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

If you have sold or transferred all your shares in A-Living Smart City Services Co., Ltd., you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for onward transmission to the purchaser(s) or transferee(s).

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A-LIVING SMART CITY SERVICES CO., LTD.*

雅生活智慧城市服務股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 3319)

CONTINUING CONNECTED TRANSACTIONS

(1) VARIATION OF TERMS TO THE 2021 CCT AGREEMENTS

AND

(2) RENEWAL OF THE 2024 NON-EXEMPT CCT AGREEMENTS

AND

NOTICE OF THE 2024 FIRST EXTRAORDINARY GENERAL MEETING

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

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
流博資本有限公司

Capitalised terms used on this cover shall have the same meanings as those defined in the section headed "Definitions" in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 7 to 39 of this circular and a letter from the Independent Board Committee to the Independent Shareholders is set out on pages 40 to 41 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 42 to 87 of this circular.

A notice convening the EGM to be held at Conference Room, 33/F, Agile Center, 26 Huaxia Road, Zhujiang New Town, Tianhe District, Guangzhou, Guangdong Province, PRC on Wednesday, 24 January 2024 at 3:00 p.m. is set out on pages 98 to 101 of this circular. A form of proxy for the EGM for use by the Shareholders is enclosed with this circular. Such proxy form is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.agileliving.com.cn).

Shareholders who intend to appoint a proxy to attend the EGM shall complete and return the enclosed proxy form in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the EGM or any adjourned meeting thereof if they so wish.

* For identification purposes only

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DEFINITIONS

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

“2018 Property Agency Services Framework Agreement”	the property agency services framework agreement entered into between A-TRO Properties Consultancy Co., Ltd.* (雅卓房地產顧問有限公司) (formerly known as Guangzhou Yazhuo Real Estate Sales Co., Ltd.* (廣州市雅卓房地產營銷有限公司), a wholly-owned subsidiary of the Company and Agile Holdings dated 23 January 2018, as amended and supplemented by the supplemental agreement dated 17 August 2018
“2018 Property Management Services Framework Agreement”	the property management services framework agreement entered into between the Company and Agile Holdings dated 23 January 2018 (as amended and supplemented)
“2020 Framework Referral Agreement”	the framework referral agreement entered into between the Company and Agile dated 28 April 2020
“2021 CCT Agreements”	collectively (i) the 2021 Framework Referral Agreement, (ii) the 2021 Property Agency Services Framework Agreement and (iii) the 2021 Property Management Services Framework Agreement
“2021 Framework Referral Agreement”	the framework referral agreement entered into between the Company and Agile dated 23 September 2020
“2021 Property Agency Services Framework Agreement”	the property agency services framework agreement entered into between the Company and Agile dated 23 September 2020
“2021 Property Management Services Framework Agreement”	the property management services framework agreement entered into between the Company and Agile dated 23 September 2020
“2024 Framework Referral Agreement”	the framework referral agreement entered into between the Company and Agile Holdings dated 20 October 2023
“2024 Non-exempt CCT Agreements”	collectively (i) the 2024 Property Management Services Framework Agreement; (ii) the 2024 Property Agency Services Framework Agreement; and (iii) the 2024 Framework Referral Agreement

DEFINITIONS

“2024 Property Agency Services Framework Agreement”	the property agency services framework agreement entered into between the Company and Agile Holdings dated 20 October 2023
“2024 Property Management Services Framework Agreement”	the property management services framework agreement entered into between the Company and Agile Holdings dated 20 October 2023
“Agile Group” or “Agile”	Agile Holdings and its subsidiaries and associates excluding the Group
“Agile Holdings”	雅居樂集團控股有限公司 (Agile Group Holdings Limited) (stock code: 3383), an exempted company with limited liability incorporated in the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China, which for the purpose of this circular shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”	雅生活智慧城市服務股份有限公司 (A-Living Smart City Services Co., Ltd.*), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Domestic Shares”	ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB

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“EGM”	the forthcoming 2024 first extraordinary general meeting of the Company to be held and convened at Conference Room, 33/F, Agile Center, 26 Huaxia Road, Zhujiang New Town, Tianhe District, Guangzhou, Guangdong Province, PRC on Wednesday, 24 January 2024 at 3:00 p.m. to consider and, if thought fit, approve the Supplemental CCT Agreements, the 2024 Non-exempt CCT Agreements and the transactions respectively contemplated thereunder, or any adjournment thereof
“Existing CCT Agreement(s)”	collectively (i) the Existing Property Management Services Framework Agreement; (ii) the Existing Property Agency Services Framework Agreement; and (iii) the Existing Framework Referral Agreement, and each the “Existing CCT Agreement”
“Existing Framework Referral Agreement”	the 2021 Framework Referral Agreement, as amended and supplemented by the Supplemental Agreement to the 2021 Framework Referral Agreement
“Existing Property Agency Services Framework Agreement”	the 2021 Property Agency Services Framework, as amended and supplemented by the Supplemental Agreement to the 2021 Property Agency Services Framework Agreement
“Existing Property Management Services Framework Agreement”	the 2021 Property Management Services Framework Agreement, as amended and supplemented by the Supplemental Agreement to the 2021 Property Management Services Framework Agreement
“Group”	the Company and its subsidiaries
“H Shareholders”	holders of the H Shares
“H Shares”	overseas listed shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK\$ and listed on the Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Independent Board Committee”	an independent committee of the Board, comprising all three independent non-executive Directors, established to advise the Independent Shareholders in respect of the Supplemental CCT Agreements, the 2024 Non-exempt CCT Agreements and the transactions contemplated thereunder
“Independent Financial Adviser”	Rainbow Capital (HK) Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the Supplemental CCT Agreements, the 2024 Non-exempt CCT Agreements and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders who do not have a material interest in the Supplemental CCT Agreements and the 2024 Non-exempt CCT Agreements
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) (has the meaning ascribed to it under the Listing Rules) of the Company and is/are independent of and not connected with the Company and Directors, supervisors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Latest Practicable Date”	29 December 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 of Hong Kong Limited
“Main Board”	has the meaning ascribed to it under the Listing Rules
“Naming Period”	a one-time free right granted by the Agile Group to the Group to request any party designated by the Company to be named as the registered owner of the Offset Assets within two years commencing from the effective date of the Property Transfer Agreement

DEFINITIONS

“Offset Asset(s)”	selected Agile Group’s unsold high-quality assets (including but not limited to office buildings, shops, commercial housing, etc.) to settle the service fees payable by Agile Group to the Group under each of the Existing CCT Agreements and the 2024 Non-exempt CCT Agreements
“Outstanding Payables”	service fees under the relevant Existing CCT Agreements and the 2024 Non-exempt CCT Agreements which have become due and payable
“Property Transfer Agreement”	the property transfer agreement to be entered into between the Group and the Agile Group if the Group elects to accept the Offset Assets to settle Outstanding Payables, under which the consideration for the transfer of the Offset Assets by the Agile Group to the Group shall be offset against the Outstanding Payables
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, comprising Domestic Shares and H Shares
“Shareholder(s)”	holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Supervisor(s)”	the supervisor(s) of the Company
“Supplemental Agreement to the 2021 Framework Referral Agreement”	the supplemental agreement dated 28 August 2023 and entered into between the Company and Agile, which amended and supplemented the 2021 Framework Referral Agreement

DEFINITIONS

“Supplemental Agreement to the 2021 Property Agency Services Framework Agreement”	the supplemental agreement dated 28 August 2023 and entered into between the Company and Agile, which amended and supplemented the 2021 Property Agency Services Framework Agreement
“Supplemental Agreement to the 2021 Property Management Services Framework Agreement”	the supplemental agreement dated 28 August 2023 and entered into between the Company and Agile, which amended and supplemented the 2021 Property Management Services Framework Agreement
“Supplemental CCT Agreements”	collectively (i) the Supplemental Agreement to the 2021 Property Management Services Framework Agreement, (ii) the Supplemental Agreement to the 2021 Property Agency Services Framework Agreement and (iii) the Supplemental Agreement to the 2021 Framework Referral Agreement, and each a “Supplemental CCT Agreement”
“%”	per cent

LETTER FROM THE BOARD

A-LIVING SMART CITY SERVICES CO., LTD.*

雅生活智慧城市服務股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 3319)

Executive Directors:

Mr. Chan Cheuk Hung (*Co-chairman*)

Mr. Huang Fengchao (*Co-chairman*)

Mr. Li Dalong

(*President (General Manager)*

and Chief Executive Officer)

Mr. Chen Siyang (*Vice President*)

Non-Executive Director:

Mr. Xu Yongping

Independent Non-executive Directors:

Mr. Wang Gonghu

Mr. Weng Guoqiang

Mr. Li Jiahe

Registered Office in the PRC:

Management Building, Xingye Road

Agile Garden, Sanxiang Town

Zhongshan

Guangdong Province, PRC

Principal Place of Office in the PRC:

35/F, Agile Center

26 Huaxia Road

Zhujiang New Town

Tianhe District, Guangzhou

Guangdong Province, PRC

Principal Place of Business in Hong Kong:

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

4 January 2024

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS
(1) VARIATION OF TERMS TO THE 2021 CCT AGREEMENTS
AND
(2) RENEWAL OF THE 2024 NON-EXEMPT CCT AGREEMENTS
AND
NOTICE OF THE 2024 FIRST EXTRAORDINARY GENERAL MEETING

I. INTRODUCTION

References are made to the announcements of the Company dated 28 August 2023 and 20 October 2023 in relation to, among others, the Supplemental CCT Agreements with Agile to vary the payment terms under each of the 2021 CCT Agreements and the renewal of the continuing connected transactions of the Company under the 2024 Non-exempt CCT Agreements. The Supplemental CCT Agreements, the 2024 Non-exempt CCT Agreements, and the transactions respectively contemplated thereunder are subject to the approval by the Independent Shareholders by way of ordinary resolutions at the EGM.

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The purpose of this circular is to provide you with (i) further information regarding the Supplemental CCT Agreements and the 2024 Non-exempt CCT Agreements; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders; (iii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice convening the EGM.

II. VARIATION OF TERMS TO THE 2021 CCT AGREEMENTS

Summary of the 2021 CCT Agreements

Details of each of the 2021 CCT Agreements and the respective historical amounts relevant to the transactions contemplated therein for the year ended 31 December 2022 and the six months ended 30 June 2023 are as follow:

2021 Property Management Services Framework Agreement

Date:	23 September 2020
Parties:	The Company Agile Holdings
Terms:	The 2021 Property Management Services Framework Agreement is valid for three years from 1 January 2021 and ending on 31 December 2023.
Subject matter:	The Group will provide to the Agile Group property management services, including (i) onsite security, cleaning, greening and gardening, repair and maintenance services as well as customer services to the property sales centers of the Agile Group at the pre-delivery stage; (ii) operations and management services for the unsold property units; (iii) disinfection and hygiene services; (iv) property management services for the diversified businesses of Agile, including environmental protection, urban renewal and real estate construction; and (v) properties owned by the Agile Group requiring the above services.

LETTER FROM THE BOARD

Pricing and other terms:

The services fees to be charged by the Group under the 2021 Property Management Services Framework Agreement will be determined on arm's length basis, with reference to (i) the location of the project; and (ii) the anticipated operational costs (including labor costs, material costs and administrative costs) with reference to the fees for the same services and similar type of projects in the market. The fees payable by the Agile Group to the Group shall be no less favourable than those offered by any Independent Third Party.

Fees for the same services in the market refer to the pricing strategies of property management companies in the industry that provide the same services in the same or nearby area with a similar project nature and the type of property on a similar scale.

Members of the Group and members of the Agile Group will enter into separate agreements which will set out the specific terms and conditions according to the principles provided in the 2021 Property Management Services Framework Agreement.

Annual caps:

The annual caps for the transactions contemplated under the 2021 Property Management Services Framework Agreement for the three years ending 31 December 2023 are expected not to exceed the followings:

	2021	2022	2023
	<i>(RMB in millions)</i>		
Annual caps	1,030	1,300	1,530

In arriving at the above annual caps, the Directors have considered (i) the historical transaction amounts and annual caps under the 2018 Property Management Services Framework Agreement (as amended and supplemented); (ii) in respect of the property management services to be provided at the pre-delivery stage, the estimated pre-sale value of the properties to be sold by Agile Group which will require property management services from the Group for the three years ending 31 December 2023, based on the development plans of Agile Group provided to the Group; and (iii) the rising demands for additional cleaning, disinfection and hygiene services for property sales centers and properties owned by Agile Group.

LETTER FROM THE BOARD

Based on the estimated pre-sale performance of Agile Group and the development plans of Agile Group provided to the Group, the Company expected that there will be further rapid growth in the demand for property management services to be provided by the Group to Agile Group for the next three years. Taking into account of the property management services provided to the existing property sales centers and other properties of Agile Group, the Company expects that the transaction amounts under the 2021 Property Management Services Framework Agreement for the three years ending 31 December 2023 will be higher than those under the 2018 Property Management Services Framework Agreement.

Historical amount: For the year ended 31 December 2022 and the six months ended 30 June 2023, the service fees paid to the Group under the 2021 Property Management Services Framework Agreement amounted to RMB510.57 million and RMB164.00 million, respectively.

Reasons for and benefits of entering into the 2021 Property Management Services Framework Agreement

The Group has been providing property management services to Agile Group since 1997. Under the 2018 Property Management Services Framework Agreement, the Group has been able to secure initial property management service engagements for properties developed by Agile Group. In response to the COVID-19 pandemic, the Group has been providing additional cleaning services to the property sales centers of Agile Group at the pre-delivery stage such as disinfection and sterilization, compulsory temperature check, etc.

The Board considered that the entering into of the 2021 Property Management Services Framework Agreement is in the Group's ordinary course of business, and the terms of the 2021 Property Management Services Framework Agreement and the annual caps respectively set out thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

2021 Property Agency Services Framework Agreement

Date:	23 September 2020
Parties:	The Company Agile Holdings
Terms:	The 2021 Property Agency Services Framework Agreement is valid for three years from 1 January 2021 and ending on 31 December 2023.
Subject matter:	The Group will provide to the Agile Group property agency services, including providing marketing and sales services for properties developed by the Agile Group.
Pricing and other terms:	<p>The services fees to be charged by the Group under the 2021 Property Agency Services Framework Agreement will be determined on arm's length basis, with reference (i) the location of the project; (ii) the anticipated operational cost (including labor costs) for providing such services; and (iii) the prevailing market price for the same property agency services for property developers in the open market and any adjustment to commission rate based on the usual market practice. The fees payable by the Agile Group to the Group shall be no less favourable than those offered by any Independent Third Party.</p> <p>The prevailing market price for the same property agency services for property developers in the open market is determined having considered the market price survey on the same business, and taking into account factors such as project sales targets, sales difficulty, and the adjusted commission rate subject to negotiation.</p> <p>Members of the Group and members of the Agile Group will enter into separate agreements which will set out the specific terms and conditions according to the principles provided in the 2021 Property Agency Services Framework Agreement.</p>

LETTER FROM THE BOARD

Annual caps: The annual caps for the transactions contemplated under the 2021 Property Agency Services Framework Agreement for the three years ending 31 December 2023 are expected not to exceed the followings:

	2021	2022	2023
	<i>(RMB in millions)</i>		
Annual caps	1,400	1,800	2,350

In arriving at the above annual caps, the Directors have considered (i) the estimated pre-sale value of the properties to be sold by Agile Group which will require property agency services from the Group for the three years ending 31 December 2023, based on the development plans of Agile Group provided to the Group; and (ii) the estimated service fees and commissions of approximately 2% for the provision of property agency services, subject to any necessary adjustment with reference to the location, size and scale of the relevant projects.

Based on the estimated pre-sale performance of Agile Group and the development plans of Agile Group provided to the Group, the Company expects that there will be further significant growth in the business volume of property agency services for the next three years.

Historical amount: For the year ended 31 December 2022 and the six months ended 30 June 2023, the service fees paid to the Group under the 2021 Property Agency Services Framework Agreement amounted to RMB541.51 million and RMB258.43 million, respectively.

Reasons for and benefits of entering into the 2021 Property Agency Services Framework Agreement

The Group has been providing property agency services to Agile Group since 2017. Such services provide a channel for marketing and sales services and for sales agents to access potential customers directly, and is a cost-effective way for Agile Group to drive up the sales volume of properties. The Directors consider that by entering into the 2021 Property Agency Services Framework Agreement with Agile Holdings, the full potential of the agency sales team of the Group will be utilised to meet the Agile Group's growing demand for property agency services.

LETTER FROM THE BOARD

As the Group continued to carry on the transactions contemplated thereunder upon the expiry of the 2018 Property Agency Services Framework Agreement, the Board considered it beneficial to renew the Existing Property Agency Services Framework Agreement to facilitate the continuous provision of such property agency services to Agile Holdings. The Board considered that the entering into of the 2021 Property Agency Services Framework Agreement is in the Group's ordinary course of business, and the terms of the 2021 Property Agency Services Framework Agreement and the annual caps thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

2021 Framework Referral Agreement

Date:	23 September 2020
Parties:	The Company Agile Holdings
Terms:	The 2021 Framework Referral Agreement is valid for three years from 1 January 2021 and ending on 31 December 2023.
Subject matter:	The Group will provide marketing referral services in respect of the sales of residential properties and car parking spaces by the Agile Group in their development projects to be provided by the Group to the Agile Group including (i) marketing activities through the utilisation of the community resources and other sales channel of the Group; (ii) customers' information collection; and (iii) customers' referrals.
Pricing and other terms:	The commission rate to be charged by the Group under the 2021 Framework Referral Agreement will be determined on arm's length basis, with reference to (i) the commission rate provided by the Agile Group to its independent third parties; (ii) the prevailing market commission rate of comparable transactions; and (iii) any adjustment to the commission rate based on prevailing market conditions. The fees payable by the Agile Group to the Group shall be no less favourable than those offered by any Independent Third Party. Members of the Group and members of the Agile Group will enter into separate agreements which will set out the specific terms and conditions according to the principles provided in the 2021 Framework Referral Agreement.

LETTER FROM THE BOARD

Annual caps:

The annual caps for the transactions contemplated under the 2021 Framework Referral Agreement for the three years ending 31 December 2023 are expected not to exceed the followings:

	2021	2022	2023
	<i>(RMB in millions)</i>		
Annual caps	550	735	985

In arriving at the above annual caps, the Directors have considered (i) the historical transaction amounts under the 2020 Framework Referral Agreement; (ii) the expected commission in the range of approximately 4% to 6% to be charged for the provision of the marketing referral services after considering the total value of the saleable residential properties and car parking spaces of Agile Group which will require marketing referral services from the Group for the three years ending on 31 December 2023; and (iii) the prevailing market commission rate for the provision of the marketing referral services for comparable transactions in the same industry. In general, the commission rates are higher for projects that are harder to sell, while larger projects tend to be easier to sell as the developer often has a larger budget for sales and promotion.

The Directors believed that the Group is well positioned to expand its capacity for conducting marketing activities and referring potential buyers to the Agile Group by maximizing its community resources. Based on the development plans of Agile Group provided to the Group, the Company anticipates that there will be an increasing demand for marketing referral services in relation to the properties to be sold by Agile Group, resulting in increase in commissions to be generated under the 2020 Framework Referral Agreement for the next three years. As such, the transaction amounts under the 2021 Framework Referral Agreement for the three years ending 31 December 2023 are expected to be higher than those under the 2020 Framework Referral Agreement.

Historical amount:

For the year ended 31 December 2022 and the six months ended 30 June 2023, the service fees paid to the Group under the 2021 Framework Referral Agreement amounted to RMB345.25 million and RMB193.70 million, respectively.

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Reasons for and benefits of entering into the 2021 Framework Referral Agreement

Since the entering of the 2020 Framework Referral Agreement, the Group has been providing marketing referral services to Agile Group which adds value to Agile Group in their sales of residential properties and car parking spaces. The Board therefore considered it beneficial to renew the 2020 Framework Referral Agreement with Agile Holdings. The Board considered that the entering of the 2021 Framework Referral Agreement is in the Group's ordinary course of business, and the terms of the 2021 Framework Referral Agreement and the annual caps thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Supplemental CCT Agreements

Pursuant to each of the Supplemental CCT Agreements, the Company and Agile Holdings agreed to the following mechanism as an additional means to settle the service fees due and payable by the Agile Group to the Group under each of the 2021 CCT Agreements:

- (i) in the event the Agile Group is unable to pay any Outstanding Payables, the Group may elect to accept assets from the Agile Group's unsold property assets (including but not limited to office buildings, shops and commercial housing) in the same value as the Outstanding Payables as settlement of Outstanding Payables. The list of such Offset Assets shall be finalised and confirmed by the Company and Agile;
- (ii) if the Group elects to accept such Offset Assets to settle Outstanding Payables, the Group and the Agile Group shall enter into the Property Transfer Agreement, under which the consideration for the transfer of the Offset Assets by the Agile Group to the Group shall be offset against the Outstanding Payables;
- (iii) the Agile Group agreed to grant the Group a one-time free right to request any party designated by the Company to be named as the registered owner of the Offset Assets within two years commencing from the effective date of the Property Transfer Agreement; and
- (iv) the Agile Group agreed that during the Naming Period, the Group may request to exchange any Offset Asset initially identified and subject to the Property Transfer Agreement for one or more other property asset(s) held by the Agile Group of equal value, including but not limited to office buildings, shops and commercial housing.

The effectiveness of the Supplemental CCT Agreements is subject to the approval by the Independent Shareholders at the EGM.

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Save for the above revision in the Supplemental CCT Agreements, all other terms of the 2021 CCT Agreements shall remain valid and in full force and effect.

Reasons for and Benefits of entering into the Supplemental CCT Agreements

The revision set out in the Supplemental CCT Agreements allows the Group to have greater flexibility in recovering receivables from the Agile Group. The Group shall pledge the Offset Assets to its third-party suppliers to settle other payables due from the Group to such suppliers, or may sell or let out the Offset Assets to third-parties for cash.

In considering the entering of the Supplemental CCT Agreements, the Board considered that the Supplemental CCT Agreements should not be assessed individually and separately, and it is more meaningful to consider the Supplemental CCT Agreements together with other factors as a big picture, taking into account the background and reason of entering into Supplemental CCT Agreements. The Group has been providing services to Agile Group prior to listing of the Company's shares on the Stock Exchange and the relevant service fees had always been settled in cash. However, since 2021, China's real estate industry has faced unprecedented challenges in an unfavorable operating environment due to recurring COVID-19 pandemic in China, liquidity strains and international political and economic conflicts, resulting in a declining real estate market and a slowdown in property development and a weak supply of firsthand residential projects. The latest operating conditions of Agile Group in recent years have been difficult with a weakened confidence of buyers, property sales have slowed down, and the scale of deliveries has declined, resulting in a decline in the overall sales area and average selling price of properties. As a result, the Group also experienced a slowdown in collecting outstanding receivable from the revenue generated from the Agile Group since 2022, with the increase of outstanding receivables aged more than one year. Given that (i) the Group's net impairment loss on financial assets amounted to approximately RMB465.6 million in the year ended 31 December 2022, representing an increase of 190.7% as compared with the last year, which was mainly due to the increase in impairment provision of trade and other receivables caused by increased credit risk of several customers, acquisition deposits and loans to third parties, the collectability of the outstanding receivables was worsening; (ii) the Group had a negative operating cashflow of approximately RMB226.2 million in the year ended 31 December 2022 which was mainly attributable to the increase in trade and other receivables during the year, and that the realization or pledge of the Offset Assets can at least help to improve the cashflow of the Group instead of passively waiting for the settlement from the Agile Group; and (iii) the Group can elect the assets from the Agile Group with the equivalent value of outstanding receivables for settlement, which the value is primarily measured by the recent sales of same or similar properties in the surrounding area. Given the Agile Group is a PRC property developer with properties being its major assets, the settlement using the assets of the Agile Group not only serves to facilitate the collection of outstanding receivables instead of leaving such receivables to be pending, but

LETTER FROM THE BOARD

also improving the cash flow of the Group through realization or pledge of the Offset Assets. Therefore the Board is of the view such additional payment method is fair and reasonable and in the interest of the Company and its shareholders as a whole.

To procure the pledging, selling or letting of the Offset Assets, the Group has employed the following short-term and long-term strategies. In light of the macro-economic conditions and the COVID-19 pandemic, since 2022, the Group has experienced an increasing operating cost for its projects, and the pressure to settle its payables due to suppliers increased. To address the issue, the Company has proactively reached out to its suppliers and offered different settlement mechanisms, which cumulated to the eventual agreements with certain suppliers to pledge properties to settle the Group's payables. Therefore, on 30 June 2023, the Company entered into the property transfer agreements with Agile Group to receive properties at the aggregated value of approximately RMB282.3 million as disclosed in the announcement of the Company dated 30 June 2023.

In considering the long-term strategies, the Company has taken into account the current business arrangement and long-term partnership with Agile Group. In particular, the Group has been providing management services to most projects of Agile Group since prior to its own listing and is familiar with the geographical areas in which Agile Group operates. Further, the Group has extensive experience in providing management services to Agile Group such as the leasing and sale of properties and has accordingly acquired an in-depth understanding on the preferences of the individual consumers and corporate clients, which will be conducive to exploring different channels for the pledge, leasing or realization of the Offset Assets. The recent government policies regarding incentives for property purchases will also further such long-term strategies of the Group.

In addition, having considered the potential various concerns of the property owners and suppliers and the uncertainty of the regional policies, Agile Group has agreed to the Group's request to include the exchange mechanism as detailed in point (iv) in the sub-section above headed "The Supplemental CCT Agreements", so to ensure the consideration of the Offset Assets to Group will be at equivalent value of the Outstanding Payables in terms of pledging or realization of the Offset Assets.

Since 30 June 2023 and up to the Latest Practicable Date, certain third-party suppliers of the Group had indicated their intention to receive the Offset Assets in exchange for settling the payables due by the Group, and had already selected the relevant Offset Assets under the property transfer agreements entered into with Agile Group on 30 June 2023. The Group had been liaising with the intended third-party suppliers and the Agile Group to arrange the contract signing and transfer of relevant Offset Assets between the third-party suppliers and the Agile Group with an aim to complete and settle the relevant Offset Assets by mid 2024.

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In selecting the Offset Assets to be used for the settlement of the outstanding service fees due from the Agile Group, the Group will first select properties that are under the Group's management, with a preference for residential properties, it will then generally select properties located in proximity to the properties under the Group's management. The Group views such selection criteria to be effective in assisting the Group to realize or pledge the assets for the following reasons: (i) the Group can leverage on the Group's possession of the relevant valuable market information given the Group's long-term partnership and deep familiarity with the geographical areas Agile operates in; (ii) the Group's expertise of the relevant properties from the daily, hands-on management and operations of these areas and communities by marketing through existing networks and community relationships; (iii) the Group's current sales channels in property sales referral and agency, marketing and advertisement, digital applications and community resources; and (iv) the Group's past experiences and existing resources which allow the Group insight into consumer preferences. Therefore, the Group will be in a uniquely advantageous position to facilitate the subsequent sales or letting out without incurring extra material costs, with the aim to maximize the potential return of the Offset Assets and minimize the risk of holding unsold and vacant assets. Moreover, the Group has been proactively engaging in discussions with its third-party suppliers to settle the payables due by the Group with Offset Assets, and some of these suppliers have expressed their interest in receiving Offset Assets before Chinese New Year in 2024.

In addition, for the purpose of ascertaining the title and ownership of the Offset Assets, prior to entering of the Property Transfer Agreements, the Group will obtain a list of the relevant Offset Assets from the sales department or the relevant department of the Agile Group, and the Group will conduct an independent check on such list to ensure the Offset Assets are free of encumbrance and are owned under the name of Agile Group or its member companies. The Group will also check at the end of every financial reporting cycle whether the list of Offset Assets remain to be free of encumbrances.

The value of the Offset Assets will be determined with reference to the recent sales of similar properties in the surrounding area in accordance with an objective criteria set by the Company, as detailed in the first paragraph in the section below headed "IV. PRICING POLICY FOR THE EXISTING CCT AGREEMENTS AND THE 2024 NON-EXEMPT CCT AGREEMENTS", and to be appraised by an independent and qualified valuer using a market approach at the end of every financial reporting cycle.

In considering whether Agile Group is unable to pay any Outstanding Payables, the Company will take into account (i) evidence that suggests Agile Group has defaulted on its debts in the public market; and (ii) after the Group has reminded the Agile Group on the settlement of payables, the Agile Group has confirmed it will not be able to settle the relevant outstanding payables at the time of the reminder. The Group will consider what Offset Assets as settlement to accept based on (i) the value of the Offset Assets as appraised by an independent and qualified valuer using a market approach, the details of

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which are set out in the first paragraph in the section below headed “IV. PRICING POLICY FOR THE EXISTING CCT AGREEMENTS AND THE 2024 NON-EXEMPT CCT AGREEMENTS”; and (ii) having considered the operating conditions of the PRC real estate industry, the need to improve the Group’s cash flow and/or to offset amounts due to the Group’s suppliers by selling, letting or pledging the Offset Assets as selected by the Group’s suppliers. The Group has also taken into account the Group’s flexibility to request to exchange any Offset Assets initially identified and subject to the Property Transfer Agreement for one or more other property asset(s) held by Agile Group of equal value, including but not limited to office buildings, shops and commercial housing during the Naming Period.

The Board considers that that the entering of the Supplemental CCT Agreements is in the Group’s ordinary course of business, and the terms of the Supplemental CCT Agreements are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company will make further announcements as appropriate and comply with the relevant requirements under Chapter 14 and Chapter 14A of the Listing Rules regarding the transfer of the Offset Assets should it decide to proceed with the transfer of the Offset Assets and/or entry into of the Property Transfer Agreements under the Supplemental CCT Agreements.

III. RENEWAL OF THE 2024 NON-EXEMPT CCT AGREEMENTS

2024 Property Management Services Framework Agreement

(a) Background

Reference is made to the announcement of the Company dated 23 September 2020 and the circular of the Company dated 22 October 2020 in relation to, among others, the continuing connected transactions under the 2021 Property Management Services Framework Agreement entered into between the Company and Agile Holdings, and the annual caps thereunder and the announcement of the Company dated 28 August 2023 in relation to the variation of terms of the 2021 Property Management Services Framework Agreement. As the Existing Property Management Services Framework Agreement will expire on 31 December 2023, and the Group is expected to carry on the transactions contemplated thereunder upon its expiry, the Company entered into the 2024 Property Management Services Framework Agreement with Agile Holdings on 20 October 2023.

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(b) Principal terms

Date:	20 October 2023
Parties:	The Company Agile Holdings
Term:	The 2024 Property Management Services Framework Agreement is valid for three years from 1 January 2024 and ending on 31 December 2026.
Subject matter:	The Group will provide to Agile Group property management services, including (i) onsite security, cleaning, greening and gardening, repair and maintenance services as well as customer services to the property sales centres of Agile Group at the predelivery stage; (ii) operations and management services for the unsold property units; (iii) disinfection and hygiene services; (iv) property management services for the diversified businesses of Agile Holdings, including environmental protection, urban renewal and real estate construction; and (v) properties owned by Agile Group requiring the above services.
Pricing and other terms:	<p>The services fees to be charged by the Group under the 2024 Property Management Services Framework Agreement will be determined on arm's length basis, with reference to (i) the location of the project; and (ii) the anticipated operational costs (including labour costs, material costs and administrative costs) with reference to the fees for similar services and similar type of projects in the market. The fees payable by Agile Group to the Group shall be no less favourable than those offered by any Independent Third Party.</p> <p>Fees for the same services in the market refer to the pricing strategies of property management companies in the industry that provide the same services in the same or nearby area with a similar project nature and the type of property on a similar scale.</p>

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The service fees to be charged are generally determined based on the anticipated operational costs (including labour costs, material costs and administrative costs) at a profit margin of approximately 15% and tax.

Members of the Group and members of Agile Group will enter into separate agreements which will set out the specific terms and conditions according to the principles provided in the 2024 Property Management Services Framework Agreement.

**Alternative Settlement
mechanism for the
service fees:**

The Company and Agile Holdings agreed to the following mechanism as an additional means to settle the service fees due and payable by Agile Group to the Group under the 2024 Property Management Services Framework Agreement:

- (i) in the event Agile Group is unable to pay any Outstanding Payables, the Group may elect to accept assets from Agile Group's unsold property assets (including but not limited to office buildings, shops and commercial housing) in the same value as the Outstanding Payables as settlement of Outstanding Payables. The list of such Offset Assets shall be finalised and confirmed by the Company and Agile Holdings;
- (ii) if the Group elects to accept such Offset Assets to settle Outstanding Payables, the Group and Agile Group shall enter into a transfer agreement in respect of the Offset Assets, under which the consideration for the transfer of the Offset Assets by Agile Group to the Group shall be offset against the Outstanding Payables;
- (iii) Agile Group agreed to grant the Group a one-time free right to request any party designated by the Company to be named as the registered owner of the Offset Assets within two years commencing from the effective date of the property transfer agreement; and

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- (iv) Agile Group agreed that during the Naming Period, the Group may request to exchange any Offset Asset initially identified and subject to the property transfer agreement for one or more other property asset(s) held by Agile Group of equal value, including but not limited to office buildings, shops and commercial housing.

(c) Historical amounts

For the two years ended 31 December 2022 and the six months ended 30 June 2023, the service fees paid to the Group under the Existing Property Management Services Framework Agreement amounted to approximately RMB937 million, RMB511 million and RMB164 million, respectively. As at the Latest Practicable Date, the historical amounts have not exceeded the respective annual caps under the Existing Property Management Services Framework Agreement.

(d) Annual caps and basis of determination

It is proposed that the annual caps for the transactions contemplated under the 2024 Property Management Services Framework Agreement for the three years ending 31 December 2026 are expected not to exceed the followings:

	2024	2025	2026
	<i>(RMB in millions)</i>		
Annual caps	420	570	700

In arriving at the above annual caps, the Directors have considered (i) the historical transaction amounts under the Existing Property Management Services Framework Agreement; (ii) the annual caps of RMB1,030 million, RMB1,300 million and RMB1,530 million for the two years ended 31 December 2022 and for the year ending 31 December 2023 respectively under the Existing Property Management Services Framework Agreement; (iii) the annual cap utilization of approximately 91%, 39% and 11% for the two years ended 31 December 2022 and for the year ending 31 December 2023 (based on the transactions conducted in 2023 up to 30 June 2023) respectively under the Existing Property Management Services Framework Agreement; (iv) in respect of the property management services to be provided at the pre-delivery stage, the estimated pre-sale value of the properties to be sold by Agile Group which will require property management services from the Group for each of the three years ending 31 December 2026, based on the development plans of Agile Group provided to the Group having regard to the existing and estimated GFA of the properties expected to be developed, delivered and marketed by Agile Group. The Board has assessed the reasonableness of the development plans of Agile Group

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with reference to the information disclosed in the interim report of Agile Holdings for the six months ended 30 June 2023 which stated, among others, that as at 30 June 2023, the aggregated pre-sold value and the corresponding aggregated GFA pre-sold of Agile Group amounted to approximately RMB28.2 billion and 1.9 million sq.m. respectively and Agile Group had a land bank with total planned GFA of approximately 38.6 million sq.m. in 79 cities. In particular, Agile Group indicated to the Board that assuming that Agile Group will temporarily suspend all land acquisition transactions in the coming years and mainly focus on developing existing lands in its land bank, it has planned to develop and pre-sell approximately 16.7 million sq.m. in aggregate for the three years ending 31 December 2026; and (v) the expected increasing demands for the property management services for the three years ending 31 December 2026.

The demand for the property management services is driven by the annual property development and launching plan of Agile Group under the Existing Property Management Services Framework Agreement and the 2024 Property Management Services Framework Agreement. Due to the macro factors and uncertainties in the property development market, Agile Group had deferred its development plan and launching plan since year 2022 in response to the uncertain market conditions in the real estate market in the PRC. As such, the annual caps utilisation rate was low for the year ended 31 December 2022 and for the six months ended 30 June 2023 under the Existing Property Management Services Framework Agreement. In anticipation of gradual recovery of the PRC real estate in 2024 onwards, Agile Group has formulated a new annual property development and launching plan having regard to the historical property development and launching plan of Agile Group since 2022 and the gradual recovery in the PRC real estate industry and on assumption that Agile Group will only focus on developing projects on lands in its land bank, and the annual caps under the 2024 Property Management Services Framework Agreement were based on such revised plan.

(e) Reasons for and benefits of entering into the 2024 Property Management Services Framework Agreement

The Group has been providing property management services to Agile Group since 1997. Under the Existing Property Management Services Framework Agreement, the Group has been able to secure initial property management service engagements for properties developed by Agile Group. The alternative settlement mechanism as contemplated under the 2024 Property Management Services Framework Agreement for the service fees allows the Group to have greater flexibility in recovering receivables from Agile Group. The Group shall pledge the Offset Assets to its third-party suppliers to settle other payables due from the Group to such suppliers, or may sell or let out the Offset Assets to third-parties for cash.

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In view of the above, the Board (including the independent non-executive Directors whose views have been expressed in this circular) therefore considers it beneficial to enter into the 2024 Property Management Services Framework Agreement, and that the entering of the 2024 Property Management Services Framework Agreement is in the Group's ordinary course of business, and the terms of the 2024 Property Management Services Framework Agreement and proposed annual caps respectively set out thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

2024 Property Agency Services Framework Agreement

(a) Background

Reference is made to the announcement of the Company dated 23 September 2020 and the circular of the Company dated 22 October 2020, in relation to, among others, the continuing connected transactions under the 2021 Property Agency Services Framework Agreement entered into between the Company and Agile Holdings, and the annual caps thereunder and the announcement of the Company dated 28 August 2023 in relation to the variation of terms of the 2021 Property Agency Services Framework Agreement. As the Existing Property Agency Services Framework Agreement will expire on 31 December 2023, and the Group is expected to carry on the transactions contemplated thereunder upon its expiry, the Company entered into the 2024 Property Agency Services Framework Agreement with Agile Holdings on 20 October 2023.

(b) Principal terms

Date:	20 October 2023
Parties:	The Company Agile Holdings
Term:	The 2024 Property Agency Services Framework Agreement is valid for three years from 1 January 2024 and ending on 31 December 2026.
Subject matter:	The Group will provide to Agile Group property agency services, including providing marketing and sales services for properties developed by Agile Group.

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Pricing and other terms:

The services fees to be charged by the Group under the 2024 Property Agency Services Framework Agreement will be determined on arm's length basis, with reference to (i) the location of the project; (ii) the anticipated operational cost (including labour costs) for providing such services; and (iii) the prevailing market price for similar property agency services for property developers in the open market and any adjustment to commission rate based on the usual market practice. The estimated commission rate is approximately 2% of the sales amount, which is determined with reference to the historical property agency commission rate charged by the Group which amounted to approximately 2%. The fees payable by Agile Group to the Group shall be no less favourable than those offered by any Independent Third Party.

The prevailing market price for the same property agency services for property developers in the open market is determined having considered the market price survey on the same business, and taking into account factors such as project sales targets, sales difficulty, and the adjusted commission rate subject to negotiation.

Members of the Group and members of Agile Group will enter into separate agreements which will set out the specific terms and conditions according to the principles provided in the 2024 Property Agency Services Framework Agreement.

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**Alternative settlement
mechanism for the
service fees:**

The Company and Agile Holdings agreed to the following mechanism as an additional means to settle the service fees due and payable by Agile Group to the Group under the 2024 Property Agency Services Framework Agreement:

- (i) in the event Agile Group is unable to pay any Outstanding Payables, the Group may elect to accept assets from Agile Group's unsold property assets (including but not limited to office buildings, shops and commercial housing) in the same value as the Outstanding Payables as settlement of Outstanding Payables. The list of such Offset Assets shall be finalised and confirmed by the Company and Agile Holdings;
- (ii) if the Group elects to accept such Offset Assets to settle Outstanding Payables, the Group and Agile Group shall enter into a transfer agreement in respect of the Offset Assets, under which the consideration for the transfer of the Offset Assets by Agile Group to the Group shall be offset against the Outstanding Payables;
- (iii) Agile Group agreed to grant the Group a one-time free right to request any party designated by the Company to be named as the registered owner of the Offset Assets within two years commencing from the effective date of the property transfer agreement; and
- (iv) Agile Group agreed that during the Naming Period, the Group may request to exchange any Offset Asset initially identified and subject to the property transfer agreement for one or more other property asset(s) held by Agile Group of equal value, including but not limited to office buildings, shops and commercial housing.

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(c) Historical amounts

For the two years ended 31 December 2022 and the six months ended 30 June 2023, the service fees paid to the Group under the Existing Property Agency Services Framework Agreement amounted to RMB1,236 million, RMB542 million and RMB259 million, respectively. As at the Latest Practicable Date, the historical amounts have not exceeded the respective annual caps under the Existing Property Agency Services Framework Agreement.

(d) Annual caps and basis of determination

It is proposed that the annual caps for the transactions contemplated under the 2024 Property Agency Services Framework Agreement for the three years ending 31 December 2026 are expected not to exceed the followings:

	2024	2025	2026
	<i>(RMB in millions)</i>		
Annual caps	600	700	900

In arriving at the above annual caps, the Directors have considered (i) the annual caps of RMB1,400 million, RMB1,800 million and RMB2,350 million for the two years ended 31 December 2022 and for the year ending 31 December 2023 respectively under the Existing Property Agency Services Framework Agreement; (ii) the annual cap utilization of approximately 88%, 30% and 11% for the two years ended 31 December 2022 and for the year ending 31 December 2023 (based on the transactions conducted in 2023 up to 30 June 2023) respectively under the Existing Property Agency Services Framework Agreement; (iii) the estimated pre-sale value of the properties to be sold by Agile Group in aggregate amounting to approximately RMB248.8 billion for the three years ending 31 December 2026 assuming the average selling price remains at approximately RMB14,930 per sq.m. (i.e. the average selling price of properties pre-sold by Agile Group during the six months ended 30 June 2023) and approximately 44% of the pre-sold properties (i.e. with reference to the historical pattern of Agile Group) will require property agency services from the Group for each of the three years ending 31 December 2026, based on the development plans of Agile Group provided to the Group. These parameters were considered as reasonable by the Board as they are consistent with the disclosure made in the interim report of Agile Holdings for the six months ended 30 June 2023; and (iv) the estimated service fees and commissions for the provision of property agency services, subject to any necessary adjustment with reference to the location, size and scale of the relevant projects of approximately 2%, which was the historical commission rate charged by the Group.

The low annual cap utilisation under the Existing Property Agency Services Framework Agreement since 2022 was primarily due to the deferral of development and launching plan by Agile Group in response to the uncertain market conditions in the real

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estate market in the PRC leading to the weak demand of the Group's property agency services. As the demand for the property agency services is driven by the annual property development and launching plan of Agile Group, due to the macro factors and uncertainties in the property development market, Agile Group has continued to adjust their development and launching plans and tightened the expansion in the coming years which is comparable to the level in 2022 and 2023, with a gradual growth trend.

(e) Reasons for and benefits of entering into the 2024 Property Agency Services Framework Agreement

The Group has been providing property agency services to Agile Group since 2017. Such services provide a channel for marketing and sales services and for sales agents to access potential customers directly, and is a cost-effective way for Agile Group to drive up the sales volume of properties. As the Group is expected to carry on the transactions contemplated thereunder upon its expiry, the Directors consider that by entering into the 2024 Property Agency Services Framework Agreement with Agile Holdings, the full potential of the agency sales team of the Group will be continued to be utilised to meet the Agile Group's growing demand for property agency services. The alternative settlement mechanism as contemplated under the 2024 Property Agency Services Framework Agreement for the service fees allows the Group to have greater flexibility in recovering receivables from Agile Group. The Group shall pledge the Offset Assets to its third-party suppliers to settle other payables due from the Group to such suppliers, or may sell or let out the Offset Assets to third-parties for cash.

In view of the above, the Board (including the independent non-executive Directors whose views have been expressed in this circular) considers it beneficial to renew the Existing Property Agency Services Framework Agreement to facilitate the continuous provision of such property agency services to Agile Holdings, and that the entering of the 2024 Property Agency Services Framework Agreement is in the Group's ordinary course of business, and the terms of the 2024 Property Agency Services Framework Agreement and the annual caps thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

2024 Framework Referral Agreement

(a) Background

Reference is made to the announcement of the Company dated 23 September 2020 and the circular of the Company dated 22 October 2020, in relation to, among others, the continuing connected transactions under the 2021 Framework Referral Agreement entered into between the Company and Agile Holdings, and the annual caps thereunder and the announcement of the Company dated 28 August 2023 in relation to the variation of terms of the 2021 Framework Referral Agreement. As the Existing Framework Referral Agreement

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will expire on 31 December 2023, and the Group is expected to carry on the transactions contemplated thereunder upon its expiry, the Company entered into the 2024 Framework Referral Agreement with Agile Holdings on 20 October 2023.

(b) Principal terms

Date:	20 October 2023
Parties:	The Company Agile Holdings
Term:	The 2024 Framework Referral Agreement is valid for three years from 1 January 2024 and ending on 31 December 2026.
Subject matter:	The Group will provide marketing referral services in respect of the sales of residential properties and car parking spaces by Agile Group in their development projects to be provided by the Group to Agile Group including (i) marketing activities through the utilisation of the community resources and other sales channel of the Group; (ii) customers' information collection; and (iii) customers' referrals.
Pricing and other terms:	The commission rate to be charged by the Group under the 2024 Framework Referral Agreement will be determined on arm's length basis, with reference to (i) the commission rate charged by independent third parties to Agile Group; (ii) the prevailing market commission rate of comparable transactions with similar project scale in the same industry; and (iii) any adjustment to the commission rate based on prevailing market conditions. Such commission rate is estimated to be approximately 4% of the total value of the sales of residential properties and car parking spaces and is projected with reference to the historical marketing referral commission rate charged by the Group. The fees payable by Agile Group to the Group shall be no less favourable than those offered by any Independent Third Party.

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Members of the Group and members of Agile Group will enter into separate agreements which will set out the specific terms and conditions according to the principles provided in the 2024 Framework Referral Agreement.

**Alternative settlement
mechanism for the
service fees:**

The Company and Agile Holdings agreed to the following mechanism as an additional means to settle the service fees due and payable by Agile Group to the Group under the 2024 Framework Referral Agreement:

- (i) in the event Agile Group is unable to pay any Outstanding Payables, the Group may elect to accept assets from Agile Group's unsold property assets (including but not limited to office buildings, shops and commercial housing) in the same value as the Outstanding Payables as settlement of Outstanding Payables. The list of such Offset Assets shall be finalised and confirmed by the Company and Agile Holdings;
- (ii) if the Group elects to accept such Offset Assets to settle Outstanding Payables, the Group and Agile Group shall enter into a transfer agreement in respect of the Offset Assets, under which the consideration for the transfer of the Offset Assets by Agile Group to the Group shall be offset against the Outstanding Payables;
- (iii) Agile Group agreed to grant the Group a one-time free right to request any party designated by the Company to be named as the registered owner of the Offset Assets within two years commencing from the effective date of the property transfer agreement; and
- (iv) Agile Group agreed that during the Naming Period, the Group may request to exchange any Offset Asset initially identified and subject to the property transfer agreement for one or more other property asset(s) held by Agile Group of equal value, including but not limited to office buildings, shops and commercial housing.

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(c) Historical amounts

For the two years ended 31 December 2022 and the six months ended 30 June 2023, the service fees paid to the Group under the Existing Framework Referral Agreement amounted to approximately RMB363 million, RMB345 million and RMB194 million, respectively. As at the Latest Practicable Date, the historical amounts have not exceeded the respective annual caps under the Existing Framework Referral Agreement.

(d) Annual caps and basis of determination

It is proposed that the annual caps for the transactions contemplated under the 2024 Framework Referral Agreement for the three years ending 31 December 2026 are expected not to exceed the followings:

	2024	2025	2026
	<i>(RMB in millions)</i>		
Annual caps	300	400	500

In arriving at the above annual caps, the Directors have considered (i) the historical transaction amounts under the Existing Framework Referral Agreement; (ii) the annual caps of RMB550 million, RMB735 million and RMB985 million for the two years ended 31 December 2022 and for the year ending 31 December 2023 respectively under the Existing Framework Referral Agreement; (iii) the annual cap utilization approximately of 66%, 47% and 20% for the two years ended 31 December 2022 and for the year ending 31 December 2023 (based on the transactions conducted in 2023 up to 30 June 2023) respectively under the Existing Framework Referral Agreement; (iv) the expected commission in the range of 4% to 6% to be charged for the provision of the marketing referral services after considering the total value of the saleable residential properties and car parking spaces of Agile Group which will require marketing referral services from the Group for each of the three years ending on 31 December 2026, based on the development and marketing plan of Agile Group. The estimated pre-sale value of the properties to be sold by Agile Group in aggregate amounting to approximately RMB248.8 billion for the three years ending 31 December 2026 assuming the average selling price remains at approximately RMB14,930 per sq.m. (i.e. the average selling price of properties pre-sold by Agile Group during the six months ended 30 June 2023) and the proportion of Agile Group's properties which will be sold through engaging the Group as the marketing referral agent for the coming three years is expected to be approximately 12% (i.e. with reference to the historical pattern of Agile Group). These parameters were considered as reasonable by the Board as they are consistent with the disclosure made in the interim report of Agile Holdings for the six months ended 30 June 2023; and (v) the prevailing market commission rate in the range of 4% to 6% for the provision of the marketing referral services for comparable transactions of

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similar development scale in the same industry. In general, the commission rates are higher for projects that are harder to sell, while larger projects tend to be easier to sell as the developer often has a larger budget for sales and promotion.

The demand for the marketing referral services is driven by the annual property development and launching plan of Agile Group. However, due to the macro factors and uncertainties in the property development market, Agile Group has adjusted their development and launching plans and tightened the expansion in the coming three years and therefore the demand for marketing referral services is expected to decrease during the term of the 2024 Framework Referral Agreement as compared with that during the term of the Existing Framework Referral Agreement.

(e) Reasons for and benefits of entering into the 2024 Framework Referral Agreement

Since the entering of the Existing Framework Referral Agreement, the Group has been providing marketing referral services to Agile Group which adds value to Agile Group in their sales of residential properties and car parking spaces, and at the same time enabling the Group earning revenue in its ordinary and usual course of business. The alternative settlement mechanism as contemplated under the 2024 Framework Referral Agreement for the service fees allows the Group to have greater flexibility in recovering receivables from Agile Group. The Group shall pledge the Offset Assets to its third-party suppliers to settle other payables due from the Group to such suppliers, or may sell or let out the Offset Assets to third-parties for cash.

In view of the above, the Board (including the independent non-executive Directors whose views have been expressed in this circular) therefore considers it beneficial to renew the Existing Framework Referral Agreement with Agile Holdings, and that the entering of the 2024 Framework Referral Agreement is in the Group's ordinary course of business, and the terms of the 2024 Framework Referral Agreement and the annual caps thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Alternative Settlement in the form of Offset Assets under the 2024 Non-exempt CCT Agreements

The alternative settlement mechanism under the 2024 Non-Exempt CCT Agreements is the same as the terms set out in the Supplemental CCT Agreements. The details of the reasons for and benefits of the alternative settlement mechanism can be referred to in the sub-section headed "Reasons for and Benefits of entering into the Supplemental CCT Agreements" in the above section headed "II. VARIATION OF TERMS TO THE 2021 CCT AGREEMENTS".

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Having considered as such, the Board considered that an alternative settlement mechanism in the form of Offset Assets allows the Group to have a greater flexibility in recovering receivables from Agile Group under the 2024 Non-Exempt CCT Agreements, as well as the flexibility to settle payables due by the Group to its third-party suppliers with Offset Assets. Therefore, the Board considers that the entering of the 2024 Non-Exempt CCT Agreements is in the Group's ordinary course of business, and the terms of the 2024 Non-Exempt CCT Agreements are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company will make further announcements as appropriate and comply with the relevant requirements under Chapter 14 and Chapter 14A of the Listing Rules regarding the transfer of the Offset Assets should it decide to proceed with the transfer of the Offset Assets and/or entry into of the Property Transfer Agreements under the 2024 Non-Exempt CCT Agreements.

IV. PRICING POLICY FOR THE 2021 CCT AGREEMENTS AND THE 2024 NON-EXEMPT CCT AGREEMENTS

The value of the relevant Offset Assets shall be determined jointly by the Company and Agile at the time of the signing of the Property Transfer Agreement after arm's length negotiation and with reference to (i) the valuation report of the Offset Assets to be prepared by an independent valuer who shall adopt a market approach; (ii) the recent sales prices of the property projects in which the Offset Assets are located; and (iii) the recent sales prices of the same or similar properties in the surrounding area of the Offset Assets. Such valuation principles are also applicable to the Company's request to exchange Offset Assets for one or more other property asset(s) held by the Agile Group of equal value.

As a general principle, the fees to be charged or paid by the Group for the continuing connected transactions of the Group conducted under 2021 CCT Agreements and the 2024 Non-exempt CCT Agreements shall be determined on an arm's length basis in accordance with the prevailing market prices of the same services or products and on the following principles:

- (i) by reference to the prevailing market price of the same services or products taking into account of the price of the same services or products with comparable scope or quantities and quality offered property develops who are Independent Third Parties;
- (ii) if there are not sufficient comparable transactions in (i) above, on normal commercial terms comparable to those offered to/received from independent third parties by Agile Group in respect of the same services or products with comparable quantities; and

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- (iii) if both (i) and (ii) above are not applicable, by reference to the average price of the same services or products gathered through market research by the sales department of the Group, such as obtaining quotations from the business partners of Agile Group, the previous customers and potential customers based on the type and nature of the relevant services or products.

In order to ascertain the prevailing market price for the purpose of the 2021 CCT Agreements and the 2024 Non-exempt CCT Agreements, the sales department of the Group and its designated personnel will, on a quarterly basis, invite quotations from at least two Independent Third Parties for the provision of the same services or products with comparable scope or quantities and quality under normal commercial terms in the ordinary course of business of such Independent Third Parties; or if applicable, the price list of services or products procured by Agile Group from Independent Third Parties for same services or products with comparable scope or quantities and quality as provided by the Group to the Agile Group. The sales department of the Group will then compare the market price with the fees under individual transactions pursuant to the 2021 CCT Agreements and the 2024 Non-Exempt CCT Agreements, and make evaluation and assessment to ensure that the price payable by or to be charged by the Agile Group will be on normal commercial terms and on terms no less favourable than that available from Independent Third Parties, and make price adjustments as needed in the beginning of each year based on market conditions.

V. INTERNAL CONTROL POLICIES FOR CONTINUING CONNECTED TRANSACTIONS

To enable the Group to review and assess whether the individual transactions will be conducted within the framework of the respective 2021 CCT Agreements and 2024 Non-exempt CCT Agreements and in accordance with the aforesaid pricing policy to ensure that the actual prices for the continuing connected transactions of the Group are on normal commercial terms and on terms no less favourable to the Group than those available from Independent Third Parties, the Group has adopted the following measures:

- (1) the general manager of the sales department and finance department will closely monitor the transactions to ensure that the transaction amount does not exceed the annual caps of the respective 2021 CCT Agreements and 2024 Non-exempt CCT Agreements;
- (2) the implementation of specific contracts shall be subject to the appropriate approval of the general manager of the business department, finance department, legal department and management of the Group to ensure that the contracts are in line with the pricing policy and principal terms of the respective 2021 CCT Agreements and 2024 Non-exempt CCT Agreements;

LETTER FROM THE BOARD

- (3) the general manager of the business department of the Group will conduct regular reviews to keep abreast of the prevailing fee level in the market and the market conditions for the purpose of considering if the price charged for a specific transaction is fair and reasonable and is in accordance with the pricing policy;
- (4) the general manager of the financial department of the Group will regularly review the settlement of service fees to ensure that the settlement of the service fees are carried out in accordance with the respective 2021 CCT Agreements and 2024 Non-exempt CCT Agreements;
- (5) the auditors of the Company shall conduct annual reviews on pricing and annual caps of such continuing connected transactions to ensure that the transactions amount is within the annual caps and that the transactions are conducted on the principal terms of the respective 2021 CCT Agreements and 2024 Non-exempt CCT Agreements; and
- (6) the independent non-executive Directors would continue to review the management's quarterly review reports on the transactions contemplated under the respective 2021 CCT Agreements and 2024 Non-exempt CCT Agreements to ensure that such transactions are conducted on normal commercial terms and are in the ordinary and usual course of business of the Group, and the terms and conditions thereof are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Having considered the measures detailed under the sections “IV. PRICING POLICY FOR THE EXISTING CCT AGREEMENTS AND THE 2024 NON-EXEMPT CCT AGREEMENTS” and “V. INTERNAL CONTROL POLICIES FOR CONTINUING CONNECTED TRANSACTIONS” in this circular, the Board considered that the relevant measures put in place by the Group are sufficient to ensure that the terms of the transactions under the Existing CCT Agreements and 2024 Non-exempt CCT Agreements are fair and reasonable, on terms no less favourable than the terms offered by the Group to Independent Third Parties and in the interests of the Company and the Shareholders as a whole. There is no deposit to be paid by the Group to the Agile Group under each of the 2024 Non-exempt CCT Agreements.

VI. LISTING RULES IMPLICATIONS

As at the date of this circular, Agile Holdings is the controlling shareholder of the Company, holding approximately 47.05% of the issued share capital of the Company. Accordingly, the transactions contemplated under each of the Supplemental CCT Agreements and the 2024 Non-exempt CCT Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to the note to Rule 14A.35 of the Listing Rules, if there is any material variation of the terms or material delay in the completion of a connected transaction, the issuer must, announce this fact as soon as practicable.

LETTER FROM THE BOARD

As one or more of the applicable percentage ratios (excluding the profit ratio) as defined in Rule 14.07 of the Listing Rules for the annual caps contemplated under each of the Supplemental CCT Agreements and the 2024 Non-exempt CCT Agreements exceed 5%, the continuing connected transactions contemplated thereunder are subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements in accordance with Chapter 14A of the Listing Rules.

VII. EGM

A notice of the EGM is set out on pages 98 to 101 of this circular. The EGM will be convened and held at Conference Room, 33/F, Agile Center, 26 Huaxia Road, Zhujiang New Town, Tianhe District, Guangzhou, Guangdong Province, PRC on Wednesday, 24 January 2024 at 3:00 p.m. to consider and, if thought fit, approve the ordinary resolutions in relation to, among other things, the Supplemental CCT Agreements, the 2024 Non-exempt CCT Agreements and the transactions contemplated thereunder by the Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules.

The proxy form of the EGM is also enclosed in this circular.

For the purpose of determining the eligibility of the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 19 January 2024 to Wednesday, 24 January 2024, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, holders of H Shares whose transfer documents have not been registered are required to submit the share certificates together with the properly completed share transfer forms to the Company's H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 18 January 2024 for registration. Holders of H Shares who are registered with Tricor Investor Services Limited on or before the aforementioned date are entitled to attend the EGM.

If you intend to appoint a proxy to attend the EGM, you are required to complete the accompanying proxy form in accordance with the instructions printed thereon and return it by personal delivery or by post not less than 24 hours before the time fixed for holding the EGM or any adjourned meeting thereof. For shareholders of H Shares, the proxy form should be returned to the Company's H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. For shareholders of Domestic Shares, the proxy form should be returned to the Company's principal place of office in the PRC at 35th Floor, Agile Center, 26 Huaxia Road, Zhujiang New Town, Tianhe District, Guangzhou, Guangdong Province, PRC. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or at any other adjourned meeting should you so wish.

LETTER FROM THE BOARD

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Therefore, voting on all resolutions set out in the notice of EGM shall be taken by way of poll. Any Shareholders who are involved in or interested in any of the Supplemental CCT Agreements, the 2024 Non-exempt CCT Agreements and the transactions contemplated respectively thereunder are required to abstain from voting on the relevant ordinary resolutions approving the relevant agreements.

Under Rule 14A.36 of the Listing Rules, any shareholder who has a material interest in a proposed transaction must abstain from voting at the relevant general meeting on the relevant resolution(s). As at the Latest Practicable Date, Agile is the ultimate controlling shareholder of the Company, which indirectly held 668,136,750 Shares, representing approximately 47.05% of the issued share capital of the Company through Zhongshan A-Living Enterprises Management Services Co., Ltd.* (中山雅生活企業管理服務有限公司), Farsail Goldman International Limited and Deluxe Star International Limited. As such, Zhongshan A-Living Enterprises Management Services Co., Ltd., Farsail Goldman International Limited and Deluxe Star International Limited will abstain from voting on the resolution(s) to be passed at the EGM.

As at the Latest Practicable Date, to the best of Directors' knowledge, information and belief after having made all reasonable enquiries, save for Zhongshan A-Living Enterprises Management Services Co., Ltd., Farsail Goldman International Limited and Deluxe Star International Limited, none of the Shareholders has a material interest in the Supplemental CCT Agreements, the 2024 Non-exempt CCT Agreements and the transactions contemplated respectively thereunder and is required to abstain from voting on the relevant resolution(s) to be proposed at the EGM.

VIII. GENERAL

Save for Mr. Chan Cheuk Hung and Mr. Huang Fengchao, the executive Directors, who are also the directors and shareholders of Agile Holdings, and Mr. Chen Siyang, an executive Director who is the son of Mr. Chan Cheuk Hung, none of the other Directors has or is deemed to have a material interest in the Supplemental CCT Agreements, the 2024 Non-exempt CCT Agreements and the transactions contemplated respectively thereunder. Hence, only Mr. Chan Cheuk Hung, Mr. Huang Fengchao and Mr. Chen Siyang are therefore required to abstain, and have abstained, from voting on the relevant Board resolutions.

LETTER FROM THE BOARD

IX. INFORMATION ON THE PARTIES

Agile Holdings

Agile Holdings is an exempted company with limited liability incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 3383). Agile Group is one of the leading property developers in the PRC and is principally engaged in the development of large-scale mixed-use property projects, with extensive presence in the businesses of property management, environmental protection, construction, real estate construction management and commercial.

The Company

The Company positions itself as a mid- to high-end provider of nationwide comprehensive property management services, ranking the 2nd of the Top 100 Property Management Companies in China published by China Index Academy. The Group dedicates to providing high-quality and full-scenario services to property owners, undertaking the corporate mission of “becoming the preeminent quality service provider in China”. With the continuous business expansion covering the whole industry chain, the Group is proactively innovating and exploring the value-added service ecosystem. Currently, the Group has developed four business lines, namely, property management services, property owners value-added services, city services and extended value-added services, with a nationwide coverage of 31 provinces, municipalities and autonomous regions, and has developed a balanced business portfolio layout covering residential properties, public buildings and commercial and office buildings.

X. RECOMMENDATION

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed to advise the Independent Shareholders on the terms of the Supplemental CCT Agreements and the 2024 Non-exempt CCT Agreements. Having taken into account the terms of the Supplemental CCT Agreements and the 2024 Non-exempt CCT Agreements, the information provided in the Letter from the Board and the Letter from the Independent Financial Adviser, the Independent Board Committee considers that the entering of the Supplemental CCT Agreements and the 2024 Non-exempt CCT Agreements are in the ordinary and usual course of business of the Group, and the terms contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions in relation to the Supplemental CCT Agreements, the 2024 Non-exempt CCT Agreements and the transactions contemplated thereunder to be proposed at the EGM.

LETTER FROM THE BOARD

XI. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee as set out on pages 40 to 41 of this circular which contains its recommendations to the Independent Shareholders in respect of the terms of the Supplemental CCT Agreements and the 2024 Non-exempt CCT Agreements. Your attention is also drawn to the letter of advice from the Independent Financial Adviser which contains, amongst other matters, its advice to the Independent Board Committee and the Independent Shareholders. The letter from the Independent Financial Adviser is set out on pages 42 to 87 of this circular.

Your attention is also drawn to the general information set out in the appendix of this circular.

Yours faithfully,
By order of the Board
A-Living Smart City Services Co., Ltd.
Chan Cheuk Hung/Huang Fengchao
Co-chairman

* *For identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendations, prepared for the purpose of incorporation in the circular, from the Independent Board Committee to the Independent Shareholders regarding the terms of the Supplemental CCT Agreements, the 2024 Non-exempt CCT Agreements and the transactions contemplated thereunder.

A-LIVING SMART CITY SERVICES CO., LTD.*

雅生活智慧城市服務股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 3319)

4 January 2024

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS
(1) VARIATION OF TERMS TO THE 2021 CCT AGREEMENTS
AND
(2) RENEWAL OF THE 2024 NON-EXEMPT CCT AGREEMENTS

We refer to the circular of the Company to the Shareholders dated 4 January 2024 (the “**Circular**”), in which this letter forms a part. Unless the context requires otherwise, capitalized terms used in this letter will have the same meanings given to them in the section headed “Definitions” of the Circular.

We have been authorised by the Board to form the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Supplemental CCT Agreements and the 2024 Non-exempt CCT Agreements are fair and reasonable so far as the Independent Shareholders are concerned.

We wish to draw your attention to the letter of advice from Rainbow Capital (HK) Limited, the Independent Financial Adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Supplemental CCT Agreements and the 2024 Non-exempt CCT Agreements as set out on pages 42 to 87 of the Circular and the letter from the Board as set out on pages 7 to 39 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered, among other matters, the factors and reasons considered by, and the opinion of the Independent Financial Adviser as stated in its letter of advice, we consider that the entering of the Supplemental CCT Agreements and the 2024 Non-exempt CCT Agreements are in the ordinary and usual course of business of the Group, and the terms of the Supplemental CCT Agreements and the 2024 Non-exempt CCT Agreements are on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions in relation to the Supplemental CCT Agreements, the 2024 Non-exempt CCT Agreements and the transactions contemplated thereunder to be proposed at the EGM.

Yours faithfully,

For and on behalf of

Independent Board Committee

Mr. Wang Gonghu

Mr. Weng Guoqiang

Mr. Li Jiahe

Independent non-executive Directors

* *For identification purposes only*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Rainbow Capital (HK) Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation of this circular.



4 January 2024

To the Independent Board Committee and the Independent Shareholders

A-Living Smart City Services Co., Ltd.
35/F, Agile Center, 26 Huaxia Road
Zhujiang New Town
Tianhe District, Guangzhou
Guangdong Province, PRC

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

(1) VARIATION OF TERMS TO THE 2021 CCT AGREEMENTS

AND

(2) RENEWAL OF THE 2024 NON-EXEMPT CCT AGREEMENTS

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of (i) the proposed variation of the terms (the “**Proposed Variations**”) contemplated under the Supplemental CCT Agreements dated 28 August 2023; and (ii) the transactions (the “**Transactions**”) contemplated under the 2024 Non-exempt CCT Agreements, including the proposed annual caps thereunder (the “**Proposed Annual Caps**”), for which the Independent Shareholders’ approval is being sought. Details of the Supplemental CCT Agreements and the 2024 Non-exempt CCT Agreements are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 4 January 2024 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

As at the Latest Practicable Date, Agile Holdings is the controlling shareholder of the Company, which indirectly held 668,136,750 Shares, representing approximately 47.05% of the issued share capital of the Company. Therefore, Agile Holdings is a connected person of the Company under the Listing Rules, and the transactions contemplated under each of the Supplemental CCT Agreements the 2024 Non-exempt CCT Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As the Proposed Variations contemplated under the Supplemental CCT Agreements will constitute material variation to the terms of the 2021 CCT Agreements, the Company proposes to re-comply with the provisions of Chapter 14A of the Listing Rules and seek the Shareholders' approval for the Proposed Variations under the Supplemental CCT Agreements (including the addition of an alternative settlement mechanism for the service fees to be payable by Agile Group under the Supplemental CCT Agreements).

As one or more of the applicable percentage ratios (excluding the profit ratio) as defined in Rule 14.07 of the Listing Rules for the annual caps contemplated under each of the Supplemental CCT Agreements and the Proposed Annual Caps exceed 5%, the continuing connected transactions contemplated under the Supplemental CCT Agreements and the Transactions are subject to the reporting, announcement, the Independent Shareholders' approval and annual review requirements in accordance with Chapter 14A of the Listing Rules.

The Company will seek approval from the Independent Shareholders in respect of the Supplemental CCT Agreements and the 2024 Non-exempt CCT Agreements by way of an ordinary resolution at the EGM. As at the Latest Practicable Date, Agile is the ultimate controlling shareholder of the Company, which indirectly held 668,136,750 Shares, representing approximately 47.05% of the issued share capital of the Company through Zhongshan A-Living Enterprises Management Services Co., Ltd.* (中山雅生活企業管理服務有限公司), Farsail Goldman International Limited and Deluxe Star International Limited. As such, Zhongshan A-Living Enterprises Management Services Co., Ltd., Farsail Goldman International Limited and Deluxe Star International Limited will abstain from voting on the resolution(s) to be passed at the EGM. As at the Latest Practicable Date, to the best of Directors' knowledge, information and belief after having made all reasonable enquiries, save for Zhongshan A-Living Enterprises Management Services Co., Ltd., Farsail Goldman International Limited and Deluxe Star International Limited, none of the other Shareholders has a material interest in the Supplemental CCT Agreements, the 2024 Non-exempt CCT Agreements and the transactions contemplated respectively thereunder and is required to abstain from voting on the relevant resolution(s) to be proposed at the EGM.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Wang Gonghu, Mr. Weng Guoqiang and Mr. Li Jiahe, has been formed to advise the Independent Shareholders on (i) whether the entering into of the Supplemental CCT Agreements and the 2024 Non-exempt CCT Agreements are conducted in the ordinary and usual course of the Group; and (ii) whether the terms of the Supplemental CCT Agreements and the 2024 Non-exempt CCT Agreements (including the Proposed Annual Caps) are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, and as to voting. We, Rainbow Capital (HK) Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, we did not have any relationships or interests with the Group and Agile Group that could reasonably be regarded as relevant to our independence. In the last two years, there was no engagement between the Group or Agile Group and us. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no other arrangements exist whereby we had received any fees or benefits from the Group or any other party to the Supplemental CCT Agreements and the 2024 Non-exempt CCT Agreements. Accordingly, we are independent from the Company pursuant to the requirement under Rule 13.84 of the Listing Rules and therefore we are qualified to give independent advice in respect of the Supplemental CCT Agreements and the 2024 Non-exempt CCT Agreements (including the Proposed Annual Caps).

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group, or any of its respective substantial shareholders, subsidiaries or associates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation on the terms of the Supplemental CCT Agreements and the 2024 Non-exempt CCT Agreements (including the Proposed Annual Caps), we have taken into account the principal factors and reasons set out below:

A. The Supplemental CCT Agreements

1. *Background to and reasons for the Proposed Variations*

1.1 *The Group*

Spun off from Agile Group and listed on the Main Board of the Stock Exchange on 9 February 2018, the Group is principally engaged in the provision of property management, property sales, property inspection, advertising and tourism services. The Group dedicates to providing high-quality and full-scenario services to property owners, undertaking the corporate mission of “becoming the preeminent quality service provider in China”. With the continuous business expansion covering the whole industry chain, the Group is proactively innovating and exploring the value-added service ecosystem. Currently, the Group has developed four business lines, namely, property management services, property owners value-added services, city services and extended value-added services, with a nationwide coverage of 31 provinces, municipalities and autonomous regions, and has developed a balanced business portfolio layout covering residential properties, public buildings and commercial and office buildings. As at 30 June 2023, the gross floor area (the “GFA”) under management and contracted GFA of the Group reached approximately 575.4 million sq.m. and 762.1 million sq.m. respectively.

As disclosed in the interim report of the Company (the “**2023 Interim Report**”) for the six months ended 30 June 2023 (“**6M2023**”), the Group’s revenue increased slightly by approximately 1.0% from approximately RMB7,619.9 million for the six months ended 30 June 2022 (“**6M2022**”) to approximately RMB7,698.5 million for 6M2023, primarily attributable to the increase in total GFA under management of the Group and the market expansion for the Group’s city services. The Group’s profit attributable to the Shareholders decreased by approximately 20.7% from approximately RMB1,057.9 million for 6M2022 to approximately RMB839.0 million for 6M2023, primarily attributable to (i) the adjustment of business structure and the decrease in the proportion of business with higher gross profit margin; (ii) the increase in cost of sales primarily due to the increase in labour costs as a result of service quality enhancement, and the increase in various inputs from the active expansion in business layout along the industry chain as well as market-oriented development; and (iii) the increase in selling and marketing expenses mainly due to the increase in expenses and related incentives as a result of the increase in market expansion activities after the pandemic.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The current macroeconomic environment and market conditions are changing rapidly while challenging. The property management companies have gradually shifted from the strategy of rapid scale expansion and extending the scope of business along the industry value chain to the strategy of refocusing themselves on their original aspiration to serve property owners and provide good service, and driving quality growth with the quality and standards of service. With the increasing comprehensive strength and brand influence, the Group has maintained its leading position in the industry. In the future, the Group will strategically focus resources on developing business segments with emphasis on profitability and high cash flow to achieve high-quality and sustainable development.

1.2 Agile Group

Since its establishment in 1992 and listed on the Main Board of the Stock Exchange since 2005, Agile Group has developed into a diversified conglomerate and become one of the leading property developers in the PRC. It is principally engaged in the development of largescale mixed-use property projects, with extensive presence in the businesses of property management, environmental protection, construction, real estate construction management and commercial.

As disclosed in the interim report of Agile Group for 6M2023 (the “**2023 Agile Interim Report**”), for 6M2023, Agile Group recorded revenue of approximately RMB20,001.9 million, representing a decrease of approximately 36.8% as compared with that in 6M2022. Agile Group recorded a turnaround from profit attributable to the shareholders of approximately RMB2,401.1 million for 6M2022 to loss attributable to the shareholders of approximately RMB4,475.4 million for 6M2023. As at 30 June 2023, Agile Group has a land bank with a total planned GFA of approximately 38.6 million sq.m. in 79 cities.

1.3 Background and reasons

On 23 September 2020, the Company entered into the 2021 Property Management Services Framework Agreement, the 2021 Property Agency Services Framework Agreement and the 2021 Framework Referral Agreement with Agile, pursuant to which the Company agreed to provide various services to Agile Group, including but not limited to property management services, property agency services and marketing referral services in respect of the sales of residential properties and car parking spaces by Agile Group, for a three year term from 1 January 2021 and ending on 31 December 2023. These agreements and the transactions contemplated thereunder were approved by the Independent Shareholders at the Company’s extraordinary general meeting held on 9 November 2020. All of the aforesaid 2021 CCT Agreements were entered for the continuous provision of property management related services to Agile Group for the ordinary and usual course of business of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Since the entering of the 2021 CCT Agreements and based on the latest situation by virtue of the poor market sentiment in relation to the property sales in the PRC, the Company and Agile consider that it is appropriate to reassess the terms under the 2021 CCT Agreements. Accordingly, on 28 August 2023, after arm's length negotiations between both parties, the Company entered into the Supplemental CCT Agreements with Agile with a view to providing an additional means to settle the service fees due and payable by Agile Group to the Group under each of the 2021 CCT Agreements. Such additional means of settlement mechanism of service fees due and payable by Agile Group will be detailed in the below sub-section headed "A. The Supplemental CCT Agreements – 2.3 The Proposed Variations".

Overall speaking, having considered that the Proposed Variations (i) allow the Group to have a flexibility and offer an additional means in recovering receivables from Agile Group apart from merely settlement in cash, which is generally in line with other PRC property management companies based on our independent research as detailed in the below sub-section headed "A. The Supplemental CCT Agreements – 3. Assessment of the principal terms of the Supplemental CCT Agreements – Comparable arrangement"; (ii) generally alleviate the possibilities of prolonged payment of services fees from Agile Group if the recent poor market sentiment on the real estate market in the PRC continues; and (iii) are not expected to materially affect the liquidity of the Company's operation, since (a) the Group is entitled to pledge the unsold assets in the same value (based on an independent property valuation) as the Outstanding Payables from Agile Group to the Group's suppliers for settlement of other payables, or sell or let out such assets to other third parties for cash, based on our review of the Supplemental CCT Agreements; and (b) the revenue generated from the provision of services to Agile Group under the 2021 CCT Agreements amounted to approximately RMB1,397.3 million in aggregate for the year ended 31 December 2022, which represented approximately 9.1% of the total revenue of the Group in 2022 and accordingly it does not account for a significant portion of the total revenue of the Group, based on our independent analysis and review of the annual report of the Company for the year ended 31 December 2022 (the "**2022 Annual Report**"), we concur with the Directors' view that it is commercially justifiable upon entering into the Supplemental CCT Agreements.

2. Principal terms of the Supplemental CCT Agreements

2.1 Principal terms of the 2021 CCT Agreements

For details of the principal terms under each of the 2021 CCT Agreements, please refer to the section headed "Summary of the 2021 CCT Agreements" in the Letter from the Board for details.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Generally speaking, the principal terms under each of the 2021 CCT Agreements, including but not limited to, the duration, scope of services, annual caps, pricing policy and other terms, remain principally unchanged pursuant to each of the Supplemental CCT Agreements, except for the inclusion of a mechanism as an additional means to settle the service fees due and payable by Agile Group to the Group under each of the 2021 CCT Agreements, which are mentioned in the below sub-section headed “A. The Supplemental CCT Agreements – 2.3 The Proposed Variations”.

2.2 Assessment of the principal terms of the 2021 CCT Agreements

For our assessment on the fairness and reasonableness of the other principal terms of the 2021 CCT Agreements, we have been provided by the Company with, and have randomly selected, reviewed and compared the terms of service contracts between the Group and Agile Group contemplated under the 2021 CCT Agreements (the “**Connected Party Contracts**”) against the service contracts between the Group or Agile Group and the Independent Third Parties (the “**Independent Third Parties Contracts**”) entered during the period covered under each of the 2021 CCT Agreements. Please refer to the below summary table for details of our work done:

The 2021 CCT Agreements	Number of the Connected Party Contracts reviewed	Number of the Independent Third Parties Contracts reviewed
The 2021 Property Management Services Framework Agreement	24	25
The 2021 Property Agency Services Framework Agreement	15	4 (<i>Note</i>)
The 2021 Framework Referral Agreement	16	11

Note: As confirmed by the management of the Group, during 2021 to 2023, the Group had not provided similar property agency services to any Independent Third Party while Agile Group had not received similar property agency services from any Independent Third Party. During 2021 to 2023, Agile Group had received four samples of property agency services quotations from the Independent Third Parties. In addition, we have independently searched the commission rates for property agency services charged by the Chinese property management companies listed on the Stock Exchange based on their announcements and circulars published during 2021 and 2023. Based on our research, on a best effort basis, we have identified two property management companies which have disclosed the relevant commission rates. For details of our findings, please refer to the sub-section headed “B. The 2024 Non-exempt CCT Agreements – 2.2 (iii) Assessment of the proposed annual caps” below.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on our aforesaid review, overall speaking, we noted that the terms for transaction contemplated under the 2021 CCT Agreements are equal to or no more favourable to Agile Group than the terms for similar transactions between the Group and the Independent Third Parties.

2.3 The Proposed Variations

Pursuant to each of the Supplemental CCT Agreements, the Company and Agile agreed to the following mechanism as an additional means to settle the service fees due and payable by Agile Group to the Group under each of the 2021 CCT Agreements:

- (i) in the event Agile Group is unable to pay any Outstanding Payables, the Group may elect to accept assets from Agile Group's unsold property assets (including but not limited to office buildings, shops and commercial housing) in the same value as the Outstanding Payables as settlement of Outstanding Payables. The list of such Offset Assets shall be finalised and confirmed by the Company and Agile;
- (ii) if the Group elects to accept such Offset Assets to settle Outstanding Payables, the Group and Agile Group shall enter into the Property Transfer Agreement, under which the consideration for the transfer of the Offset Assets by Agile Group to the Group shall be offset against the Outstanding Payables;
- (iii) Agile Group agreed to grant the Group a one-time free right to request any party designated by the Company to be named as the registered owner of the Offset Assets within two years commencing from the effective date of the Property Transfer Agreement; and
- (iv) Agile Group agreed that during the Naming Period, the Group may request to exchange any Offset Asset initially identified and subject to the Property Transfer Agreement for one or more other property asset(s) held by Agile Group of equal value, including but not limited to office buildings, shops and commercial housing.

The effectiveness of the Supplemental CCT Agreements is subject to the approval by the Independent Shareholders at the EGM.

Save for the above revision in the Supplemental CCT Agreements, all other terms of the 2021 CCT Agreements shall remain valid and in full force and effect.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Pricing policy of the Offset Assets under the Proposed Variations

The value of the relevant Offset Assets shall be determined jointly by the Company and Agile at the time of the signing of the Property Transfer Agreement after arm's length negotiation and with reference to (i) the valuation report of the Offset Assets to be prepared by an independent valuer who shall adopt a market approach; (ii) the recent sales prices of the property projects in which the Offset Assets are located; and (iii) the recent sales prices of similar properties in the surrounding area of the Offset Assets. Such valuation principles are also applicable to the Company's request to exchange Offset Assets for one or more other property asset(s) held by Agile Group of equal value.

3. Assessment of the principal terms of the Supplemental CCT Agreements

The Supplemental CCT Agreements stipulate variations of terms to the 2021 CCT Agreements, including, among others, the inclusion of a mechanism as an additional means to settle the service fees due and payable by Agile Group to the Group under each of the 2021 CCT Agreements. Taking into account that all of the 2021 CCT Agreements were entered into in September 2020, we have re-assessed the Proposed Variations together with the terms under the 2021 CCT Agreements as a whole in this letter based on the latest information available. Since the other principal terms of the 2021 CCT Agreements, such as the duration, scope of services, annual caps, pricing policy and other terms remain principally unchanged, our assessment in this letter will be primarily centered on the Proposed Variations.

The Proposed Variations

Pursuant to the Supplemental CCT Agreements, the Company is also entitled to select Agile Group's unsold property assets (including but not limited to office buildings, shops and commercial housing) which are at least in the same value as the outstanding service fees due and payable by Agile Group to the Group for settlement.

In assessing the fairness and reasonableness of the Proposed Variations under the Supplemental CCT Agreements, we consider that the Proposed Variations should not be assessed individually and separately. In other words, as compared to giving our independent fairness opinion on the Proposed Variations on a standalone basis, we consider it to be more meaningful to give our view on the Proposed Variations together with other factors as a whole, particularly after taking into account of the background and reasons of entering into the Supplemental CCT Agreements, such as the recent real estate market in the PRC and the latest situation of Agile Group. As discussed with the management of the Group, the Group experienced a slowdown in collecting the outstanding receivables from the revenue generated from Agile Group since 2022, with the increase of outstanding receivables aged more than one year. Given Agile Group is a PRC property developer with properties being its major assets,

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the settlement using the assets of Agile Group not only serves to facilitate the collection of outstanding receivables instead of remaining such receivables to be pending, but also improving the cash flows of the Group through realisation or pledge of the Offset Assets. Given that (i) based on our review of the 2022 Annual Report, the Group's net impairment loss on financial assets amounted to approximately RMB465.6 million for the year ended 31 December 2022, representing an increase of approximately 190.7% as compared with last year, which was mainly due to the increase in impairment provision of trade and other receivables caused by the increased credit risk of several customers, acquisition deposits and loans to third parties. We consider that the collectability of the outstanding receivables were worsening, which coincide with our understanding based on our discussion with the management of the Group; (ii) based on our review of the 2022 Annual Report, the Group had a negative operating cash flows of approximately RMB226.2 million for the year ended 31 December 2022 which was mainly attributable to the increase in trade and other receivables during the year, we consider that the realisation or pledge of the Offset Assets can at least help to improve the cash flows of the Group instead of being passively waiting for the settlement from Agile Group; and (iii) the Group can elect the assets from Agile Group with the equivalent value of outstanding receivables for settlement, which the value is primarily measured by the recent sales of similar properties in the surrounding area which we consider to be objective, we are of the view such additional payment method is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

As discussed with the management of the Group, in selecting the Offset Assets to be used for the settlement of the outstanding service fees due from Agile Group, the Group will generally select the Offset Assets that are located in proximity to the properties under the Group's management, with a preference of residential properties, which the Group is in possession of the relevant market information and community resources for facilitating the subsequent sales or letting out. In addition, prior to entering of the Property Transfer Agreement, the Group will conduct an independent check to ensure that the Offset Assets are free of encumbrance and owned under the name of Agile Group or its member companies, for the purpose of ascertaining the title and ownership of the Offset Assets. Based on the above, taking into account that (i) the Group can leverage on its past experiences and existing resources where the Group's managed properties are situated for the subsequent realisation of the Offset Assets without incurring extra material costs based on our discussion with the management of the Group; (ii) our review of the property management contracts between the Company and Agile covering details of the four properties of Agile which have been selected by the Company for partially offsetting the outstanding service fees due from Agile Group as disclosed in the Company's announcement dated 30 June 2023, which were all located in proximity to the properties under the Group's management and accordingly coincides with our understanding on the selection criteria of the Offset Assets from the management of the Group; (iii) the Group has

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developed a balanced business portfolio layout covering residential properties, public buildings and commercial and office buildings, with a nationwide coverage of 31 provinces, municipalities and autonomous regions based on our review of the 2022 Annual Report, which substantially covers the major cities in China as well as the types of the Offset Assets under the Supplemental CCT Agreements; (iv) the Offset Assets will be having the equivalent value as the Outstanding Payables under the Supplemental CCT Agreements and valued by an independent property valuation, which is objectively determined principally by making reference with the recent sales price of the same or similar property projects in the proximity of the Offset Assets and accordingly serve as a useful reference of the recent sales price of the Offset Assets based on our review of the Supplemental CCT Agreements; and (v) the Group will assess the title and ownership of the Offset Assets to ensure they are free of encumbrance and are owned under the name of Agile Group or its member companies, we are of the view that the saleability of the Offset Assets is justifiable and the risk of holding unsold or vacant assets is considered to be low.

As mentioned in the below sub-sections, our assessment on the Proposed Variations will primarily lie on whether (i) the Proposed Variations can also be observed under the similar arrangement between the PRC property management companies and their respective parent companies in the recent market, and whether the Proposed Variations will adversely affect the overall terms under the 2021 CCT Agreements; and (ii) the Company is entitled to receive benefits through the Proposed Variations as compared to the original terms pursuant to the 2021 CCT Agreements.

The recent real estate market in the PRC surrounding Agile Group

In the first half of 2023, the real estate market in the PRC continued its downward spiral. Based on our independent search, CRIC Research Center, a specialised PRC real estate research team of China Real Estate Information Corporation Information Group (中國房產信息集團) which is a subsidiary of E-house China Enterprise Holdings Limited (a Hong Kong listed company which is principally engaged in real estate agency services in the PRC) established for ten years, the sales performance of top 100 PRC real estate developers declined by approximately 28.1% in June 2023 as compared to the same period of the prior year. Accompanied with sales plunge in the industry, insufficient consumer confidence and difficulties in obtaining financing, the Chinese real estate developers have been suffering liquidity pressure with a dual tightening of sales and financing.

Against the aforesaid backdrop, the parent company of the Group, Agile Group recorded a decrease of approximately 36.8% in revenue from approximately RMB31,644.7 million for 6M2022 to approximately RMB20,001.9 million for 6M2023, and being turned around to an operating loss of approximately RMB1,568.1 million for 6M2023 as compared to an operating profit of approximately RMB7,839.2

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million in the prior period. According to the 2023 Agile Interim Report, the management of Agile Group attributed the worsening financial results principally to the slowdown of property sales during the first half of 2023.

On the other hand, for the first half of 2023, Agile Group has been proactively exploring financial channels, such as the issuance of public notes of approximately RMB1,200 million in January 2023 and corporate bonds of approximately RMB700 million in March 2023. Besides, Agile Group also conducted two placements of approximately HK\$493.9 million in January 2023 and HK\$391.0 million in August 2023 for the purpose of further strengthening its capital base. As a result, the net gearing ratio of Agile Group amounted to approximately 58.7% as at 30 June 2023, which did not materially vary to the same of approximately 57.3% as at 31 December 2022 amid the unfavourable market environment.

Taking into account that (i) the current challenging real estate market in the PRC which may adversely impact the operation of Agile Group based on our independent research, and accordingly potentially affect the recoverability of the services fees due from Agile Group; (ii) Agile Group is considered to be financially healthy based on our discussion with the management of the Group and review of the latest financial reports of Agile; and (iii) the Company is entitled to have additional flexibility for the way of settlement of service fees through the Proposed Variations, we consider that it is a precautionary measures for the Company to have the Proposed Variations in place with a view to further ensuring the recoverability of the service fees receivable from Agile Group given the recent challenging real estate market in the PRC.

Comparable arrangement

For the purpose of carrying out our independent assessment on the Proposed Variations, we have identified an exhaustive list of the PRC property management companies listed on the Stock Exchange to receive their outstanding receivables through settlement of non-cash assets by their parent group companies, which (i) were announced by the PRC property management companies listed on the Main Board of the Stock Exchange during the period from 1 January 2023 to 28 August 2023 (the “**Review Period**”), being a period of approximately eight months prior to and including the date of the Supplemental CCT Agreements; and (ii) involved the settlement of outstanding receivables through non-cash assets by their parent group companies. Based on the aforesaid criteria, we identified four comparable arrangements (the “**Comparable Arrangements**”).

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We consider that the aforesaid criteria, including the selection of timeframe for the Review Period is appropriate, as it has covered the prevailing challenging Chinese property market condition as further elaborated under the above sub-section headed “A. The Supplemental CCT Agreements – 3. Assessment of the principal terms of the Supplemental CCT Agreements – The recent real estate market in the PRC surrounding Agile Group” and allow us to identify the PRC property management companies having the settlement mechanism which are similar to the Proposed Variations for our assessment purpose. We further consider that the Comparable Arrangements can provide a general reference for comparison purpose, so as to determine whether the settlement mechanism of the Proposed Variations is in line with the market practice. Since the Comparable Arrangements (i) principally involve the settlement of outstanding receivables through non-cash assets, which generally reflects the similar settlement mechanism as in the Supplemental CCT Agreements; and (ii) include all of the comparable arrangements of the Hong Kong listed companies engaging in the provision of property management services in the PRC which has covered the prevailing challenging property market conditions in the PRC, we believe that the Comparable Arrangements formed a list of samples which is fair, representative, exhaustive and comparable to the Supplemental CCT Agreements.

The following table sets out the details of the Comparable Arrangements:

Date of announcement	Company name (stock code)	Subject matter	Pricing policy	Settlement mechanism
28 August 2023	Aoyuan Healthy Life Group Company Limited (3662.HK) (“ Aoyuan Healthy ”)	Entering into the supplemental agreements for the provision of various services, which stipulated that the parent group may use its assets as an alternative settlement for its service fee due to Aoyuan Healthy	The total value of the offset assets was primarily made reference to the independent professional valuers and mutually confirmed by Aoyuan Healthy and its parent company	Using assets from the parent group to settle the service fees due to Aoyuan Healthy
11 August 2023	Jinke Smart Services Group Co., Ltd. (9666.HK) (“ Jinke Smart Services ”)	Entering into the property transfer agreements in respect of the transfer of properties from the parent group to Jinke Smart Services as payment in lieu of the total payable due to Jinke Smart Services	The announcement did not disclose in details. The total appraised value of the offset properties is greater than the amount of the total payables due to Jinke Smart Services	Using properties, which comprised residential properties, office buildings, commercial properties and industrial properties from the parent group to settle the property management fees due to Jinke Smart Services

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Date of announcement	Company name (stock code)	Subject matter	Pricing policy	Settlement mechanism
21 July 2023	Sino-Ocean Service Holding Limited (6677.HK) (“Sino-Ocean Service”)	Entering into the asset transfer framework agreements in respect of the transfer of properties from the parent group to Sino-Ocean Service as settlement of receivables due to Sino-Ocean Services	The consideration of the target assets was primarily made reference to the independent property valuation using market comparison method. The consideration shall be offset against the outstanding receivables in its entirety	Using properties, which comprised parking spaces and commercial properties from the parent group to settle the refundable deposit receivables due to Sino-Ocean Service
30 June 2023 and 13 February 2023	The Company	Entering into the property transfer agreements in respect of the transfer of properties from Agile Group to the Group as payment in lieu of the total payable due to the Group	The total value of the offset assets was primarily made reference to the independent property valuation using a market approach. The consideration for the transfer of the offset assets by Agile Group to the Group shall be offset against the outstanding service fees payables	Using properties, which comprised office buildings, shops and commercial buildings from Agile Group to settle the service fees due to the Group
28 August 2023	The Company	Entering into the Supplemental CCT Agreements to include settlement of the service fees by way of transfer of property assets of Agile Group to offset the service fees payable to the Group	The total value of the Offset Assets was primarily made reference to the independent property valuation using a market approach. The consideration for the transfer of the Offset Assets by Agile Group to the Group shall be offset against the Outstanding Payables	Using properties, which comprised office buildings, shops and commercial housing from Agile Group to settle the service fees due to the Group

Source: announcements of the respective companies

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As shown in the above table, we noted that there is four Comparable Arrangements which contains a mechanism for settlement of outstanding receivables by way of non-cash assets, which is similar to the Proposed Variations. In view of the fact that there are Comparable Arrangements having such settlement mechanism of outstanding receivables based on our independent research, we consider that the Proposed Variations are generally in line with the market practice.

Assessments on pricing policy of the Offset Assets

Pursuant to the Supplemental CCT Agreements, in the event Agile Group is unable to pay any Outstanding Payables, the Group may elect to accept assets from Agile Group's unsold property assets (including but not limited to office buildings, shops and commercial housing) in the same value as the Outstanding Payables as settlement of Outstanding Payables. Such assets shall principally be valued with reference to (i) the valuation report of the Offset Assets to be prepared by an independent valuer who shall adopt a market approach; (ii) the recent sales prices of the property projects in which the Offset Assets are located; and (iii) the recent sales prices of similar properties in the surrounding area of the Offset Assets.

Taking into account that (i) the Group is entitled to elect assets having the equivalent value as the Outstanding Payables as settlement of Outstanding Payables, and accordingly the Group can at least receive the equivalent dollar amounts for the settlement of the Outstanding Payables under the Proposed Variations; and (ii) the Offset Assets will be objectively determined principally by making reference with the recent sales price of the same or similar property projects in the proximity of the Offset Assets for the purpose of deriving the value of the Offset Assets, which we consider to be a generally objective and fair approach in valuing properties from market consensus by basing on publicly available data on comparable transactions and as such it can require fewer subjective assumptions in deriving the property valuation, we consider the use of the equivalent value of assets for settlement of the service fees due and payable by Agile Group, and thus the pricing policy of the Offset Assets, are justifiable.

Overall comments

Overall speaking, based on our review, we noted that the value of the Offset Assets to be used by Agile Group for settling the service fees due and payable to the Group after the Proposed Variations is no less than the corresponding dollar amounts of service fees as set out pursuant to the 2021 CCT Agreements. Besides, the Proposed Variations do not adversely affect the fairness of the principal terms under the 2021 CCT Agreements, particularly given that (i) the Group is entitled to receive the equivalent dollar values of service fees receivable by electing assets for settlement under the Supplemental CCT Agreements; (ii) the original terms under the 2021 CCT

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Agreements do not alter, and additionally there is a settlement mechanism to further ensure the recoverability of service fees due from Agile Group, particularly in view of the recent challenging real estate market in the PRC; and (iii) the pricing policy of the Offset Assets are considered to be objective, fair and reasonable. Taking into account of the reasons for entering into the Supplemental CCT Agreements which better reflects the latest situation to be faced by the Company, i.e. the recent challenging environment of the real estate market in the PRC, overall speaking, we consider the Proposed Variations under the Supplemental CCT Agreements to be fair and reasonable.

4. *Internal control policies of the Group*

As disclosed in the Letter from the Board, to enable the Group to review and assess whether the individual transactions will be conducted within the framework of the respective 2021 CCT Agreements and in accordance with the aforesaid pricing policy to ensure that the actual prices for the continuing connected transactions of the Group are on normal commercial terms and on terms no less favourable to the Group than those available from the Independent Third Parties, the Group has adopted the following measures:

- (i) the general manager of the sales department and finance department will closely monitor the transactions to ensure that the transaction amount does not exceed the annual caps of the 2021 CCT Agreements;
- (ii) the implementation of specific contracts shall be subject to the appropriate approval of the general manager of the business department, finance department, legal department and management of the Group to ensure that the contracts are in line with the pricing policy and principal terms of the 2021 CCT Agreements;
- (iii) the general manager of the business department of the Group will conduct regular reviews to keep abreast of the prevailing fee level in the market and the market conditions for the purpose of considering if the price charged for a specific transaction is fair and reasonable and is in accordance with the pricing policy;
- (iv) the general manager of the financial department of the Group will regularly review the settlement of service fees to ensure that the settlement of the service fees are carried out in accordance with the respective 2021 CCT Agreements;
- (v) the auditors of the Company shall conduct annual reviews on pricing and annual caps of such continuing connected transactions to ensure that the transactions amount is within the annual caps and that the transactions are conducted on the principal terms of the respective 2021 CCT Agreements; and

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- (vi) the independent non-executive Directors would continue to review the management's quarterly review reports on the transactions contemplated under the respective 2021 CCT Agreements to ensure that such transactions are conducted on normal commercial terms and are in the ordinary and usual course of business of the Group, and the terms and conditions thereof are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

In assessing whether the internal control policies are put in place and effectively implemented, we have discussed with the management of the Group and reviewed the relevant documentation regarding the approval of the agreements entered between the Group and Agile Group and noted that the transactions contemplated thereunder were properly authorised and monitored. Besides, we have obtained and reviewed (i) the Connected Party Contracts and Independent Third Parties Contracts as disclosed in the subsection headed "A. The Supplemental CCT Agreements – 2.2 Assessment of the principal terms of the 2021 CCT Agreements"; (ii) the Supplemental CCT Agreements and noted that the Offset Assets will be independently valued by market approach for the purpose of determining the assets to be used for offsetting the service fees due to the Group; and (iii) internal control policies and noted that the Company will conduct regular review to keep abreast of the prevailing fee level in the market and the market conditions for a specific transaction. As such, we consider the Group's internal control to be effective to ensure the price charged for a specific transaction is fair and reasonable and is in accordance with the prevailing fee level in the market. Having consider the above, in particular (i) that the above internal control policies include detective control to uncover any deviation against the terms of the 2021 CCT Agreements and the Supplemental CCT Agreements; (ii) the clear segregation of duties of execution, checking and authorising the continuing connected transactions by designating different personnel or teams for the assessment, review and approval for the ongoing monitoring of the continuing connected transactions; and (iii) the regular review conducted by the Company in ensuring the price charged for a specific transaction is in accordance with the prevailing fee level in the market, we consider the transactions contemplated under the 2021 CCT Agreements and the Supplemental CCT Agreements have complied with the internal control policies, and accordingly we concur with the Directors that appropriate and adequate internal control policies are in place to ensure that the terms of the 2021 CCT Agreements and the Supplemental CCT Agreements are strictly followed.

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B. The 2024 Non-exempt CCT Agreements

1. Information of the Group and Agile Group

For details of the information of the Group and Agile Group, please refer to the section headed “A. The Supplemental CCT Agreements – 1. Background to and reasons for the Proposed Variations” above.

2. The 2024 Non-exempt CCT Agreements

2.1 2024 Property Management Services Framework Agreement

(i) Background and reasons

As disclosed in the 2023 Interim Report, property management services business is one of the operating segments of the Group and recorded substantial revenue growth of approximately 7.4% for 6M2023. It has been the Group’s intention to continue to expand its portfolio of GFA under management in the PRC. Since 1997, the Group has been providing property management services to Agile Group. On 23 September 2020, the Company entered into the Existing Property Management Services Framework Agreement with Agile Holdings, pursuant to which the Group agreed to provide the property management services to Agile Group for a term commencing from 1 January 2021 until 31 December 2023.

As the Group expects to carry on the transactions contemplated thereunder upon its expiry and in order to regulate the Group’s continuous provision of property management services to Agile Group, the Directors consider it beneficial to renew the Existing Property Management Services Framework Agreement to facilitate the continuous provision of such property management services to Agile Group for generating stable income stream to the Group, which could further promote the business growth of the Group. Based on the foregoing, on 20 October 2023, the 2024 Property Management Services Framework Agreement was entered between the Company and Agile Holdings.

(ii) Principal terms

Service scope and term

Pursuant to the 2024 Property Management Services Framework Agreement, the parties agreed that the Group will provide to Agile Group property management services, including (a) onsite security, cleaning, greening and gardening, repair and maintenance services as well as customer services to the property sales center of Agile Group at the pre-

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delivery stage; (b) operations and management services for the unsold property units; (c) disinfection and hygiene services; (d) property management services for the diversified businesses of Agile Holdings, including environmental protection, urban renewal and real estate construction; and (e) properties owned by Agile Group requiring the above services.

The 2024 Property Management Services Framework Agreement is valid for three years from 1 January 2024 and ending on 31 December 2026.

Pricing basis

The services fees to be charged by the Group under the 2024 Property Management Services Framework Agreement will be determined on arm's length basis, with reference to (a) the location of the project; and (b) the anticipated operational costs (including labour costs, material costs and administrative costs) with reference to the fees for similar services and similar type of projects in the market. The fees payable by Agile Group to the Group shall be no less favourable than those offered by any Independent Third Party.

Fees for the same services in the market refer to the pricing strategies of property management companies in the industry that provide the same services in the same or nearby area with a similar project nature and the type of property on a similar scale.

The service fees to be charged are generally determined based on the anticipated operational costs (including labour costs, material costs and administrative costs) at a profit margin of approximately 15% and tax.

Members of the Group and members of Agile Group will enter into separate agreements which will set out the specific terms and conditions according to the principles provided in the 2024 Property Management Services Framework Agreement.

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Alternative settlement mechanism for the service fees

The Company and Agile Holdings agreed to the following mechanism as an additional means to settle the service fees due and payable by Agile Group to the Group under the 2024 Property Management Services Framework Agreement:

- (a) in the event Agile Group is unable to pay any Outstanding Payables, the Group may elect to accept assets from Agile Group's unsold property assets (including but not limited to office buildings, shops and commercial housing) in the same value as the Outstanding Payables as settlement of Outstanding Payables. The list of such Offset Assets shall be finalised and confirmed by the Company and Agile Holdings;
- (b) if the Group elects to accept such Offset Assets to settle Outstanding Payables, the Group and Agile Group shall enter into a transfer agreement in respect of the Offset Assets, under which the consideration for the transfer of the Offset Assets by Agile Group to the Group shall be offset against the Outstanding Payables;
- (c) Agile Group agreed to grant the Group a one-time free right to request any party designated by the Company to be named as the registered owner of the Offset Assets within two years commencing from the effective date of the property transfer agreement; and
- (d) Agile Group agreed that during the Naming Period, the Group may request to exchange any Offset Asset initially identified and subject to the property transfer agreement for one or more other property asset(s) held by Agile Group of equal value, including but not limited to office buildings, shops and commercial housing.

We have compared the terms of the 2024 Property Management Services Framework Agreement with those of the Existing Property Management Services Framework Agreement and noted that except for the term, other principal terms of the Existing Property Management Services Framework Agreement and the 2024 Property Management Services Framework Agreement remain the same, including but not limited to the scope of services, pricing basis and payment terms. For our assessment on the fairness and reasonableness of the alternative settlement mechanism for the service fees due and payable by Agile Group to the Group, please refer

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to the section headed “A. The Supplemental CCT Agreements – 3. Assessment of the principal terms of the Supplemental CCT Agreements” above for details.

As stated above, it is stipulated under the pricing policy of the 2024 Property Management Services Framework Agreement that (a) the services fees to be charged by the Group shall be determined with reference to the fees for similar services and similar type of projects in the market; and (b) the fees payable by Agile Group to the Group shall be no less favourable than those offered by any Independent Third Party. Please refer to the section headed “B. The 2024 Non-exempt CCT Agreements – 3. Internal control policies of the Group” below for our analyses of further safeguards imposed by the Group.

(iii) Assessment of the proposed annual caps

Review of historical figures

Set out below are the historical annual caps and actual transaction amounts regarding the Group’s provision of property management services to Agile Group under the Existing Property Management Services Framework Agreement for the periods indicated:

	For the year ended 31 December 2021 (audited)	For the year ended 31 December 2022 (audited)	For the six months ended 30 June 2023 (unaudited)
Annual caps (RMB)	1,030,000,000	1,300,000,000	1,530,000,000 (for the year ending 31 December 2023)
Actual amount incurred (RMB)	937,000,000	511,000,000	164,000,000
Utilisation rate	91.0%	39.3%	10.7%

As shown in the table above, the actual transaction amount regarding the Group’s provision of property management services to Agile Group under the Existing Property Management Services Framework Agreement was approximately RMB937.0 million for the year ended 31 December 2021 (“FY2021”), representing approximately 91.0% of the total annual cap of RMB1,030.0 million in 2021. For the year ended 31 December 2022

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(“FY2022”) and 6M2023, the actual transaction amounts regarding the Group’s provision of property management services to Agile Group amounted to approximately RMB511.0 million and RMB164.0 million, respectively, representing approximately 39.3% and 10.7% of the total annual caps in 2022 and 2023, respectively. As advised by the management of the Group, such low utilisation rates in 2022 and 2023 were primarily attributable to the downturn in the Chinese real estate industry and the decrease in the delivery of new houses and property sale of Agile Group, resulting in a weak demand for the Group’s property management services. In particular, due to the macro factors and uncertainties in the property development market, Agile Group had deferred its development plan and launching plan since year 2022 in response to the uncertain market conditions in the real estate market in the PRC.

Assessment of the proposed annual caps

Pursuant to the 2024 Property Management Services Framework Agreement, it is proposed that the annual caps for the provision of property management services for each of the three years ending 31 December 2026 are expected not to exceed the followings:

	For the year ending 31 December 2024	For the year ending 31 December 2025	For the year ending 31 December 2026
Proposed annual caps (RMB)	420,000,000	570,000,000	700,000,000

In assessing the reasonableness of the proposed annual caps of the Group’s provision of property management services to Agile Group, we have discussed with the management of the Group the basis and assumptions underlying the projections. In determining the proposed annual caps for the three years ending 31 December 2026, the Directors have taken into account, among other things, (a) the historical transaction amounts under the Existing Property Management Services Framework Agreement; (b) the annual caps of RMB1,030 million, RMB1,300 million and RMB1,530 million for the two years ended 31 December 2022 and for the year ending 31 December 2023 respectively under the Existing Property Management Services Framework Agreement; (c) the annual cap utilisation of approximately 91%, 39% and 11% for the two years ended 31 December 2022 and for the year ending 31 December 2023 (based on the transactions conducted in 2023 up to 30 June 2023) respectively under the Existing Property Management Services Framework Agreement; (d) in respect of the

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property management services to be provided at the pre-delivery stage, the estimated pre-sale value of the properties to be sold by Agile Group which will require property management services from the Group for each of the three years ending 31 December 2026, based on the development plans of Agile Group provided to the Group; and (e) the expected increasing demands for the property management services for the three years ending 31 December 2026.

We have discussed with the management of the Group on each of the above factors and their potential impacts on the proposed annual caps and reviewed the relevant calculations. As advised by the management of the Group, the estimated property management services fees payable by Agile Group are determined based on the existing and estimated GFA of the properties expected to be developed, delivered and marketed by Agile Group with reference to the historical amounts and the annual development and launching plan of Agile Group, which have been confirmed and agreed by Agile Group. Based on the above basis, the proposed annual caps are then arrived at by adopting (a) the estimated manpower which will be allocated by the Group for the provision of property management services at the pre-delivery stage to Agile Group according to the estimated sale amounts of the properties to be sold by Agile Group multiplied by the average labour costs per employee as well as a profit margin of 15%; and (b) the estimated total GFA of properties which are unsold by Agile Group according to the existing and estimated increase in the total GFA of properties to be developed and delivered by Agile Group multiplied by the estimated service fee at which property management services will be charged per sq.m.. A buffer of approximately 5% out of the proposed annual caps for each of the three years ending 31 December 2026 were also built in to cater for other property management services to be provided to Agile Group, including but not limited to cleaning, greening and gardening, repair and maintenance services as well as customer services to the property sales centers of Agile Group at the predelivery stage.

As disclosed in the 2023 Agile Interim Report, for 6M2023, the aggregated pre-sold value and the corresponding aggregated GFA pre-sold of Agile Group amounted to approximately RMB28.2 billion and 1.9 million sq.m., respectively, with the average selling price amounting to approximately RMB14,930 per sq.m.. As at 30 June 2023, Agile Group had a land bank with total planned GFA of approximately 38.6 million sq.m. in 79 cities. As advised by the management of the Group, in anticipation of gradual recovery of the PRC real estate in 2024 onwards, Agile Group has formulated a new annual property development and launching plan having regard to the historical property development and launching plan of Agile

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Group since 2022 and the gradual recovery in the PRC real estate industry and on assumption that Agile Group will only focus on developing projects on lands in its land bank. In this regard, Agile Group has planned to develop and pre-sell approximately 16.7 million sq.m. in aggregate for the three years ending 31 December 2026. Based on our review of the projection, the estimated GFA of the properties expected to be developed by Agile Group are projected with reference to its historical amounts, the existing land reserve and the annual property development and launching plan of Agile Group. By adopting the average selling price of approximately RMB14,930 per sq.m. for 6M2023, the aggregated pre-sale value of properties to be sold by Agile Group is expected to be approximately RMB248.8 billion for the three years ending 31 December 2026. We concur with the management of the Group on such basis of the projection to be fair and reasonable.

We have been provided with the projection of the estimated manpower which will be allocated by the Group for the provision of property management services at the pre-delivery stage to Agile Group. Based on our review, we noted that the number of allocated employees is projected with reference to its historical amount and the estimated pre-sale value of the properties to be sold by Agile Group for the three years ending 31 December 2026. We have also obtained and reviewed the breakdown of existing projects between the Group and Agile Group in 2023 in relation to the provision of property management services at the pre-delivery stage, which listed out the project name, location, number of employees required for each project and the corresponding annual staff costs. Based on our review, we noted that the annual labour costs per employee applied for the three years ending 31 December 2026 is the same as the average labour costs per employee in 2023 which was calculated based on the total labour costs for the provision of property management services at the pre-delivery stage in 2023 divided by the total number of employees as agreed in the existing contracts. As for the applied profit margin of 15%, it represented the remuneration for management services which was calculated at 15% of staff costs. In assessing the reasonableness and fairness of the profit margin, we have randomly selected and reviewed 15 samples of property management services contracts to be provided at the pre-delivery stage between the Group and Agile Group (the “**Pre-delivery Stage Connected Contracts**”) and 11 samples of property management services contracts to be provided at the pre-delivery stage between the Group and the Independent Third Parties (the “**Pre-delivery Stage Independent Contracts**”) entered into in 2021, 2022 and 2023. Based on our review of the aforementioned sample contracts, we noted that (a) the contract value for the Pre-delivery Stage Connected Contracts was generally determined

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based on total staff costs, remuneration for management services of 15% and tax; and (b) the contract value for the Pre-delivery Stage Independent Contracts was also generally determined based on total staff costs, remuneration for management services in the range from 6% to 15% and tax. Given that such profit margin, being represented by the remuneration for management services, is charged to both Agile Group and the Independent Third Parties by the Group for the provision of similar property management services, we consider the projection to be justifiable.

In respect of the estimated total GFA of unsold properties by Agile Group, as advised by the management of the Group, it is determined with reference to the historical amount, the development plan and estimated delivery schedule of Agile Group. In this regard, we have obtained and reviewed the latest delivery plan and the construction work completion plan of Agile Group which have been confirmed and agreed by Agile Group. We noted that the GFA of the unsold properties by Agile Group was consistent with their corresponding construction completion and delivery status as stated in the aforesaid documents we have reviewed. As such, we concur with the management of the Group on such basis of the projection.

With regard to the Company's estimation on services fee for the provision of property management services on unsold properties for the coming three years, we are advised by the management of the Group that the services fee is projected with reference to the historical services fees charged by the Group as well as the market rate for property management services on unsold properties. On this basis, we consider the estimation of the services fee for the coming three years to be acceptable. In assessing the reasonableness and fairness of the services fee, we have randomly selected and reviewed 9 samples of property management services contracts to be provided on unsold property units between the Group and Agile Group (the "**Unsold Connected Contracts**") and 14 samples of property management services contracts to be provided on unsold property units between the Group and the Independent Third Parties (the "**Unsold Independent Contracts**") entered into in 2021, 2022 and 2023. Based on our review of the aforementioned sample contracts, we noted that the estimated service fee as adopted for the provision of property management services on unsold properties for the three years ending 31 December 2026 was similar to the service fee charged by the Group to Agile Group or the Independent Third Parties during 2021 to 2023, and thus is also fair and reasonable in our view.

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According to the National Bureau of Statistics of the PRC, the Chinese household disposable income per capita has increased from approximately RMB28,228 in 2018 to approximately RMB36,883 in 2022, representing a compound annual growth rate of approximately 6.9%. In addition, the five-year average consumer price index of the PRC from 2018 to 2022 amounted to approximately 2.1%. Taking into account that the potential upward adjustments on the service fees for the Group's property management services attributable to inflation and the increase in labour costs, we consider it is fair and reasonable to adopt the buffer of 5% per annum in projecting the property management services fees in the coming three years.

Taking into account of (a) the estimated property management services fees payable by Agile Group which has been arrived at after discussion between the Group and Agile Group having considered the estimated pre-sale value of Agile Group's properties and the estimated manpower which will be allocated by the Group for the provision of property management services at the pre-delivery stage as well as the estimated additional GFA of unsold properties and the estimated service fee for the provision of such services in the coming three years; (b) the basis of the estimated average staff costs and the service fee for property management services on unsold properties; and (c) the basis of the 5% buffer to cater for unforeseen circumstances, we consider the proposed annual caps for the coming three years to be fair and reasonable.

2.2 2024 Property Agency Services Framework Agreement

(i) Background and reasons

As stated in the Letter from the Board, the Group has been providing property agency services to Agile Group since 2017. Such services provide a channel for marketing and sales services and for sales agents to access potential customers directly, and is a cost-effective way for Agile Group to drive up the sales volume of properties. On 23 September 2020, the Company entered into the Existing Property Agency Services Framework Agreement with Agile Holdings, pursuant to which the Group agreed to provide property agency services to Agile Group for a term commencing from 1 January 2021 until 31 December 2023.

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As the Group expects to carry on the transactions contemplated thereunder upon its expiry, the Directors consider it beneficial to renew the Existing Property Agency Services Framework Agreement to facilitate the continuous provision of such property agency services to Agile Group for generating stable income stream to the Group, which could further promote the business growth of the Group. The Directors further consider that by entering into the 2024 Property Agency Services Framework Agreement with Agile Holdings, the full potential of the agency sales team of the Group will be utilised to meet Agile Group's growing demand for property agency services. Based on the foregoing, on 20 October 2023, the 2024 Property Agency Services Framework Agreement was entered between the Company and Agile Holdings.

(ii) Principal terms

Service scope and term

Pursuant to the 2024 Property Agency Services Framework Agreement, the parties agreed that the Group will provide to Agile Group property agency services, including providing marketing and sales services for properties developed by Agile Group.

The 2024 Property Agency Services Framework Agreement is valid for three years from 1 January 2024 and ending on 31 December 2026.

Pricing basis

The services fees to be charged by the Group under the 2024 Property Agency Services Framework Agreement will be determined on arm's length basis, with reference to (a) the location of the project; (b) the anticipated operational costs (including labour costs) for providing such services; and (c) the prevailing market price for similar property agency services for property developers in the open market and any adjustment to commission rate based on usual market practice. The estimated commission rate is approximately 2% of the sales amount, which is determined with reference to the historical property agency commission rate charged by the Group which amounted to approximately 2%. The fees payable by Agile Group to the Group shall be no less favourable than those offered by any Independent Third Party.

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The prevailing market price for the same property agency services for property developers in the open market is determined having considered the market price survey on the same business, and taking into account factors such as project sales targets, sales difficulty, and the adjusted commission rate subject to negotiation.

Members of the Group and members of Agile Group will enter into separate agreements which will set out the specific terms and conditions according to the principles provided in the 2024 Property Agency Services Framework Agreement.

Alternative settlement mechanism for the service fees

The Company and Agile Holdings agreed to the following mechanism as an additional means to settle the service fees due and payable by Agile Group to the Group under the 2024 Property Agency Services Framework Agreement:

- (a) in the event Agile Group is unable to pay any Outstanding Payables, the Group may elect to accept assets from Agile Group's unsold property assets (including but not limited to office buildings, shops and commercial housing) in the same value as the Outstanding Payables as settlement of Outstanding Payables. The list of such Offset Assets shall be finalised and confirmed by the Company and Agile Holdings;
- (b) if the Group elects to accept such Offset Assets to settle Outstanding Payables, the Group and Agile Group shall enter into a transfer agreement in respect of the Offset Assets, under which the consideration for the transfer of the Offset Assets by Agile Group to the Group shall be offset against the Outstanding Payables;
- (c) Agile Group agreed to grant the Group a one-time free right to request any party designated by the Company to be named as the registered owner of the Offset Assets within two years commencing from the effective date of the property transfer agreement; and

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- (d) Agile Group agreed that during the Naming Period, the Group may request to exchange any Offset Asset initially identified and subject to the property transfer agreement for one or more other property asset(s) held by Agile Group of equal value, including but not limited to office buildings, shops and commercial housing.

We have compared the terms of the 2024 Property Agency Services Framework Agreement with those of the Existing Property Agency Services Framework Agreement and noted that except for the term, other principal terms of the Existing Property Agency Services Framework Agreement and the 2024 Property Agency Services Framework Agreement remain the same, including but not limited to the scope of services and pricing basis. For our assessment on the fairness and reasonableness of the alternative settlement mechanism for the service fees due and payable by Agile Group to the Group, please refer to the section headed “A. The Supplemental CCT Agreements – 3. Assessment of the principal terms of the Supplemental CCT Agreements” above for details.

As stated above, it is stipulated under the pricing policy of the 2024 Property Agency Services Framework Agreement that (a) the services fees to be charged by the Group shall be determined with reference to the prevailing market price for similar property agency services for property developers in the open market and any adjustment to commission rate based on usual market practice; and (b) the fees payable by Agile Group to the Group shall be no less favourable than those offered by any Independent Third Party. Please refer to the section headed “B. The 2024 Non-exempt CCT Agreements – 3. Internal control policies of the Group” below for our analyses of further safeguards imposed by the Group.

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(iii) Assessment of the proposed annual caps

Review of historical figures

Set out below are the historical annual caps and actual transaction amounts regarding the Group's provision of property agency services to Agile Group under the Existing Property Agency Services Framework Agreement for the periods indicated:

	For the year ended 31 December 2021 (audited)	For the year ended 31 December 2022 (audited)	For the six months ended 30 June 2023 (unaudited)
Annual caps (RMB)	1,400,000,000	1,800,000,000	2,350,000,000 (for the year ending 31 December 2023)
Actual amount incurred (RMB)	1,236,000,000	542,000,000	259,000,000
Utilisation rate	88.3%	30.1%	11.0%

As shown in the table above, the actual transaction amount regarding the Group's provision of property agency services to Agile Group under the Existing Property Agency Services Framework Agreement was approximately RMB1,236.0 million for FY2021, representing approximately 88.3% of the total annual cap of RMB1,400.0 million in 2021. For FY2022 and 6M2023, the actual transaction amounts regarding the Group's provision of property agency services to Agile Group amounted to approximately RMB542.0 million and RMB259.0 million, respectively, representing approximately 30.1% and 11.0% of the total annual caps in 2022 and 2023, respectively. As advised by the management of the Group, such low utilisation rates in 2022 and 2023 were primarily attributable to the downturn in the Chinese real estate industry and the decrease in the delivery of new houses and property sale of Agile Group, resulting in a weak demand for the Group's property agency services and a decline in business scale. In particular, due to the macro factors and uncertainties in the property development market, Agile Group had deferred its development plan and launching plan since year 2022 in response to the uncertain market conditions in the real estate market in the PRC.

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Assessment of proposed annual caps

Pursuant to the 2024 Property Agency Services Framework Agreement, it is proposed that the annual caps for the provision of property agency services for each of the three years ending 31 December 2026 are expected not to exceed the followings:

	For the year ending 31 December 2024	For the year ending 31 December 2025	For the year ending 31 December 2026
Proposed annual caps (RMB)	600,000,000	700,000,000	900,000,000

In assessing the reasonableness of the proposed annual caps of the Group's provision of property agency services to Agile Group, we have discussed with the management of the Group the basis and assumptions underlying the projections. In determining the proposed annual caps for the three years ending 31 December 2026, the Directors have taken into account, among other things, (a) the annual caps of RMB1,400 million, RMB1,800 million and RMB2,350 million for the two years ended 31 December 2022 and for the year ending 31 December 2023 respectively under the Existing Property Agency Services Framework Agreement; (b) the annual cap utilisation of approximately 88%, 30% and 11% for the two years ended 31 December 2022 and for the year ending 31 December 2023 (based on the transactions conducted in 2023 up to 30 June 2023) respectively under the Existing Property Agency Services Framework Agreement; (c) the estimated pre-sale value of the properties to be sold by Agile Group which will require property agency services from the Group for the three years ending 31 December 2026, based on the development plans of Agile Group provided to the Group; and (d) the estimated service fees and commissions for the provision of property agency services, subject to any necessary adjustment with reference to the location, size and scale of the relevant projects approximately 2%, which was the historical commission rate charged by the Group.

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We have discussed with the management of the Group on each of the above factors and their potential impacts on the proposed annual caps and reviewed the relevant calculations. As advised by the management of the Group, the estimated property agency services fees payable by Agile Group are determined based on the existing and estimated GFA of the properties expected to be developed and marketed by Agile Group with reference to the historical amounts and the annual property development and launching plan of Agile Group, which have been confirmed and agreed by Agile Group. Based on the above basis, the proposed annual caps are then arrived at by adopting (a) the estimated sale amounts of the properties to be sold by Agile Group; (b) the proportion of Agile Group's properties which will engage the Group as the property agent; and (c) the estimated commission rate at which property agency services will be charged as a percentage of the sale amounts.

As discussed in the sub-section headed "B. The 2024 Non-exempt CCT Agreements – 2.1 (iii) Assessment of the proposed annual caps" above, the aggregated pre-sale value of properties to be sold by Agile Group is expected to be approximately RMB248.8 billion for the three years ending 31 December 2026, which we consider to be fair and reasonable. According to the management of the Group, the proportion of Agile Group's properties which will engage the Group as the property agent for the coming three years is expected to be approximately 44%, which is projected with reference to the historical contribution of pre-sale value of the properties sold by Agile Group through the Group's property agency services from 2021 to 2023. The historical contribution of pre-sale value of the properties sold by Agile Group through the Group's property agency services amounted to approximately 39%, 36% and 44% for FY2021, FY2022 and 6M2023, respectively. On this basis, we consider the estimation of pre-sale value of the properties to be sold by Agile Group which will require property agency services from the Group for the coming three years to be acceptable.

With regard to the Company's estimation on service fees and commission of approximately 2% for the provision of property agency services for the coming three years, we are advised by the management of the Group that the commission rate is projected with reference to the historical property agency commission rate charged by the Group which amounted to approximately 2%. On this basis, we consider the estimation of the commission rate for the coming three years to be acceptable. In assessing the reasonableness and fairness of the commission rate, we have randomly selected and reviewed 15 samples of property agency services contracts between the Group and Agile Group and four samples of property

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agency services quotation between Agile Group and the Independent Third Parties entered into in 2021, 2022 and 2023. Based on our review of the aforementioned sample contracts and quotations, we noted that (a) the commission rates charged by the Group to Agile Group for the provision of property agency services during 2021 to 2023 were in the range from 2% to 3%; and (b) the commission rates offered by the Independent Third Party to Agile Group for the provision of property agency services during 2021 to 2023 were in the range of 1.0% to 2%. As confirmed by the management of the Group, during 2021 to 2023, the Group had not provided similar property agency services to any Independent Third Party while Agile Group had not received similar property agency services from any Independent Third Parties. Although there is no sample contract between the Group and the Independent Third Parties for property agency services, we have independently searched the commission rates for property agency services charged by the Chinese property management companies listed on the Stock Exchange based on their announcements and circulars published during 2021 and 2023. Based on our research, on a best effort basis, we have identified two property management companies which have disclosed the relevant commission rates. To be specific, Jinmao Property Services Co., Limited (816.HK) and Landsea Green Life Service Company Limited (1965.HK) have charged a commission rate for property agency services for properties in the range of 2% to 4% and 1% to 3%, respectively. Taking into account that the estimated commission rate is in line with (a) the historical commission rates charged by the Group to Agile Group from 2021 to 2023; (b) the historical commission rates offered by the Independent Third Party to Agile Group from 2021 to 2023; and (c) the market commission rates charged by other Chinese property management companies listed on the Stock Exchange, we consider the estimated commission rate as adopted for the provision of property agency services for the three years ending 31 December 2026 of 2% to be fair and reasonable.

Taking into account of (a) the estimated property agency services fees payable by Agile Group which has been arrived at after discussion between the Group and Agile Group having considered the estimated pre-sale value of Agile Group's properties and the estimated commission rate for the provision of such services in the coming three years; and (b) the basis of the estimated pre-sale value of the properties to be sold by Agile Group which will require property agency services from the Group and the commission rate, we consider the proposed annual caps for the coming three years to be fair and reasonable.

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2.3 2024 Framework Referral Agreement

(i) Background and reasons

On 23 September 2020, the Company entered into the Existing Framework Referral Agreement with Agile Holdings, pursuant to which the Group agreed to provide marketing referral services to Agile Group for a term commencing from 1 January 2021 until 31 December 2023. As stated in the Letter from the Board, since the entering of the Existing Framework Referral Agreement, the Group has been providing marketing referral services to Agile Group which adds value to Agile Group in their sales of residential properties and car parking spaces.

As the Group expects to carry on the transactions contemplated thereunder upon its expiry, the Directors consider it beneficial to renew the Existing Framework Referral Agreement to facilitate the continuous provision of such marketing referral services to Agile Group for generating stable income stream to the Group, which could further promote the business growth of the Group. Furthermore, by entering into the 2024 Framework Referral Agreement, the Group can leverage the strength of its property housekeepers and professional client development team to provide marketing referral services. On one hand, the housekeepers can understand the purchase demands of owners in depth through their daily interaction. On the other hand, the professional client development team is able to utilise the Group's resources and platform to expand clients pool and help the successful completion of property sales. It is also expected to help Agile Group to ease the funds pressure, improve turnover rate and largely save its labour cost and marketing cost. Based on the foregoing, on 20 October 2023, the 2024 Framework Referral Agreement was entered between the Company and Agile Holdings.

(ii) Principal terms

Service scope and terms

Pursuant to the 2024 Framework Referral Agreement, the parties agreed that the Group will provide marketing referral services in respect of the sales of residential properties and car parking spaces by Agile Group in their development projects to be provided by the Group to Agile Group including (a) marketing activities through the utilisation of the community resources and other sales channel of the Group; (b) customers' information collection; and (c) customers' referrals.

The 2024 Framework Referral Agreement is valid for three years from 1 January 2024 and ending on 31 December 2026.

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Pricing basis

The commission rate to be charged by the Group under the 2024 Framework Referral Agreement will be determined on arm's length basis, with reference to (a) the commission rate charged by independent third parties to Agile Group; (b) the prevailing market commission rate of comparable transactions with similar project scale in the same industry; and (c) any adjustment to the commission rate based on prevailing market conditions. Such commission rate is estimated to be approximately 4% of the total value of the sales of residential properties and car parking spaces and is projected with reference to the historical marketing referral commission rate charged by the Group. The fees payable by Agile Group to the Group shall be no less favourable than those offered by any Independent Third Party.

Members of the Group and members of Agile Group will enter into separate agreements which will set out the specific terms and conditions according to the principles provided in the 2024 Framework Referral Agreement.

Alternative settlement mechanism for the service fees

The Company and Agile Holdings agreed to the following mechanism as an additional means to settle the service fees due and payable by Agile Group to the Group under the 2024 Framework Referral Agreement:

- (a) in the event Agile Group is unable to pay any Outstanding Payables, the Group may elect to accept assets from Agile Group's unsold property assets (including but not limited to office buildings, shops and commercial housing) in the same value as the Outstanding Payables as settlement of Outstanding Payables. The list of such Offset Assets shall be finalised and confirmed by the Company and Agile Holdings;
- (b) if the Group elects to accept such Offset Assets to settle Outstanding Payables, the Group and Agile Group shall enter into a transfer agreement in respect of the Offset Assets, under which the consideration for the transfer of the Offset Assets by Agile Group to the Group shall be offset against the Outstanding Payables;

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- (c) Agile Group agreed to grant the Group a one-time free right to request any party designated by the Company to be named as the registered owner of the Offset Assets within two years commencing from the effective date of the property transfer agreement; and
- (d) Agile Group agreed that during the Naming Period, the Group may request to exchange any Offset Asset initially identified and subject to the property transfer agreement for one or more other property asset(s) held by Agile Group of equal value, including but not limited to office buildings, shops and commercial housing.

We have compared the terms of the 2024 Framework Referral Agreement with those of the Existing Framework Referral Agreement and noted that except for the term, other principal terms of the Existing Framework Referral Agreement and the 2024 Framework Referral Agreement remain the same, including but not limited to the scope of services and pricing basis. For our assessment on the fairness and reasonableness of the alternative settlement mechanism for the service fees due and payable by Agile Group to the Group, please refer to the section headed “A. The Supplemental CCT Agreements – 3. Assessment of the principal terms of the Supplemental CCT Agreements” above for details.

As stated above, it is stipulated under the pricing policy of the 2024 Framework Referral Agreement that (a) the commission rate to be charged by the Group shall be determined with reference to the prevailing market commission rate of comparable transactions; and (b) the fees payable by Agile Group to the Group shall be no less favourable than those offered by any Independent Third Party. Please refer to the section headed “B. The 2024 Non-exempt CCT Agreements – 3. Internal control policies of the Group” below for our analyses of further safeguards imposed by the Group.

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(iii) Assessment of the proposed annual caps

Review of historical figures

Set out below are the historical annual caps and actual transaction amounts regarding the Group's provision of marketing referral services to Agile Group under the Existing Framework Referral Agreement for the periods indicated:

	For the year ended 31 December 2021 (audited)	For the year ended 31 December 2022 (audited)	For the six months ended 30 June 2023 (unaudited)
Annual caps (RMB)	550,000,000	735,000,000	985,000,000 (for the year ending 31 December 2023)
Actual amount incurred (RMB)	363,000,000	345,000,000	194,000,000
Utilisation rate	66.0%	46.9%	19.7%

As shown in the table above, the actual transaction amount regarding the Group's provision of marketing referral service to Agile Group under the Existing Framework Referral Agreement was approximately RMB363.0 million for FY2021, representing approximately 66.0% of the total annual cap of RMB550.0 million in 2021. As advised by the management of the Group, the low utilisation rate of the 2021 annual cap was primarily attributable to that Agile Group's aggregated pre-sold value for FY2021 only recorded a year-over-year increase of approximately 1%, which was lower than Agile Group's sales target, resulting in a decrease in demand on the Group's marketing referral service. For FY2022 and 6M2023, the actual transaction amounts regarding the Group's provision of marketing referral service to Agile Group amounted to approximately RMB345.0 million and RMB194.0 million, respectively, representing approximately 46.9% and 19.7% of the total annual caps in 2022 and 2023, respectively. As advised by the management of the Group, such low utilisation rates in 2022 and 2023 were primarily attributable to the downturn in the Chinese real estate industry and the decrease in the delivery of new houses and property sale of Agile Group, resulting in a weak demand for the Group's marketing referral services and a decline in business scale. In particular, due to the macro factors and uncertainties in the property development market, Agile

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Group had deferred its development plan and launching plan since year 2022 in response to the uncertain market conditions in the real estate market in the PRC.

Assessment of proposed annual caps

Pursuant to the 2024 Framework Referral Agreement, it is proposed that the annual caps for the provision of marketing referral services for each of the three years ending 31 December 2026 are expected not to exceed the followings:

	For the year ending 31 December 2024	For the year ending 31 December 2025	For the year ending 31 December 2026
Proposed annual caps (RMB)	300,000,000	400,000,000	500,000,000

In assessing the reasonableness of the proposed annual caps of the Group's provision of marketing referral services to Agile Group, we have discussed with the management of the Group the basis and assumptions underlying the projections. In determining the proposed annual caps for the three years ending 31 December 2026, the Directors have taken into account, among other things, (a) the historical transaction amounts under the Existing Framework Referral Agreement; (b) the annual caps of RMB550 million, RMB735 million and RMB985 million for the two years ended 31 December 2022 and for the year ending 31 December 2023 respectively under the Existing Framework Referral Agreement; (c) the annual cap utilisation of approximately of 66%, 47% and 20% for the two years ended 31 December 2022 and for the year ending 31 December 2023 (based on the transactions conducted in 2023 up to 30 June 2023) respectively under the Existing Framework Referral Agreement; (d) the expected commission in the range of 4% to 6% to be charged for the provision of the marketing referral services after considering the total value of the saleable residential properties and car parking spaces of Agile Group which will require marketing referral services from the Group for each of the three years ending 31 December 2026; and (e) the prevailing market commission rate for the provision of the marketing referral services for comparable transactions of similar development scale in the same industry. In general, the commission rates are higher for projects that are harder to sell, while larger projects tend to be easier to sell as the developer often has a larger budget for sales and promotion.

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We have discussed with the management of the Group on each of the above factors and their potential impacts on the proposed annual caps and reviewed the relevant calculations. As advised by the management of the Group, the estimated marketing referral services fees payable by Agile Group are determined based on the existing and estimated GFA of the properties expected to be developed and marketed by Agile Group with reference to the historical amounts and the annual property development and launching plan of Agile Group, which have been confirmed and agreed by Agile Group. Based on the above basis, the proposed annual caps are then arrived at by adopting (a) the estimated total value of the saleable residential properties and car parking spaces of Agile Group; (b) the proportion of Agile Group's properties which will engage the Group as the marketing referral agent; and (c) the estimated commission rate at which marketing referral services will be charged as a percentage of the sale amounts.

According to the management of the Group, the total value of the saleable residential properties and car parking spaces of Agile Group are estimated with reference to, among others, the historical sales amount, location of properties and the aggregated pre-sale value of properties to be sold by Agile Group. As discussed in the sub-section headed "B. The 2024 Non-exempt CCT Agreements – 2.1 (iii) Assessment of the proposed annual caps" above, the aggregated pre-sale value of properties to be sold by Agile Group is expected to be approximately RMB248.8 billion for the three years ending 31 December 2026, which we consider to be fair and reasonable. We are also advised by the management of the Group that the proportion of Agile Group's properties which will be sold through engaging the Group as the marketing referral agent for the coming three years is expected to be approximately 12%, which is projected with reference to the historical contribution of pre-sale value of the properties sold by Agile Group through the Group's marketing referral services from 2021 to 2023. The historical contribution of pre-sale value of the properties sold by Agile Group through the Group's marketing referral services amounted to approximately 12%, 16% and 21% for FY2021, FY2022 and 6M2023, respectively. As advised by the management of the Group, by working as Agile Group's marketing referral agent, the Group would refer customers to the properties developed by Agile Group through organising marketing activities and utilising the community resources and other sales channel of the Group. Once the customers referred by the Group purchased the properties developed by Agile Group, the Group is eligible to receive the corresponding commission fees. On this basis, we consider the estimation of total value of the saleable residential properties and car parking spaces of Agile Group which will be sold through the Group's marketing referral

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services (being the estimated total value of the saleable residential properties and car parking spaces of Agile Group per year multiplied by the proportion of Agile Group's properties which will be sold through engaging the Group as the marketing referral agent) for the coming three years to be acceptable.

With regard to the Company's estimation on the commission rate of approximately 4% for the provision of marketing referral services for the coming three years, we are advised by the management of the Group that the commission rate is projected with reference to the historical marketing referral commission rate charged by the Group which amounted to approximately 4% as well. On this basis, we consider the estimation of the commission rate for the coming three years to be acceptable. In assessing the reasonableness and fairness of the commission rate, we have randomly selected and reviewed 16 samples of marketing referral services contracts between the Group and Agile Group and 11 samples of marketing referral services contracts between Agile Group and the Independent Third Parties entered into in 2021, 2022 and 2023. Based on our review of the aforementioned sample contracts, we noted that (a) the commission rates charged by the Group to Agile Group for the provision of marketing referral services during 2021 to 2023 were 4%; and (b) the commission rates charged by the Independent Third Parties to Agile Group for the provision of marketing referral services during 2021 to 2023 were in the range of 3% to 4%. As confirmed by the management of the Group, during 2021 to 2023, the Group had not provided similar marketing referral services to any Independent Third Party. Although there is no sample contract between the Group and the Independent Third Parties for marketing referral services, as discussed above, we have obtained and reviewed 11 samples of marketing referral services contracts between Agile Group and the Independent Third Parties entered into from 2021 to 2023. Considering (a) the similarity of services covered under the aforesaid sample contracts, all being marketing referral services; (b) the sample contracts were entered into under the same period of the Existing Marketing Referral Services Framework Agreement; and (c) a total of 11 sample contracts were selected and reviewed, we are of the view that the sample contracts between Agile Group and the Independent Third Parties provide a fair and reasonable reference on the market commission rate for marketing referral services. As such, we consider the estimated commission rate as adopted for the provision of marketing referral services for the three years ending 31 December 2026 of 4% to be fair and reasonable.

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Taking into account of (a) the estimated marketing referral services fees payable by Agile Group which has been arrived at after discussion between the Group and Agile Group having considered the estimated total value of the saleable residential properties and car parking spaces of Agile Group and the estimated commission rate for the provision of such services in the coming three years; and (b) the basis of the estimated total value of the saleable residential properties and car parking spaces of Agile Group which will require marketing referral services from the Group and the commission rate, we consider the proposed annual caps for the coming three years to be fair and reasonable.

Overall comments on the Proposed Annual Caps

In reviewing the Proposed Annual Caps, we have (i) reviewed the internal calculation worksheets in determining the respective Proposed Annual Caps which were prepared by the Group based on, among others, the annual property development and launching plan of properties to be developed and marketed by Agile Group. We understood that all such information were prepared based on the Group's understanding in the current status of developed properties and future development plan on properties to be developed by Agile Group which were confirmed by Agile Group; (ii) performed independent research on the industry outlook of property management sector in the PRC which showed the expected future demand on the relevant services and the promulgation of favourable government policies to support the growth of the property management market in the PRC. According to the "Notice on Strengthening and Improving Residential Property Management" (關於加強和改進住宅物業管理工作的通知) jointly issued by the Ministry of Housing and Urban-Rural Development and nine other government authorities in January 2021, it improves the pricing mechanism of property services, emphasises the market-oriented pricing tone of residential property management and establishes a dynamic adjustment mechanism based on the implementation of government-directed prices. In addition, in February 2022, the National Development and Reform Commission and 13 other departments issued the "Several Policies for Promoting the Recovery and Development of Difficult Industries in the Service Industry" (關於促進服務業領域困難行業恢復發展的若干政策), promoting the coordination effect of fiscal and taxation, finance, industry, employment and precise prevention and control policies on the COVID-19 pandemic, and actively helping the service industry recover and develop; and (iii) performed independent research on the industry outlook of property sector in the PRC and noted that the Chinese government has directed to facilitate the positive cycle and healthy development of the property industry and launched policies to provide

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support such as relaxing the restrictions on property purchases, loans and sales, by reducing proportion of down payment and reducing home loan interest, and by increasing the subsidies for property purchase, facilitating the further release of home purchase demands. In November 2022, the People's Bank of China and China Banking and Insurance Regulatory Commission jointly issued the "Notice on Properly Performing Work for Current Financial Support for the Stable 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), which listed out 16 measures for stabilising the Chinese property sector, including but not limited to, supporting the reasonable deferral of property development loans and credit loans, encouraging financial institutions to provide policy support for special loans that ensure the delivery of housing projects and supporting rational demand for personal housing loans. Based on our independent due diligence work done as aforesaid, we consider the development plan of Agile Group to be reasonable.

Generally speaking, in our opinion, it is in the interests of the Group and the Independent Shareholders to determine the Proposed Annual Caps in a way that can accommodate the potential growth of the Group's business. Provided that the Transactions are subject to annual review by the independent non-executive Directors and auditors of the Company (as discussed below) as required under the Listing Rules, the Group would have desirable flexibility in conducting its businesses if the Proposed Annual Caps are tailored to future business growth. In assessing the reasonableness of the Proposed Annual Caps, we have discussed with the management of the Group the factors taken into account as stated earlier in this section. We consider it reasonable for the Company to use the above factors in determining the Proposed Annual Caps.

3. Internal control policies of the Group

In order to protect the interests of the Shareholders and ensure that the actual prices for the continuing connected transactions of the Group are on normal commercial terms and on terms no less favourable to the Group than those available from the Independent Third Parties, the Group has adopted certain internal control policies to regulate the respective individual transactions to be conducted within the framework of the 2024 Non-exempt CCT Agreements:

- (i) the general manager of the sales department and the finance department will closely monitor the transactions to ensure that the transaction amount does not exceed the Proposed Annual Caps;

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- (ii) the implementation of specific contracts shall be subject to the appropriate approval of the respective general managers of the business department, finance department, legal department and management of the Group to ensure that the contracts are in line with the pricing policy and principal terms of the respective 2024 Non-exempt CCT Agreements;
- (iii) the general manager of the business department of the Group will conduct regular reviews to keep abreast of the prevailing fee level in the market and the market conditions for the purpose of considering if the price charged for a specific transaction is fair and reasonable and is in accordance with the pricing policy;
- (iv) the auditors of the Company shall conduct annual reviews on pricing and annual caps of such continuing connected transactions to ensure that the transactions amount is within the annual caps and that the transactions are conducted on the principal terms of the respective 2024 Non-exempt CCT Agreements; and
- (v) the independent non-executive Directors of the Company would continue to review the management's quarterly review reports on the transactions contemplated under the respective 2024 Non-exempt CCT Agreements to ensure that such transactions are conducted on normal commercial terms and are in the ordinary and usual course of business of the Group, and the terms and conditions thereof are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

In assessing whether the above internal control procedures are put in place and effectively implemented, we have obtained and reviewed 18 samples of internal approval records for separate agreements between the Group and Agile Group under the Existing Property Management Services Framework Agreement, the Existing Property Agency Services Framework Agreement and the Existing Framework Referral Agreement entered into during 2021 to 2023. Such internal approval records showed the appropriate approval of different departments of the Group, including respective general managers of the business department, finance department, legal department and management of the Group, on each separate agreement entered between the Group and Agile Group. As such, we consider that the transactions contemplated thereunder were properly authorised and monitored. In addition, in respect of property management services, as discussed in the sub-section headed "B. The 2024 Non-exempt CCT Agreements – 2.1 (iii) Assessment of the proposed annual caps", based on our review of the Pre-delivery Stage Connected Contracts, the Pre-delivery Stage Independent Contracts, the Unsold Connected Contracts and the Unsold Independent Contracts, we noted that the service fees charged by the Group to Agile Group were similar to those offered to the Independent Third Parties. On the other hand, in respect of property agency services and marketing referral services, we have obtained and reviewed four quotations for property agency services and 11 samples of contracts for

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marketing referral services obtained by Agile Group from the Independent Third Parties for similar services to be provided by the Group. Based on our review, we noted that the services fees and commission rates charged by the Group to Agile Group were similar to those offered by the Independent Third Parties. Although the sample size of property agency services quotation (i.e. four) is not large, we have independently researched the market commission rates charged by other Chinese property management companies listed on the Stock Exchange. For details, please refer to the sub-section headed “B. The 2024 Non-exempt CCT Agreements – 2.2 (iii) Assessment of the proposed annual caps” for details. As such, we consider the Group’s internal controls to be effective to ensure that the price charged for a specific transaction is fair and reasonable and is in accordance with prevailing fee level in the market. Having considered the above, in particular (i) the above internal control procedures which include the Company’s regular review to keep abreast of the prevailing fee level in the market to ensure the adherence of the pricing policy for the Transactions; and (ii) the clear segregation of duties of executing and monitoring the Transactions by designating different personnel or teams for the assessment, review and approval of the Transactions and the ongoing monitoring thereof, we concur with the Directors that appropriate and adequate internal control procedures are in place to ensure that the transactions contemplated under the 2024 Non-exempt CCT Agreements will be appropriately monitored by the Company to ensure that the service fees charged to the Company are on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

4. Reporting requirements and conditions of the Transactions

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the Transactions are subject to the following annual review requirements:

- (i) the independent non-executive Directors must review the Transactions and confirm in the annual report and accounts that the Transactions have been entered into:
 - (a) in the ordinary and usual course of business of the Group;
 - (b) on normal commercial terms or better; and
 - (c) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;

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- (ii) the Company must engage its auditors to report on the Transactions every year. The Company's auditors must provide a letter to the Board (with a copy to be provided to the Stock Exchange at least ten business days before the bulk printing of the Company's annual report) confirming whether anything has come to their attention that causes them to believe that the Transactions:
 - (a) have not been approved by the Board;
 - (b) were not, in all material respects, in accordance with the pricing policies of the Group if the Transactions involve the provision of goods or services by the Group;
 - (c) were not entered into, in all material respects, in accordance with the relevant agreement governing the Transactions; and
 - (d) have exceeded the proposed annual caps;
- (iii) the Company must allow, and ensure that the counter-parties to the Transactions allow, the Company's auditors sufficient access to their records for the purpose of the reporting on the Transactions as set out in paragraph (ii); and
- (iv) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or auditors of the Company cannot confirm the matters as required.

In light of the reporting requirements attached to the Transactions, in particular, (i) the restriction of the value of the Transactions by way of the proposed annual caps; and (ii) the ongoing review by the independent non-executive Directors and the auditors of the Company of the terms of the Transactions and the proposed annual caps not being exceeded, we are of the view that appropriate measures have been in place to monitor the conduct of the Transactions and assist in safeguarding the interests of the Independent Shareholders.

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OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that (i) the entering into of the Supplemental CCT Agreements and the 2024 Non-exempt CCT Agreements are conducted in the ordinary and usual course of the Group; and (ii) the terms of the Supplemental CCT Agreements and the 2024 Non-exempt CCT Agreements (including the Proposed Annual Caps) are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Supplemental CCT Agreements and the 2024 Non-exempt CCT Agreements (including the Proposed Annual Caps).

Yours faithfully,

For and on behalf of

Rainbow Capital (HK) Limited

Danny Leung

Managing Director

Mr. Danny Leung is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activity under the SFO. He has over ten years of experience in the corporate finance industry.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

(a) Directors', Supervisors' and the Chief Executives' interests in the securities of the Company and its associated corporations

As at the Latest Practicable Date, save as disclosed below, none of the Directors, the Supervisors nor the chief executive of the Company had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and Stock Exchange pursuant to the Model Code, were as follows:

(i) Interests in the shares of the Company

Name of Director/ Supervisor	Nature of Interest	Class of Shares	Number of Shares ⁽¹⁾	Approximate Percentage of the Company's Issued Share Capital
Mr. Chan Cheuk Hung ⁽²⁾	Beneficiary of a trust	H Shares	668,136,750 (L)	47.05%
			91,556,229 (S)	6.45%
Mr. Huang Fengchao ⁽³⁾	Interest of a controlled corporation	H Shares	12,288,972 (L)	0.87%
Mr. Li Dalong ⁽⁴⁾	Interest of a controlled corporation	H Shares	12,288,972 (L)	0.87%
	Spouse	H Shares	200,000 (L)	0.01%
Mr. Chen Siyang	Beneficial owner	H shares	1,622,453 (L)	0.11%
Mr. Liu Jianrong	Beneficial owner	H shares	50,000 (L)	0.01%

Notes:

- (1) The letter “L” denotes the person’s long position in the shares, while the letter “S” denotes the person’s short position in the shares.
- (2) Mr. Chan Cheuk Hung is the beneficiary of a family trust (“**Chen’s Family Trust**”, which is deemed to be interested in 668,136,750 long position and 91,556,229 short position in H shares of the Company). Therefore, Mr. Chan Cheuk Hung is deemed under the SFO to be interested in the shares of the Company held by Chen’s Family Trust.
- (3) Mr. Huang Fengchao is a limited partner of and owns 99.9% interest in Tianjin Fengxin Commercial Center (Limited Partnership)* 天津奉欣商業中心(有限合夥)(“**Tianjin Fengxin**”). Tianjin Fengxin is a limited partner of and respectively owns 94.96% and 95% interest in Shanghai Baoya Business Consultancy Limited Partnership* 上海葆雅商務諮詢合夥企業(有限合夥)(“**Shanghai Baoya**”) and Shanghai Bingya Business Consultancy Limited Partnership* 上海秉雅商務諮詢合夥企業(有限合夥)(“**Shanghai Bingya**”). Mr. Huang is also a general partner of Shanghai Baoya and Shanghai Bingya respectively, and has full control over Shanghai Baoya and Shanghai Bingya. Shanghai Baoya is a general partner of Shanghai Yongya Business Consultancy Limited Partnership* 上海詠雅商務諮詢合夥企業(有限合夥)(“**Shanghai Yongya**”) and has full control over Shanghai Yongya. Shanghai Bingya is a limited partner of and owns 50% interest in Shanghai Yongya. Shanghai Yongya is a limited partner of and owns 45% interest in Gongqingcheng A-Living Investment Management Limited Partnership* 共青城雅生活投資管理合夥企業(有限合夥)(“**Gongqingcheng Investment**”) which owns 12,288,972 H shares of the Company. Mr. Huang is a limited partner of and owns 4.99% interest in Gongqingcheng Investment. Hence, Mr. Huang Fengchao is deemed under the SFO to be interested in the shares of the Company held by Gongqingcheng Investment.
- (4) Mr. Li Dalong is a limited partner of and owns 99.9% interest in Tianjin Chaotai Commercial Center (Limited Partnership)* 天津朝泰商業中心(有限合夥)(“**Tianjin Chaotai**”). Tianjin Chaotai is a limited partner of and owns 47.5% interest in Shanghai Yanya Business Consultancy Limited Partnership* 上海焰雅商務諮詢合夥企業(有限合夥)(“**Shanghai Yanya**”) and Shanghai Chengya Business Consultancy Limited Partnership* 上海澄雅商務諮詢合夥企業(有限合夥)(“**Shanghai Chengya**”) respectively. Mr. Li is also a general partner of and owns 2.5% interest in Shanghai Yanya and Shanghai Chengya respectively, and has full control over Shanghai Yanya and Shanghai Chengya. Shanghai Yanya is a limited partner of and owns 50% interest in Shanghai Yeya Business Consultancy Limited Partnership* 上海燁雅商務諮詢合夥企業(有限合夥)(“**Shanghai Yeya**”). Shanghai Chengya is a general partner of Shanghai Yeya and has full control over Shanghai Yeya. Shanghai Yeya is a limited partner of and owns 45% interest in Gongqingcheng Investment. Mr. Li is a general partner of Tianjin Fengxin and has full control over Tianjin Fengxin. Tianjin Fengxin is a limited partner of and owns 94.96% interest in Shanghai Baoya. Tianjin Fengxin is a limited partner of and owns 95% interest in Shanghai Bingya. Shanghai Baoya is a general partner of Shanghai Yongya and has full control over Shanghai Yongya. Shanghai Bingya is a limited partner of and owns 50% interest in Shanghai Yongya. Shanghai Yongya is a limited partner of and owns 45% interest in Gongqingcheng Investment which owns 12,288,972 H shares of the Company. Mr. Li is a limited partner of and owns 2.5% interest in Gongqingcheng Investment. Hence, Mr. Li Dalong is deemed under the SFO to be interested in the shares of the Company held by Gongqingcheng Investment. By virtue of the SFO, Mr. Li Dalong is deemed to be interested in the shares of the Company held by his spouse, Ms. Fei Fan.

* For identification purposes only

(ii) Interests in associated corporation of the Company**(I) Shares**

Name of Director	Name of Associated Corporation	Nature of Interest	Number of Shares	Approximate Percentage of Shareholding Interest
Mr. Chan Cheuk Hung	Agile Group Holdings Limited	Beneficiary of a trust	2,453,096,250 (L)	48.61%
Mr. Huang Fengchao	Agile Group Holdings Limited	Beneficial owner	1,400,000 (L)	0.03%
Mr. Xu Yongping	Longcheng City Operation Service Group Co., Ltd.* (龍城城市運營服務集團有限公司)	Beneficial owner	2,658,240 (L)	3.60%

Note: The letter "L" denotes the person's long position in the shares.

* For identification purposes only

(b) Substantial shareholders' long, short and lending pool position(s) in shares or underlying shares of the Company

As at the Latest Practicable Date, other than the interests disclosed above in respect of certain Directors, the interests and short positions of persons in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in the shares/underlying shares of the Company

Name of Shareholder	Nature of Interest	Class of Shares	Number of Shares ⁽¹⁾	Approximate Percentage of the Company's Issued Share Capital
Zhongshan A-Living Enterprises Management Services Co., Ltd.* (中山雅生活企業管理服務有限公司)	Beneficial owner	H shares	570,012,271 (L)	40.14%
			40,299,479 (S)	2.84%
Deluxe Star International Limited ⁽²⁾	Interest of a controlled corporation	H shares	570,012,271 (L)	40.14%
			40,299,479 (S)	2.84%
	Beneficial owner	H shares	7,200,000 (L)	0.51%

Name of Shareholder	Nature of Interest	Class of Shares	Number of Shares ⁽¹⁾	Approximate Percentage of the Company's Issued Share Capital
Makel International (BVI) Limited ⁽³⁾	Interest of a controlled corporation	H shares	577,212,271 (L) 40,299,479 (S)	40.65% 2.84%
Genesis Global Development (BVI) Limited ⁽⁴⁾	Interest of a controlled corporation	H shares	577,212,271 (L) 40,299,479 (S)	40.65% 2.84%
Eastern Supreme Group Holdings Limited ⁽⁵⁾	Interest of a controlled corporation	H shares	668,136,750 (L) 91,556,229 (S)	47.05% 6.45%
Agile Group Holdings Limited ⁽⁶⁾	Interest of a controlled corporation	H shares	668,136,750 (L) 91,556,229 (S)	47.05% 6.45%
Full Choice Investments Limited ⁽⁷⁾	Trustee of a trust	H shares	668,136,750 (L) 91,556,229 (S)	47.05% 6.45%
Top Coast Investment Limited ⁽⁸⁾	Interest of a controlled corporation	H shares	668,136,750 (L) 91,556,229 (S)	47.05% 6.45%
Mr. Chen Zhuo Lin ⁽⁹⁾	Beneficiary of a trust	H shares	668,136,750 (L) 91,556,229 (S)	47.05% 6.45%
Mr. Chan Cheuk Yin ⁽⁹⁾	Beneficiary of a trust	H shares	668,136,750 (L) 91,556,229 (S)	47.05% 6.45%
Ms. Luk Sin Fong, Fion ⁽⁹⁾	Beneficiary of a trust	H shares	668,136,750 (L) 91,556,229 (S)	47.05% 6.45%
Mr. Chan Cheuk Hei ⁽⁹⁾	Beneficiary of a trust	H shares	668,136,750 (L) 91,556,229 (S)	47.05% 6.45%
Mr. Chan Cheuk Nam ⁽⁹⁾	Beneficiary of a trust	H shares	668,136,750 (L) 91,556,229 (S)	47.05% 6.45%
Ms. Zheng Huiqiong ⁽¹⁰⁾	Spouse	H shares	668,136,750 (L) 91,556,229 (S)	47.05% 6.45%
Ms. Lu Liqing ⁽¹¹⁾	Spouse	H shares	668,136,750 (L) 91,556,229 (S)	47.05% 6.45%
Ms. Lu Yanping ⁽¹²⁾	Spouse	H shares	668,136,750 (L) 91,556,229 (S)	47.05% 6.45%
Ms. Chan Siu Na ⁽¹³⁾	Spouse	H shares	668,136,750 (L) 91,556,229 (S)	47.05% 6.45%

Name of Shareholder	Nature of Interest	Class of Shares	Number of Shares ⁽¹⁾	Approximate Percentage of the Company's Issued Share Capital
BNP PARIBAS SA	Person having a security interest in shares	H shares	108,552,792 (L)	7.64%
Standard Chartered PLC	Interest of a controlled corporation	H shares	105,667,250 (L)	7.44%
HSBC Holdings plc	Interest of a controlled corporation	H shares	104,626,338 (L)	7.36%
The Bank of East Asia, Limited	Person having a security interest in shares	H shares	100,513,000 (L) 513,000 (S)	7.08% 0.04%
United Overseas Bank Limited	Interest of a controlled corporation	H shares	100,100,000 (L)	7.05%
Central Huijin Investment Ltd.	Interest of a controlled corporation	H shares	100,000,000 (L)	7.04%
China CITIC Bank Corporation Limited	Interest of a controlled corporation	H shares	100,000,000 (L)	7.04%
China CITIC Bank International Limited	Person having a security interest in shares	H shares	100,000,000 (L)	7.04%
China Construction Bank Corporation	Interest of a controlled corporation	H shares	100,000,000 (L)	7.04%
China Minsheng Banking Corp., Ltd.	Person having a security interest in shares	H shares	100,000,000 (L)	7.04%
CITIC Group Corporation	Interest of a controlled corporation	H shares	100,000,000 (L)	7.04%
CITIC Limited	Interest of a controlled corporation	H shares	100,000,000 (L)	7.04%
Dah Sing Bank, Limited	Person having a security interest in shares	H shares	100,000,000 (L)	7.04%
LEI IOC HENG	Interest of a controlled corporation	H shares	100,000,000 (L)	7.04%
LIU CHAK WAN	Interest of a controlled corporation	H shares	100,000,000 (L)	7.04%

Name of Shareholder	Nature of Interest	Class of Shares	Number of Shares ⁽¹⁾	Approximate Percentage of the Company's Issued Share Capital
Luso International Banking Limited	Person having a security interest in shares	H shares	100,000,000 (L)	7.04%
Macao Development Bank Limited	Person having a security interest in shares	H shares	100,000,000 (L)	7.04%
Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch	Person having a security interest in shares	H shares	100,000,000 (L)	7.04%
UOB-Kay Hian Holdings Limited	Interest of a controlled corporation	H shares	100,000,000 (L)	7.04%
廣州越秀集團股份有限公司(Guangzhou Yue Xiu Holdings Limited)	Interest of a controlled corporation	H shares	100,000,000 (L)	7.04%
Lazard Asset Management LLC	Investment manager	H shares	84,042,250 (L)	5.92%

* For identification purposes only

Notes:

- (1) The letters "L" denotes the person's/corporation's long position in the shares, while the letter "S" denotes the person's/corporation's short position in the shares.
- (2) Zhongshan A-Living Enterprises Management Services Co., Ltd.* is wholly-owned by Deluxe Star International Limited and Deluxe Star International Limited is deemed under the SFO to be interested in the shares of the Company held by Zhongshan A-Living Enterprises Management Services Co., Ltd.*.
- (3) Deluxe Star International Limited is wholly-owned by Makel International (BVI) Limited and Makel International (BVI) Limited is deemed under the SFO to be interested in the shares of the Company held by Deluxe Star International Limited.
- (4) Makel International (BVI) Limited is wholly-owned by Genesis Global Development (BVI) Limited and Genesis Global Development (BVI) Limited is deemed under the SFO to be interested in the shares of the Company held by Makel International (BVI) Limited.
- (5) Genesis Global Development (BVI) Limited is wholly-owned by Eastern Supreme Group Holdings Limited and Eastern Supreme Group Holdings Limited is deemed under the SFO to be interested in the shares of the Company held by Genesis Global Development (BVI) Limited.
- (6) Eastern Supreme Group Holdings Limited is wholly-owned by Agile Group Holdings Limited and Agile Group Holdings Limited is deemed under the SFO to be interested in the shares of the Company held by Eastern Supreme Group Holdings Limited.

- (7) Full Choice Investments Limited is the trustee of Chen's Family Trust, therefore, Full Choice Investments Limited is deemed under the SFO to be interested in the shares of the Company held by Chen's Family Trust.
- (8) Top Coast Investment Limited is the settlor of Chen's Family Trust, therefore, Top Coast Investment Limited is deemed under the SFO to be interested in the shares of the Company held by Chen's Family Trust.
- (9) Each of Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Ms. Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei and Mr. Chan Cheuk Nam is the beneficiary of Chen's Family Trust, therefore, Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Ms. Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei and Mr. Chan Cheuk Nam are deemed under the SFO to be interested in the shares of the Company held by Chen's Family Trust. In addition, by virtue of the SFO, Ms. Luk Sin Fong, Fion is deemed to be interested in the shares of the Company held by her spouse, Mr. Chen Zhuo Lin.
- (10) By virtue of the SFO, Ms. Zheng Huiqiong is deemed to be interested in the shares of the Company held by her spouse, Mr. Chan Cheuk Yin.
- (11) By virtue of the SFO, Ms. Lu Liqing is deemed to be interested in the shares of the Company held by her spouse, Mr. Chan Cheuk Hung.
- (12) By virtue of the SFO, Ms. Lu Yanping is deemed to be interested in the shares of the Company held by her spouse, Mr. Chan Cheuk Hei.
- (13) By virtue of the SFO, Ms. Chan Siu Na is deemed to be interested in the shares of the Company held by her spouse, Mr. Chan Cheuk Nam.

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

3. DIRECTORS' AND SUPERVISORS' INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors nor Supervisors had any interest, direct or indirect, in any assets which had been 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 since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Company were made up.

Mr. Chan Cheuk Hung, being a Director, is one of the founding shareholders and an executive director of Agile Holdings, the Company's ultimate holding company. Mr. Chan Cheuk Hung, is one of the beneficiaries of a family trust, which indirectly held 48.61% equity interests in Agile Holdings as at Latest Practicable Date. The Group have entered into continuing connected transactions and related party transactions with Agile Holdings and related entities.

Gongqingcheng A-Living Investment Management Limited Partnership* (共青城雅生活投资管理合夥企業(有限合夥)) (“**Gongqingcheng Investment**”) was established under the laws of the PRC. On 26 July 2017, the Company and Gongqingcheng Investment entered into a capital increase agreement, pursuant to which Gongqingcheng Investment shall subscribe for 8,000,000 shares of the Company at a cash consideration of RMB200,000,000. As at the Latest Practicable Date, Gongqingcheng Yagao Investment Management Co., Ltd.* was Gongqingcheng Investment's general partner and Shanghai Yongya Business Consultancy Limited Partnership, Shanghai Yeya Business Consultancy Limited Partnership, Mr. Feng Xin, the Directors Mr. Huang Fengchao and Mr. Li Dalong were its limited partners.

Save as disclosed above, none of the Directors nor Supervisors was materially interested in any contract or arrangement as at the Latest Practicable Date which was significant in relation to the business of the Group.

4. DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors nor Supervisors had any existing or proposed service contracts with any member of the Group which is not expiring or determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' AND SUPERVISORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, none of the Directors nor Supervisors or their respective close associates had engaged or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there has not been any material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest audited financial statements of the Company were made up.

7. EXPERT AND CONSENT

As at the date of this circular, Rainbow Capital (HK) Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears. The following expert's statements were issued on the date of this circular and were made for incorporation or reference (as the case may be) in this circular.

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

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

Rainbow Capital (HK) Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, Rainbow Capital (HK) Limited (i) does not have any shareholding in the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Group; and (ii) did not have any interest, direct or indirect, in any assets since 31 December 2022, being the date to which the latest published audited accounts of the Company were made up, have been acquired or disposed of by or leased to the Company, or are proposed to be acquired or disposed of by or leased to the Company.

8. MISCELLANEOUS

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

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.agileliving.com.cn>) for a period of not less than 14 days from the date of this circular up to and including the date of the EGM:

- (a) the Supplemental Agreement to the 2021 Property Management Services Framework Agreement;
- (b) the Supplemental Agreement to the 2021 Property Agency Services Framework Agreement;

- (c) the Supplemental Agreement to the 2021 Framework Referral Agreement;
- (d) the 2024 Property Management Services Framework Agreement;
- (e) the 2024 Property Agency Services Framework Agreement; and
- (f) the 2024 Framework Referral Agreement.

* *For identification purposes only*

NOTICE OF EGM

A-LIVING SMART CITY SERVICES CO., LTD.*

雅生活智慧城市服務股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 3319)

NOTICE OF THE 2024 FIRST EXTRAORDINARY GENERAL MEETING TO BE HELD ON 24 JANUARY 2024

NOTICE IS HEREBY GIVEN that the 2024 first extraordinary general meeting of A-Living Smart City Services Co., Ltd. (the “**Company**”) will be held at Conference Room, 33/F, Agile Center, 26 Huaxia Road, Zhujiang New Town, Tianhe District, Guangzhou, Guangdong Province, PRC on Wednesday, 24 January 2024 at 3:00 p.m. for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT** the Supplemental Agreement to the 2021 Property Management Services Framework Agreement (as defined in the circular of the Company dated 4 January 2024 (the “**Circular**”)) dated 28 August 2023 entered into between the Company and Agile Group Holdings Limited (“**Agile**”) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified.”
2. “**THAT** the Supplemental Agreement to the 2021 Property Agency Services Framework Agreement (as defined in the Circular) dated 28 August 2023 entered into between the Company and Agile and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified.”
3. “**THAT** the Supplemental Agreement to the 2021 Framework Referral Agreement (as defined in the Circular) dated 28 August 2023 entered into between the Company and Agile and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified.”
4. “**THAT**
 - (a) the 2024 Property Management Services Framework Agreement (as defined in the Circular) dated 20 October 2023 entered into between the Company and Agile and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
 - (b) the proposed annual caps under the 2024 Property Management Services Framework Agreement as set out in the Circular be and is hereby approved, confirmed and ratified;

NOTICE OF EGM

- (c) any one director of the Company be and are hereby authorised to do all such acts, deeds and things and to sign, execute and deliver all such documents as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect, determine, revise, supplement or complete any matters relating to or in connection with the 2024 Property Management Services Framework Agreement and the transactions contemplated thereunder.”

5. **“THAT**

- (a) the 2024 Property Agency Services Framework Agreement (as defined in the Circular) dated 20 October 2023 entered into between the Company and Agile and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the proposed annual caps under the 2024 Property Agency Services Framework Agreement as set out in the Circular be and is hereby approved, confirmed and ratified; and
- (c) any one director of the Company be and are hereby authorised to do all such acts, deeds and things and to sign, execute and deliver all such documents as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect, determine, revise, supplement or complete any matters relating to or in connection with the 2024 Property Agency Services Framework Agreement and the transactions contemplated thereunder.”

6. **“THAT**

- (a) the 2024 Framework Referral Agreement (as defined in the Circular) dated 20 October 2023 entered into between the Company and Agile and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the proposed annual caps under the 2024 Framework Referral Agreement as set out in the Circular of the Company be and is hereby approved, confirmed and ratified; and

NOTICE OF EGM

- (c) any one director of the Company be and are hereby authorised to do all such acts, deeds and things and to sign, execute and deliver all such documents as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect, determine, revise, supplement or complete any matters relating to or in connection with the 2024 Framework Referral Agreement and the transactions contemplated thereunder.”

By order of the Board
A-Living Smart City Services Co., Ltd.
Chan Cheuk Hung/Huang Fengchao
Co-chairman

Hong Kong, 4 January 2024

As at the date of this circular, the Board comprises eight members, being Mr. Chan Cheuk Hung[^] (Co-chairman), Mr. Huang Fengchao[^] (Co-chairman), Mr. Li Dalong[^] (President (General Manager) and Chief Executive Officer), Mr. Chen Siyang[^] (Vice President), Mr. Xu Yongping^{^^}, Mr. Wang Gonghu^{^^^}, Mr. Weng Guoqiang^{^^^} and Mr. Li Jiahe^{^^^}.

[^] Executive Directors

^{^^} Non-executive Director

^{^^^} Independent Non-executive Directors

* *For identification purposes only*

Registered Office in the PRC:
Management Building, Xingye Road
Agile Garden, Sanxiang Town
Zhongshan
Guangdong Province, PRC

Principal place of office in the PRC:
35/F, Agile Center
26 Huaxia Road
Zhujiang New Town
Tianhe District, Guangzhou
Guangdong Province, PRC

Principal place of business in Hong Kong:
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

NOTICE OF EGM

Notes:

1. All resolutions at the EGM will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) and the Company (<http://www.agileliving.com.cn>) in accordance with the Listing Rules.
2. All shareholders of the Company are eligible for attending the EGM. Any shareholder of the Company entitled to attend and vote at the EGM convened by the above notice is entitled to appoint a proxy or more than one proxy to attend the EGM and vote instead of him/her. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant proxy form. Every shareholder of the Company present in person or by proxy shall be entitled to one vote for each share held by him/her.
3. In order to be valid, the proxy form together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be completed and returned to (i) the Company’s principal place of office in the People’s Republic of China (the “**PRC**”) at 35th Floor, Agile Center, 26 Huaxia Road, Zhujiang New Town, Tianhe District, Guangzhou, Guangdong Province, the PRC (for shareholders of Domestic Shares) or (ii) the Company’s H share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for shareholders of H Shares) not less than 24 hours before the time appointed for the EGM. Completion and return of the proxy form will not preclude a shareholder of the Company from attending and voting at the EGM or any adjourned meeting thereof should he/she so wish.
4. For the purpose of determining the eligibility of the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 19 January 2024 to Wednesday, 24 January 2024, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, shareholders of H Shares whose transfer documents have not been registered are required to submit the share certificates together with the properly completed share transfer forms to the Company’s H share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Thursday, 18 January 2024 for registration. Shareholders of H Shares who are registered with Tricor Investor Services Limited on or before the aforementioned date are entitled to attend the EGM.
5. The EGM is expected to take no more than half a day. Shareholders who attend the EGM (in person or by proxy) shall bear their own travelling and accommodation expenses. Shareholders may contact the Investor Relations Department of the Company at (852) 2740 8921 or ir@agileliving.com.cn for any enquiries in respect of the EGM.