underlying shares of the associated corporations of the Company

Name of Director	Capacity	Name of associated corporation (Note 1)	No. of shares held in the associated corporation	No. of underlying shares held in the associated corporation (Note 2)	Percentage of issued share (Note 3)
Mr. Song Liuyi	Beneficial owner	China Jinmao	3,500,000 (Long Position)	2,000,000 (Long Position)	0.041%
Mr. Xie Wei	Beneficial owner	China Jinmao	–	2,000,000 (Long Position)	0.015%
Ms. Zhou Liye	Beneficial owner	China Jinmao	–	1,000,000 (Long Position)	0.007%
Ms. Qiao Xiaojie	Beneficial owner	China Jinmao	–	1,334,000 (Long Position)	0.010%
Mr. Gan Yong	Beneficial owner	China Jinmao	–	500,000 (Long Position)	0.004%

Note 1: As at the Latest Practicable Date, China Jinmao held approximately 67.28% of the total number of issued shares of the Company. As such, China Jinmao is an associated corporation of the Company within the meaning of Part XV of the SFO.

Note 2: This refers to underlying shares covered by share options granted pursuant to the share option scheme of China Jinmao, such options being unlisted physically settled equity derivatives.

Note 3: This represents the percentage of the long positions in the shares and underlying shares to the total number of issued shares of China Jinmao as at the Latest Practicable Date.

(b) Substantial shareholders' interests

Save as disclosed below, as at the Latest Practicable Date, so far as is known to the Directors, there was no other person (other than the Directors and chief executives of the Company) who had any interest or short position in the shares or underlying shares of the Company which (i) were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or (ii) were required, pursuant to section 336 of the SFO, to be recorded in the register of the Company referred to therein, or (iii) had already been notified to the Company and the Stock Exchange:

Name of substantial shareholder	Long/short position	Capacity/nature of interests	No. of shares held	Percentage of issued share capital of the Company
China Jinmao	Long position	Beneficial owner	608,319,969	67.28%

Name of substantial shareholder	Long/short position	Capacity/nature of interests	No. of shares held	Percentage of issued share capital of the Company
Sinochem Hong Kong	Long position	Interest in controlled corporation (Note 1)	608,319,969	67.28%
		Beneficial owner	67,616,133	7.48%
Sinochem Corporation	Long position	Interest in controlled corporation (Note 1)	675,936,102	74.76%
Sinochem Group	Long position	Interest in controlled corporation (Note 1)	675,936,102	74.76%
Sinochem Holdings	Long position	Interest in controlled corporation (Note 1)	675,936,102	74.76%

Note 1: Sinochem Holdings held the entire equity interests in Sinochem Group, which in turn held a 98.00% interest in Sinochem Corporation. Sinochem Corporation held the entire equity interests in Sinochem Hong Kong, which in turn held an approximately 37.09% interest in China Jinmao as at the Latest Practicable Date. For the purpose of the SFO, Sinochem Holdings, Sinochem Group, Sinochem Corporation and Sinochem Hong Kong are all deemed to be interested in the shares of the Company beneficially owned by China Jinmao, and Sinochem Holdings, Sinochem Group and Sinochem Corporation are all deemed to be interested in the shares of the Company beneficially owned by Sinochem Hong Kong.

3. DIRECTORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDER

As at the Latest Practicable Date, the following Directors are also employees of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of substantial shareholder of the Company	Position in the substantial shareholder of the Company
Ms. Qiao Xiaojie	China Jinmao	Executive director and Chief financial officer
Mr. Gan Yong	China Jinmao	General manager of the human resources department

4. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors are not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited financial statements of the Group were made up.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries which is not terminable within one year without payment of compensation (other than statutory compensation).

6. COMPETING INTERESTS

As at the Latest Practicable Date, the Directors were not aware that any of them or any of their close associates had interests in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group which would fall to be disclosed under the Listing Rules.

7. OTHER ARRANGEMENTS INVOLVING DIRECTORS

As at the Latest Practicable Date:

- (a) 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 was significant in relation to the business of the Group; and
- (b) none of the Directors had any direct or indirect interest in any assets which had been since 31 December 2022 (the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

8. EXPERT AND CONSENT

The following is the qualifications of the expert who has given opinions or advice, which are contained or referred to in this circular:

Name	Qualifications
Red Sun Capital	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, the Independent Financial Adviser

As at the Latest Practicable Date, Red Sun Capital:

- (a) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 30 November 2023 and references to its name, in the form and context in which it appears;
- (b) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (c) did not have any direct or indirect interest in any assets which had been since 31 December 2022 (the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

9. DOCUMENTS ON DISPLAY

A copy of each of the New Framework Agreements is available on the HKExnews website of Hong Kong Exchanges and Clearing Limited (<https://www.hkexnews.hk>) and the website of the Company (<http://www.jinmaowy.com>) from the date of this circular up to and including the date of the EGM.

NOTICE OF EGM



JINMAO PROPERTY SERVICES CO., LIMITED

金茂物業服務發展股份有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00816)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Jinmao Property Services Co., Limited (the “Company”) will be held at 6F, YouAn International Tower, Unit 2, Xitieying Middle Avenue, Fengtai District, Beijing, the PRC on Friday, 22 December 2023 at 3:00 p.m. or any adjournment thereof to consider and, if thought fit, pass the following resolutions as ordinary resolutions (with or without modifications):

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) (i) the New Property Management Services Framework Agreement (as defined and described in the circular to the shareholders of the Company dated 30 November 2023 (the “Circular”), a copy of which has been produced to the EGM marked “A” and initialled by the Chairman of the EGM for the purpose of identification) and the execution thereof and implementation of all transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (ii) the proposed annual caps in relation to the transactions contemplated under the New Property Management Services Framework Agreement as described in the Circular be and are hereby approved, ratified and confirmed; and
- (b) any Director be and is authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he considers necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the New Property Management Services Framework Agreement or any transactions contemplated thereunder, and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of the such Director, in the interests of the Company and its shareholders as a whole.”

NOTICE OF EGM

2. **“THAT:**

- (a) (i) the New Sales Assistance Services Framework Agreement (as defined and described in the Circular, a copy of which has been produced to the EGM marked “B” and initialled by the Chairman of the EGM for the purpose of identification) and the execution thereof and implementation of all transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (ii) the proposed annual caps in relation to the transactions contemplated under the New Sales Assistance Services Framework Agreement as described in the Circular be and are hereby approved, ratified and confirmed; and
- (b) any Director be and is authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he considers necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the New Sales Assistance Services Framework Agreement or any transactions contemplated thereunder, and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of the such Director, in the interests of the Company and its shareholders as a whole.”

3. **“THAT:**

- (a) (i) the New Property Agency Services Framework Agreement (as defined and described in the Circular, a copy of which has been produced to the EGM marked “C” and initialled by the Chairman of the EGM for the purpose of identification) and the execution thereof and implementation of all transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (ii) the proposed annual caps in relation to the transactions contemplated under the New Property Agency Services Framework Agreement as described in the Circular be and are hereby approved, ratified and confirmed; and
- (b) any Director be and is authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he considers necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the New Property Agency Services Framework Agreement or any transactions contemplated thereunder, and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of the such Director, in the interests of the Company and its shareholders as a whole.”

NOTICE OF EGM

4. “THAT:

- (a) (i) the New Consultancy and Other Value-added Services Framework Agreement (as defined and described in the Circular, a copy of which has been produced to the EGM marked “D” and initialled by the Chairman of the EGM for the purpose of identification) and the execution thereof and implementation of all transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (ii) the proposed annual caps in relation to the transactions contemplated under the New Consultancy and Other Value-added Services Framework Agreement as described in the Circular be and are hereby approved, ratified and confirmed; and
- (b) any Director be and is authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he considers necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the New Consultancy and Other Value-added Services Framework Agreement or any transactions contemplated thereunder, and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of the such Director, in the interests of the Company and its shareholders as a whole.”

By order of the Board
Jinmao Property Services Co., Limited
Song Liuyi
Chairman

Hong Kong, 30 November 2023

NOTICE OF EGM

Notes:

1. The resolution to be proposed at the meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the HKExnews website of Hong Kong Exchanges and Clearing Limited and the website of the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.
3. In case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of votes of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company.
4. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company’s share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours (excluding any part of a day that is a public holiday) before the time appointed for the meeting or the adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. For determining the entitlement of shareholders to attend and vote at the meeting, the register of members of the Company will be closed from Tuesday, 19 December 2023 to Friday, 22 December 2023, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 18 December 2023.
6. References to time and dates in this notice are to Hong Kong time and dates.

As at the date of this notice, the executive Directors are Mr. Song Liuyi (Chairman), Mr. Xie Wei and Ms. Zhou Liye; the non-executive Directors are Ms. Qiao Xiaojie and Mr. Gan Yong; and the independent non-executive Directors are Dr. Chen Jieping, Dr. Han Jian and Mr. Sincere Wong.