
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your Shares in Onewo Inc., you should at once hand this circular, together with the accompanying proxy form to the purchaser(s) or the transferee(s), or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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Onewo Inc.**萬物雲空間科技服務股份有限公司**

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

(Stock Code: 2602)

**(1) CONTINUING CONNECTED TRANSACTIONS
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



The Company will convene the Extraordinary General Meeting by way of online meeting at 10 a.m. on Tuesday, December 31, 2024. A notice convening the Extraordinary General Meeting is set out on pages EGM-1 to EGM-3 of this circular.

A proxy form for use at the Extraordinary General Meeting is enclosed herewith. Shareholders who intend to appoint a proxy to attend the Extraordinary General Meeting 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 Extraordinary General Meeting or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting at the Extraordinary General Meeting or any adjournment thereof if you so wish at the time. The Extraordinary General Meeting will be held by way of online meeting. The Shareholders and/or their proxies will not need to attend the Extraordinary General Meeting in person, and can only attend the Extraordinary General Meeting via the Tricor e-Meeting System which enables live streaming of the Extraordinary General Meeting. For the avoidance of doubt and for the purpose of the Listing Rules, holders of treasury Shares (if any) shall abstain from voting at the Extraordinary General Meeting.

December 13, 2024

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GUIDANCE FOR THE EXTRAORDINARY GENERAL MEETING

ONLINE EGM

An online EGM enables the Shareholders to attend the meeting via an online platform allowing them to attend, participate, submit questions and vote electronically and to view live streaming of the EGM.

Shareholders participating in the EGM via such online platform will also be counted towards the quorum. The inability of any Shareholder or his/her proxy or (in the case of a Shareholder being a corporation) its duly authorized representative to access, or continue to access, such online platform despite adequate electronic facilities have been made available by the Company, shall not affect the validity of the EGM or the resolutions passed, or any business conducted at the meeting or any action taken pursuant to such business provided that a quorum is present throughout the meeting.

HOW TO ATTEND AND VOTE

Shareholders who propose to attend the EGM and exercise their voting rights can achieve such in one of the following ways:

- (1) attend the EGM via an online platform, namely, the Tricor e-Meeting System, which enables live streaming and interactive platform for questions and answers and submission of their votes online; or
- (2) appoint the chairman of the EGM or other persons as their proxies to vote on their behalf via the Tricor e-Meeting System.

Shareholders can refer to the notice of the EGM and the Online Meeting User Guide (by scanning the QR code provided on the Notification Letter, which is expected to be despatched to the Shareholders on Thursday, December 19, 2024 by post) in relation to attending the EGM by electronic means.

Shareholders should note that only one device is allowed per login. Please keep the login details in safe custody for the EGM and do not disclose them to anyone else. Neither the Company nor its H Share registrar assumes any obligation or liability whatsoever in connection with the transmission of the login details or any use of the login details for attendance, voting or otherwise. The submission of votes through Tricor e-Meeting System using your login details will be conclusive evidence for the votes cast by you as a Shareholder. The Company, its agents and its H Share registrar take no responsibility for all or any losses or other consequences caused by or resulting from any unauthorized use of the login details.

If your proxy (except when the chairman of the EGM is appointed as proxy) wishes to attend the EGM and vote online, you must provide a valid email address of your proxy to the H Share registrar of the Company, Tricor Investor Services Limited. If no email address is provided, your proxy cannot attend the EGM and vote online. The email address so provided will be used by the H Share registrar of the Company, Tricor Investor Services Limited, for

GUIDANCE FOR THE EXTRAORDINARY GENERAL MEETING

providing the login details for attending and voting at the EGM via the Tricor e-Meeting System. If your proxy has not received the login details by email by 5:00 p.m. on Friday, December 27, 2024, you shall contact the H Share registrar of the Company, Tricor Investor Services Limited, via telephone hotline at (852) 2975 0928 or via email at emeeting@vistra.com for the necessary arrangements.

Non-registered Shareholders whose Shares are held in the Central Clearing and Settlement System through banks, brokers, custodians or Hong Kong Securities Clearing Company Limited may also be able to attend and vote at the EGM. They shall consult directly with their banks or brokers or custodians (as the case may be) for the necessary arrangements. You will be asked to provide your email address, which will be used by the H Share registrar of the Company, Tricor Investor Services Limited, for providing the login details for attending the EGM electronically through the Tricor e-Meeting System.

DEFINITIONS

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

“Articles” or “Articles of Association”	the articles of association of the Company
“associates”	has the meaning as ascribed to it under the Listing Rules
“Board” or “Board of Directors”	the board of directors of the Company
“CCASS”	Central Clearing and Settlement System
“China” or “PRC”	the People’s Republic of China, which, for the purpose of this circular, is for geographical reference only
“China Vanke”	China Vanke Co., Ltd. (萬科企業股份有限公司), a joint stock limited company incorporated in the PRC, the H shares and A shares of which are listed on the Hong Kong Stock Exchange (stock code: 2202) and Shenzhen Stock Exchange (stock code: 000002), respectively, and a controlling Shareholder of the Company
“China Vanke Group”	China Vanke and its subsidiaries, excluding the Group
“Company” or “the Company”	Onewo Inc. (萬物雲空間科技服務股份有限公司), a limited liability company incorporated in the PRC on February 20, 2001 and converted into a joint stock limited company incorporated in the PRC on March 20, 2018, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 2602)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Company

DEFINITIONS

“Existing Property Agency Services Framework Agreement”	the framework property agency services agreement dated September 13, 2022 entered into by the Company (for itself and on behalf of its subsidiaries) and China Vanke (for itself and on behalf of members of the China Vanke Group and their respective associates), pursuant to which the Group agreed to provide property agency services to members of the China Vanke Group and their respective associates
“Existing Property Services Framework Agreement”	the framework property services agreement dated September 13, 2022 entered into by the Company (for itself and on behalf of its subsidiaries) and China Vanke (for itself and on behalf of members of the China Vanke Group and their respective associates), pursuant to which the Group agreed to provide property services including (i) residential property services in respect of the unsold residential properties developed and to be developed by members of the China Vanke Group and their respective associates; and (ii) property and facility management services in respect of the commercial properties owned or used by members of the China Vanke Group and their respective associates
“Existing Value-added Services Framework Agreement”	the framework value-added services agreement dated September 13, 2022 entered into by the Company (for itself and on behalf of its subsidiaries) and China Vanke (for itself and on behalf of members of the China Vanke Group and their respective associates), pursuant to which the Group agreed to provide value-added services to the properties owned or used by members of the China Vanke Group and their respective associates, including but not limited to (i) sale center and model room management services; (ii) pre-delivery support services; and (iii) building maintenance services in respect of the properties developed by members of the China Vanke Group and their respective associates
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be convened by way of online meeting at 10 a.m. on Tuesday, December 31, 2024
“Group” or “the Group”	the Company and its subsidiaries

DEFINITIONS

“H Share(s)”	overseas listed Shares in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for in Hong Kong dollars and traded on the Hong Kong Stock Exchange
“H Shareholder(s)”	holder(s) of the H Share(s)
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	the independent board committee of the Company comprising Ms. Law Elizabeth, Mr. Chen Yuyu, Mr. Shen Haipeng and Mr. Song Yunfeng, being all the independent non-executive Directors, which is formed to advise the Independent Shareholders on the Non-exempt Continuing Connected Transactions and the Proposed Annual Caps
“Independent Financial Adviser” or “Somerley”	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, which has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Non-exempt Continuing Connected Transactions and the Proposed Annual Caps
“Independent Shareholders”	the Shareholders other than China Vanke and their respective associates
“independent third party”	a person or entity who is not a connected person of the Company
“Latest Practicable Date”	December 10, 2024, being the latest practicable date for the purpose of ascertaining certain information set out in this circular prior to its printing
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended and supplemented from time to time

DEFINITIONS

“New Property Agency Services Framework Agreement”	the new property agency services framework agreement dated December 12, 2024 entered into between the Company and China Vanke in relation to the provision of property agency services by the Group to the China Vanke Group and their respective associates
“New Property Services Framework Agreement”	the new property services framework agreement dated December 12, 2024 entered into between the Company and China Vanke in relation to the provision of property services by the Group to the China Vanke Group and their respective associates
“New Value-added Services Framework Agreement”	the new value-added services framework agreement dated December 12, 2024 entered into between the Company and China Vanke in relation to the provision of value-added services by the Group to the properties owned or used by members of the China Vanke Group and their respective associates
“Non-exempt Continuing Connected Transactions”	the transactions contemplated under each of (i) the New Property Services Framework Agreement, (ii) the New Value-added Services Framework Agreement, and (iii) the New Property Agency Services Framework Agreement
“percentage ratio”	has the meaning ascribed to it under Chapter 14 of the Listing Rules
“Proposed Annual Caps”	the proposed annual caps for each of the three years ending December 31, 2027 under (i) the New Property Services Framework Agreement, (ii) the New Value-added Services Framework Agreement, and (iii) the New Property Agency Services Framework Agreement
“Prospectus”	the prospectus of the Company dated September 19, 2022 in connection with the global offering of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended from time to time

DEFINITIONS

“Share(s)”	share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, only comprising the H Shares
“Shareholder(s)”	the shareholder(s) of the Company
“State Council”	the State Council of the PRC
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“%”	per cent

LETTER FROM THE BOARD

Onewo Inc.

萬物雲空間科技服務股份有限公司

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

(Stock Code: 2602)

Executive Directors:

Mr. Zhu Baoquan (*Chairman of the Board*)

Mr. He Shuhua

Non-executive Directors:

Mr. Wang Wenjin

Mr. Zhang Xu

Mr. Sun Jia

Mr. Zhou Qi

Mr. Yao Jinbo

Independent non-executive Directors:

Ms. Law Elizabeth

Mr. Chen Yuyu

Mr. Shen Haipeng

Mr. Song Yunfeng

Registered office and headquarters:

2201, Building B

Chuangzhiyun Center

No. 1 Guangxia Road

Meiting Community

Meilin Street, Futian District

Shenzhen, Guangdong

PRC

Principal place of business in Hong Kong:

Unit 1607, NEO

123 Hoi Bun Road

Kwun Tong

Kowloon

Hong Kong

To the Shareholders

Dear Sir/Madam,

(1) CONTINUING CONNECTED TRANSACTIONS AND

(2) NOTICE OF EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

The purpose of this circular is, among other things, to provide you with the notice of the EGM and the information on certain resolutions to be considered at the EGM, so as to enable you to make an informed decision on whether to vote for or against the resolutions at the EGM.

2. CONTINUING CONNECTED TRANSACTIONS

Reference is made to (i) to the section headed “Connected Transactions” in the Prospectus in respect of, among other things, the Existing Value-added Services Framework Agreement, the Existing Property Agency Services Framework Agreement and the Existing Property Services Framework Agreement; and (ii) the announcement of the Company dated December 12, 2024 in relation to, among others, the Non-exempt Continuing Connected Transactions and the Proposed Annual Caps.

LETTER FROM THE BOARD

Each of the Existing Value-added Services Framework Agreement, the Existing Property Agency Services Framework Agreement and the Existing Property Services Framework Agreement will expire on December 31, 2024. In light of the Company's intention to continue entering into transactions of a similar nature from time to time after such expiry date, on December 12, 2024 (after trading hours), the Company (for itself and on behalf of its subsidiaries) and China Vanke (for itself and on behalf of members of the China Vanke Group and their respective associates) entered into, among other things, the New Value-added Services Framework Agreement, the New Property Agency Services Framework Agreement and the New Property Services Framework Agreement for a term commencing on January 1, 2025 and ending on December 31, 2027 to renew the transactions contemplated under the Existing Value-added Services Framework Agreement, the Existing Property Agency Services Framework Agreement and the Existing Property Services Framework Agreement.

(i) New Property Services Framework Agreement

Principal terms of the New Property Services Framework Agreement are summarized below:

Date:	December 12, 2024
Parties:	(1) the Company (for itself and on behalf of its subsidiaries); and (2) China Vanke (for itself and on behalf of members of the China Vanke Group and their respective associates)
Nature of transaction:	The Group will provide property services including (i) residential property services in respect of the unsold residential properties developed and to be developed by members of the China Vanke Group and their respective associates; and (ii) property and facility management services in respect of the commercial properties owned or used by members of the China Vanke Group and their respective associates (the " Property Services ").
Term:	January 1, 2025 to December 31, 2027
Pricing and other terms:	The fees to be charged for the Property Services will be determined after arm's length negotiations with reference to, where applicable, (i) the guidance rate published by the relevant government authorities (as further disclosed in the paragraph below); (ii) the prevailing market rate (taking into consideration the location and condition of the properties); and (iii) the prices charged by us for providing comparable services to the independent third parties.

LETTER FROM THE BOARD

In particular, the guidance price are normally published on the websites of multiple levels of National Development and Reform Commission (“NDRC”) and/or Commodity Price Bureau/Housing and Construction Bureau and/or local people’s governments from time to time. The fees charged by property management companies nationwide are regulated by the price administration department and construction administration department of the State Council. The price administration department of the local people’s governments above the county level and the competent property administration departments at the same level are responsible for regulating the fees charged by property management companies in their respective administrative regions. Therefore, different administrative regions may have different government guidance prices for different types of properties and service standards and local government policies and pricing guidance apply to most of the preliminary property management service agreements entered into by the Group at the preliminary stage.

In addition, to identify the prevailing market price, the Group generally will take into account the fees charged by the Group to two to three independent third parties (to the extent practicable) for providing similar services. The terms offered by the Group to the China Vanke Group shall not be less favorable to the Group than the terms offered by the Group to independent third parties for the same or similar type and scope of the Property Services.

There are no specific credit policies for the Property Services under the New Property Services Framework Agreement, which shall be determined on arm’s length basis with reference to the prevailing business practices in the industry for the relevant services. In determining the credit period with members of the China Vanke Group, the Group will take into account (a) the frequency of providing the relevant services, (b) the seasonality of the property sale in the real estate market, (c) the historical repayment records, and (d) the credit period granted by the Group to independent third parties for providing similar services, the credit period are generally on monthly or quarterly basis, from the invoice date of the relevant services.

Members of the Group and members of the China Vanke Group will enter into separate agreements which will set out the specific terms and conditions (including the fees to be charged for the Property Services) according to the principles provided in the New Property Services Framework Agreement.

LETTER FROM THE BOARD

Historical figures

The table below sets out the historical figures and existing annual caps for the Existing Property Services Framework Agreement:

	For the year ended December 31,			For the year ending December 31,					
	2022		2023	2024					
	(RMB'000)		(RMB'000)	(RMB'000)					
	<i>Historical</i>	<i>Utilization</i>	<i>Historical</i>	<i>Utilization</i>	<i>Historical</i>	<i>Utilization</i>			
<i>Annual cap</i>	<i>amount</i>	<i>rate</i>	<i>Annual cap</i>	<i>amount</i>	<i>amount</i> ^{Note (1)}	<i>rate</i> ^{Note (2)}			
	936,000	934,700	99.9%	1,078,000	1,074,400	99.7%	1,244,000	868,200	93.0%

Notes:

- (1) The actual transaction amount for the period from January 1, 2024 to September 30, 2024.
- (2) The utilization rate for the nine months ended September 30, 2024 is calculated based on the relevant nine months transaction amount and pro rata annual cap amount.

As far as the Directors are aware, the annual cap for the year ending December 31, 2024 under the Existing Property Services Framework Agreement had not been exceeded as at the Latest Practicable Date.

In general, such service fees were settled on a monthly or quarterly basis under Existing Property Services Framework Agreement, and the China Vanke Group have continuously settled the relevant receivables arising from the Property Services during the term of the Existing Property Services Framework Agreement.

Proposed annual caps and basis for determination

The table below sets out the proposed annual caps for the New Property Services Framework Agreement:

For the year ending December 31,		
2025	2026	2027
(RMB'000)	(RMB'000)	(RMB'000)
<i>Proposed annual cap</i>	<i>Proposed annual cap</i>	<i>Proposed annual cap</i>
1,216,000	1,227,000	1,249,000

LETTER FROM THE BOARD

The above proposed annual caps for the New Property Services Framework Agreement have been determined with reference to the following factors:

- (1) the historical transaction amounts;
- (2) the estimated annual increase for the three years ending December 31, 2027 of the size and number of (i) the undelivered residential properties developed by members of the China Vanke Group and their respective associates in respect of the residential property services and (ii) the commercial properties owned or used by members of the China Vanke Group and their respective associates in respect of the property and facility management services, with reference to (i) historical increasing trend in the corresponding transaction amounts during the two years ended December 31, 2023 and the historical transaction amount for the nine months ended September 30, 2024, (ii) the increase in the number of unsold properties of the China Vanke Group, and (iii) the policies adopted from time to time to support the improvement and development of the real estate industry in China. The real estate development industry in China faced significant downturn in past few years, however, the PRC central government and local governments have adopted policies to promote the stable and healthy development of the real estate market in 2024, which include cancellation of restrictions on purchase and sales, cancellation of restrictions on price, reduction on the interest rates on housing provident fund loans and the percentage of down payment, etc. Although the industry is not yet fully recovered, the market has shown positive signals since the end of September 2024 as driven by policies. Such signals are potential indications of the recovery of the business of the PRC real estate markets as well as the expected stable transaction volume with a slight increase of the Property Services of the Group; and
- (3) meanwhile, according to the 2024 third quarterly report of the China Vanke Group, it took various measures to ensure the smooth repayment of public debt, including but not limited to maintaining active sales and sales payment collection, and realisation of office and other commercial properties. The Company expects that the adoption of such proactive measures and strategies by the China Vanke Group in respect of its properties could contribute to the stable business volume in respect of the property services to be provided by the Group.

Having considered the factors above, the Group expects that the business volume in respect of the property services under will remain relatively stable with a slight annual increase for the three years ending December 31, 2027.

LETTER FROM THE BOARD

Reasons for and benefits of the transactions

Given the leading position and considerable market share of members of the China Vanke Group and their respective associates in the real estate development industry in the PRC and our long-term cooperation relationship with the China Vanke Group, by entering into the New Property Services Framework Agreement, the Group can maintain a strategic cooperation relationship with members of the China Vanke Group and their respective associates, providing high-quality Property Services to them. It enables us to ensure a stable source of income and improve the Group's competitiveness in providing consistent and high-quality property services to other customers of the Group.

(ii) New Value-added Services Framework Agreement

Principal terms of the New Value-added Services Framework Agreement are summarized below:

Date:	December 12, 2024
Parties:	(1) the Company (for itself and on behalf of its subsidiaries); and (2) China Vanke (for itself and on behalf of members of the China Vanke Group and their respective associates)
Nature of transaction:	The Group will provide value-added services to the properties owned or used by members of the China Vanke Group and their respective associates, including but not limited to (i) sale center and model room management services; (ii) pre-delivery support services; and (iii) building maintenance services in respect of the properties developed by members of the China Vanke Group and their respective associates (the " Value-added Services ").
Term:	January 1, 2025 to December 31, 2027
Pricing and other terms:	The fees to be charged for the Value-added Services will be determined after arm's length negotiations with reference to, where applicable, (i) the prevailing market prices of similar value-added services (taking into account similar services in the nearby market); (ii) the anticipated operation costs (including but not limited to the scope and standards of particular services to be offered, labor costs, administration costs and costs of materials); and (iii) the prices charged by us for providing comparable services to the independent third parties.

LETTER FROM THE BOARD

To identify the prices charged by us for providing comparable services to the independent third parties, the Group will also take into account the price charged by the Group to at least one independent third party (as appropriate) for providing similar services, the size and location of the relevant properties, and the extent and scope of Value-added services provided. The terms offered by the Group to the China Vanke Group shall not be less favourable to the Group than the terms offered by the Group to its independent third parties for same or similar type and scope of Value-added services.

There are no specific credit policies for the Value-added Services under the New Value-added Services Framework Agreement, which shall be determined on arm's length basis with reference to the prevailing business practices in the industry for the relevant services. In determining the credit period with members of the China Vanke Group, the Group will take into account (a) the frequency of providing the relevant services, (b) the seasonality of the property sale in the real estate market, (c) the historical repayment records, and (d) the credit period granted by the Group to independent third parties for providing similar services, the credit period are generally on monthly or quarterly basis, from the invoice date of the relevant services.

Members of the Group and members of China Vanke Group will enter into separate agreements which will set out the specific terms and conditions (including the fees to be charged for the Value-added Services) according to the principles provided in the New Value-added Services Framework Agreement.

Historical figures

The table below sets out the historical figures and existing annual caps for the Existing Value-added Services Framework Agreement:

	For the year ended December 31,						For the year ending December 31,		
	2022			2023			2024		
	(RMB'000)			(RMB'000)			(RMB'000)		
	Historical	Utilization	Annual cap	Historical	Utilization	Annual cap	Historical	Utilization	
Annual cap	amount	rate	amount	amount	rate	amount	amount ^{Note (3)}	Rate ^{Note (4)}	
	2,729,000	2,616,800	95.9%	2,706,000	2,382,800	88.1%	2,703,000	1,208,000	59.6%

LETTER FROM THE BOARD

Notes:

- (3) The actual transaction amount for the period from January 1, 2024 to September 30, 2024.
- (4) The utilization rate for the nine months ended September 30, 2024 is calculated based on the relevant nine months transaction amount and pro rata annual cap amount.

As disclosed in the above table, the historical transaction amount of the value-added service fees under the Existing Value-added Services Framework Agreement represents approximately 95.9% and 88.1% of the annual caps for the two years ended December 31, 2023, respectively. However, the historical transaction amount of the service fees for the nine months ended September 30, 2024 reduced to approximately RMB1,208.0 million, with a pro rata utilization rate of approximately 59.6% of the annual cap for the year 2024. Such reduction was mainly due to the decrease in the service fee generated from sales center services, which in turn was a result of less launch of new property projects to the market by the China Vanke Group during such period.

As far as the Directors are aware, the annual cap for the year ending December 31, 2024 under the Existing Value-added Services Framework Agreement had not been exceeded as at the Latest Practicable Date.

In general, such service fees under the Existing Value-added Services Framework Agreement were settled on a monthly or quarterly basis, and the China Vanke Group have continuously settled the relevant receivables arising from the Value-added Services during the term of the Existing Value-added Services Framework Agreement.

Proposed annual caps and basis for determination

The table below sets out the proposed annual caps for the New Value-added Services Framework Agreement:

For the year ending December 31,		
2025	2026	2027
<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
<i>Proposed annual cap</i>	<i>Proposed annual cap</i>	<i>Proposed annual cap</i>
1,291,000	1,189,000	1,127,000

The above proposed annual caps for the New Value-added Services Framework Agreement have been determined with reference to the following factors:

- (1) the historical transaction amounts, including the pro rata reduction of transaction amount for the nine months ended September 30, 2024 (as further disclosed in the subsection headed “New Value-added Services Framework Agreement – Historical figures” above); and

LETTER FROM THE BOARD

- (2) the Company's anticipation that the transaction amounts of the Value-added Services in respect of the properties developed or used by members of the China Vanke Group and their respective associates will decrease for the three years ending December 31, 2027, after taking into account (i) the expected decrease in the Group's business volume of sale center and model room management services and building maintenance services due to the reduction in new property project launches by the China Vanke Group in the coming three years and such services represents over 80% of the annual caps in respect of the Value-added Services in each of the next three years ending December 31, 2027, (ii) the expected decrease in the Group's business volume of the pre-delivery support services for the three years ending December 31, 2027 mainly due to the increasing intense competition with other similar service providers.

Reasons for and benefits of the transactions

Given the China Vanke Group's leading position and considerable market share in the real estate development industry in the PRC and our long-term cooperation relationship with the China Vanke Group, by entering into the New Value-added Services Framework Agreement, the Group could:

- (i) benefit from the good cooperative relationship between the relevant departments of the Group and the China Vanke Group over the years. Members of the Group and the China Vanke Group could share resources and benefit from each other's strength. Leveraging on the China Vanke Group's resources of high-quality property projects, the Group could remain as a market leader in property service industry in the PRC. The Group will rely on its professional property service capabilities to provide high-quality value-added services to the projects of the China Vanke Group. Therefore, both parties could achieve synergy effect and realize win-win situation; and
- (ii) reduce the communication and transaction costs for the Group as compared to cooperation with third parties, as the Company is subsidiary of China Vanke and the Group and the China Vanke Group maintain long term cooperation in respect of the property projects of the China Vanke Group for the past years, the Group is familiar with the relevant properties and operational process of the China Vanke Group. Entering into the New Value-added Services Framework Agreement could enable us to ensure a stable source of income and also improve the Group's competitiveness in providing consistent and high-quality value-added services to other customers of the Group.

LETTER FROM THE BOARD

(iii) New Property Agency Services Framework Agreement

Principal terms of the New Property Agency Services Framework Agreement are summarized below:

Date:	December 12, 2024
Parties:	(1) the Company (for itself and on behalf of its subsidiaries); and (2) China Vanke (for itself and on behalf of members of the China Vanke Group and their respective associates)
Nature of transaction:	The Group will provide property agency services to members of the China Vanke Group and their respective associates, and receive service fees as consideration. The property agency services mainly include conducting marketing and sale activities, sourcing potential clients to enter into property sale and purchase agreements in respect of (i) the residential and commercial property units; and (ii) the carpark space and other properties developed and to be developed by members of the China Vanke Group and their respective associates (the “ Property Agency Services ”). In addition, for the Property Agency Services with respect to the carpark spaces, the Group is required to pay to members of the China Vanke Group and their respective associates refundable deposits (the “ Deposits ”) in respect of each of the relevant carpark spaces pursuant to the terms of the New Property Agency Services Framework Agreement.
Term:	January 1, 2025 to December 31, 2027
Pricing and other terms:	<i>Service fees</i> The service fees to be charged for the Property Agency Services with respect to the property units and other properties shall be determined on arm’s length basis with reference to (i) the prevailing market price (taking into account the size, location and positioning of the property units and other properties to be sold); and (ii) the rates of service fees charged by the Group for providing comparable property agency services to the independent third parties. To identify the rates of service fees charged by us for providing comparable services to the independent third parties, the Group will also take into account the price charged by the Group to at least one independent third party (as appropriate) for providing similar services.

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The service fees to be charged for the Property Agency Services with respect to the carpark space shall generally be determined on the basis of the difference between the actual sale price paid by the ultimate purchasers and the pre-determined minimum sale prices (the “**Pre-determined Minimum Sale Price(s)**”) set by members of the China Vanke Group and their respective associates with reference to the prevailing market price, taking into account the size, location, market conditions and positioning of the carpark space available for sale. To assess whether the Pre-determined Minimum Sale Prices are fair and reasonable, members of the Group will conduct their independent assessment of the prevailing market price, taking into account the size, location, market conditions and positioning of the carpark space available for sale with reference to approximately one to two comparable projects (as appropriate) in nearby area, as well as the human resources costs and operation costs required for providing Property Agency Services in respect of a carpark space. In relation to human resources costs and operation costs, the Group will gather historical data on such costs on a quarterly basis and conduct regular review and assessment.

The Group charges the difference between the actual sale price and the Pre-determined Minimum Sale Price of the sold carpark space as service fees in respect of the Property Agency Services of carpark space, which is not based on a fixed or pre-determined commission rate and varies due to factors such as location, sale cycle and market seasonality of relevant carpark space, and ancillary services provided to the ultimate purchasers of relevant carpark space as well as the human resources costs and operation costs required for providing Property Agency Services in respect of a carpark space as disclosed in the paragraph above.

There are no specific credit policies set for the Property Agency Services under the New Property Agency Services Framework Agreement, which shall be determined on arm’s length basis with reference to the prevailing business practices in the industry for the relevant services. In determining the credit period, the Group will take into account (i) the frequency of providing the relevant services; (ii) the seasonality of the property sale in the real estate market; (iii) the historical repayment records; and (iv) the credit period granted by the Group to independent third parties for providing similar services, the credit period are generally on monthly or quarterly basis, from the invoice date of the relevant services.

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Deposits

In order to obtain the exclusive sales rights for the parking spaces, the Group shall pay fully refundable Deposits to the China Vanke Group in an amount ranging from 40% to 100% of the Pre-determined Minimum Sale Prices for sale of the relevant carpark spaces, which is mainly determined with reference to the location and marketability of the relevant carpark spaces and is in line with the historical practice of the same transactions between the Group and the China Vanke Group. In particular, during the period from January 1, 2023 and September 30, 2024, the Deposits with respect to the carpark space paid by the Group to the China Vanke Group generally represented approximately 40% to 60% of the Pre-determined Minimum Sale Price of the carpark space available for sale under the relevant projects. For certain carpark space located in prime area (being the areas that have high level of economic development, relatively large and mature real estate markets and consumers with greater demand and higher consumption ability, such as first-tier cities including Guangzhou, Chengdu and Hangzhou) with high marketability, the Group paid the Deposits amounting to approximately 90% to 100% of the Pre-determined Minimum Sale Price to the members of the China Vanke Group. Such Deposits are interest-free and not secured with any collaterals.

The Deposits are interest-free and unsecured. Having considered that (i) the main purpose for the payment of the Deposits is to obtain the exclusive sales rights for carpark spaces and thereby receive the service fees with respect to the carpark spaces; and (ii) such practice is not uncommon in the property service industry (after the review of the announcements and/or circulars on the comparable transactions of other Hong Kong listed property services companies, the details of which are disclosed in the sub-section headed “New Property Agency Services Framework Agreement – Reasons for and benefits of the transactions” below), the Board is of the view that such Deposit arrangement is fair and reasonable.

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Within one month after completion of the sale of carpark space, the amount of the charged Deposits in respect of such carpark space would be fully refunded to the Group and the Group would charge the service fees in the amount representing the difference between the actual sale price paid by the ultimate purchasers and the Pre-determined Minimum Sale Price of such carpark space. In the event that the Group fails to sell the carpark space upon the expiry of the service period provided under relevant definitive property agency services agreements, unless otherwise mutually agreed by the parties thereto, the outstanding Deposits in respect of such unsold carpark space would be fully refunded to the Group within one month after the expiry of such service period. Pursuant to the terms of the New Property Agency Services Agreement, in the event that the China Vanke Group fails to refund the outstanding Deposits in respect of the carpark space under a definitive agreement within the aforementioned period and the Group and China Vanke Group fail to agree on the extension of such period (pursuant to which the Company will comply with all the applicable requirements under Chapter 14 and 14A of the Listing Rules as required thereunder in respect of such extension), the Group reserves the rights to, including but not limited to, enter into a separate written agreement with members of China Vanke Group to transfer the use right/income right of the corresponding carpark spaces under the relevant definitive agreement to the Group in lieu of cash payment or charge default interest (資金使用費). Pursuant to the terms of the New Property Agency Services Framework Agreement, if the Group and the China Vanke Group agree on the aforementioned transfer of the use right/income right in lieu of cash payment, the Group and the China Vanke Group will enter into separate transfer agreement(s) and the Company will comply with all the applicable requirements under Chapter 14 and 14A of the Listing Rules (including circular and independent shareholders' approval).

The service period for the Property Agency Services with respect to the carpark space will be agreed by the parties to the definitive property agency services agreements on arm's length basis with reference to the size, location, market conditions and positioning of the carpark space to be sold.

The Deposits payable by the Group have been, and are expected to be funded, by internal resources of the Group. Members of the Group and members of China Vanke Group will enter into separate agreements which will set out the specific terms and conditions (including the service fees to be charged for the Property Agency Services) according to the principles provided in the New Property Agency Services Framework Agreement.

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Historical figures

The table below sets out the historical figures and existing annual caps for the Existing Property Agency Services Framework Agreement:

	For the year ended December 31,						For the year ending December 31,		
	2022			2023			2024		
	(RMB'000)			(RMB'000)			(RMB'000)		
	<i>Annual cap</i>	<i>Historical amount</i>	<i>Utilization rate</i>	<i>Annual cap</i>	<i>Historical amount</i>	<i>Utilization rate</i>	<i>Annual cap</i>	<i>Historical amount</i> ^{Note (5)}	<i>Utilization rate</i> ^{Note (6)}
Annual Caps of Service Fees	410,000	310,600	75.8%	447,000	339,500	76.0%	496,000	206,800	55.6%
Maximum Daily Balance of the Deposits	1,643,056	1,602,700	97.5%	1,643,056	1,562,000	95.1%	1,643,056	1,530,000	93.1%

Notes:

- (5) The actual transaction amount for the period from January 1, 2024 to September 30, 2024.
- (6) The utilization rate for the nine months ended September 30, 2024 is calculated based on the relevant nine months transaction amount and pro rata annual cap amount.

As far as the Directors are aware, the respective annual cap of service fees and maximum daily balance of the deposits for the year ending December 31, 2024 under the Existing Property Agency Services Framework Agreement had not been exceeded as at the Latest Practicable Date.

In general, such service fees under the Existing Property Agency Services Framework Agreement were settled on a monthly or quarterly basis, and the China Vanke Group have continuously settled the relevant receivables arising from the Property Agency Services during the term of the Existing Property Agency Services Framework Agreement.

The total amount of Deposits refunded to the Group China Vanke Group for the two years ended December 31, 2023 and the six months ended June 30, 2024 was approximately RMB146.2 million, RMB88.5 million and RMB59.0 million, respectively. Such refunds had been timely made according to the terms of the Existing Property Agency Services Framework Agreement.

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Proposed annual caps and basis for determination

The table below sets out the proposed annual caps for the New Property Agency Services Framework Agreement:

	For the year ending December 31,		
	2025	2026	2027
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
	<i>Proposed</i>	<i>Proposed</i>	<i>Proposed</i>
	<i>annual cap</i>	<i>annual cap</i>	<i>annual cap</i>
Annual Caps of Service Fees	257,000	233,000	211,000
Maximum Daily Balance of the Deposits	1,503,000	1,473,000	1,443,000

The above proposed annual caps for the service fees under New Property Agency Services Framework Agreement have been determined with reference to the following factors:

- (1) the historical transaction amounts and the utilization rate in 2024, the details of which are disclosed in the sub-section headed “New Property Agency Services Framework Agreement – Historical figures” above;
- (2) the expected rate of service fees to be charged by the Group for the Property Agency Services in respect of the residential and commercial property units with reference to prevailing market rates for the three years ending December 31, 2027;
- (3) the estimated Pre-determined Minimum Sale Price and the estimated prevailing market prices of the aggregate carpark spaces expected to be sold under the Property Agency Services during each of the three years ending December 31, 2027 with reference to the size, location, market conditions and positioning of such carpark space; and
- (4) the estimated annual business volume of Property Agency Services with respect to unsold new residential properties under the Property Agency Services for the three years ending December 31, 2027 with reference to (i) the Group’s business plan of agency services with respect to unsold new residential properties for the three years ending December 31, 2027. As part of the businesses of the Group, the Company intends to maintain a stable transaction amount of the agency services with respect to unsold new residential properties, with a slight decrease as compared to the transaction amount under the Existing Property Agency Services Framework Agreement in light of the overall downside of the real estate market in the PRC; and (ii) the policies adopted from time to time to support the improvement and development of the real estate industry in China and are expected to support the business volume of the Property Agency Services the Group. The real estate development industry in China suffered significant downturn in past few years,

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however, the PRC central government and local governments have issued policies to promote the stable and healthy development of the real estate market in 2024, which include cancellation of restrictions on purchase and sales, cancellation of restrictions on price, reduction on the interest rates on housing provident fund loans and the percentage of down payment, etc. Although the industry is not yet fully recovered, the market has shown positive signals since the end of September 2024 as driven by such policies. Such signals are potential indications of the recovery of the business of the PRC real estate markets as well as the expected generally stable transaction volume of the Property Agency Services of the Group.

Taking into account (i) the Group's development plan of its agency services with respect to unsold new residential properties (as disclosed above) under the Property Agency Services, and (ii) the estimated business volume of its agency services in relation to unsold new residential properties under the Property Agency Services in the future, the proposed annual caps of the service fees under the Property Agency Services are expected to be lower than the historical amounts for the two years ended December 31, 2023 and the expected amount to be incurred for the year ending December 31, 2024 with reference to the historical amount for the nine months ended September 30, 2024.

The above proposed annual caps for the maximum daily balance of the Deposits under the New Property Agency Services Framework Agreement have been determined with reference to the following factors:

- (1) the historical transaction amounts, in particular, the decreasing trend in transaction amounts for the two years ended December 31, 2023 and the nine months ended September 30, 2024 and the balance of the Deposits as at September 30, 2024, being approximately RMB1,530.0 million as disclosed in the sub-section headed "New Property Agency Services Framework Agreement – Historical figures" above. For the avoidance of doubt, the difference between such historical amount as at September 30, 2024 and the lowest annual cap of RMB1,443 million for the year ending December 31, 2027, being RMB87 million, represents the minimum amount of Deposits to be refunded to the Group only and the actual amount of Deposits to be refunded shall be no less than RMB87 million;
- (2) the estimated business volume of agency services of the Group for the next three years. The Group has no intention to enter into new contracts with respect to carpark spaces of the China Vanke Group, and the Group intends to maintain the current scale of its existing carpark space portfolio and the maximum daily balance of the Deposits in the near future. Therefore, along with the sale of carpark spaces under the existing carpark space portfolio, the annual caps for the maximum daily balance of the Deposits reflect a slight decrease in the next three years ending 2027.

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Reasons for and benefits of the transactions

Given the considerable market share and reputation of members of the China Vanke Group and their respective associates in the real estate development industry in the PRC and our long-term relationship with the China Vanke Group, the Group's cooperation with members of the China Vanke Group and their respective associates by entering into the New Property Agency Services Framework Agreement could reduce the Group's sale costs of the Property Agency Services and also enable the Group to ensure a stable source of income in the future.

The payment of the Deposits enables the Group to obtain the exclusive right to provide the Property Agency Services in respect of the carpark space developed or to be developed by members of the China Vanke Group and their respective associates, and such Deposits are of a refundable nature. As disclosed in the subsection headed "New Property Agency Services Framework Agreement – Deposits" above, the Group shall pay refundable Deposits to the China Vanke Group in an amount ranging from 40% to 100% of the Pre-determined Minimum Sale Prices for sale of the relevant carpark spaces. The deposit rates were determined mainly based on the location and marketability of the carpark spaces under the New Property Agency Services Framework Agreement. The marketability is mainly determined with reference to the historical transactions of carpark spaces in the same or nearby area, and taking into account the specific locations of the carpark spaces. In addition, the Company also reviewed announcements and/or circulars of other comparable companies, being Hong Kong listed companies that are principally engaged in provision of property management services and also enter into transactions with their connected persons with deposit arrangements similar to the transactions as contemplated under the New Property Agency Framework Agreement. The Company noted that their deposit rate, which is the percentage of the base price/minimum price of the relevant carpark space, ranges from up to 50% to up to 100%. Therefore, the Board is of the view that the deposit rate in respect of the carpark spaces under the New Property Agency Services Framework Agreement falls within such range, and is in line with the market practice and on normal commercial terms. Further, the Deposits are interest-free and unsecured. Having considered that (i) the main purpose for the payment of the Deposits is to obtain the exclusive sales rights for carpark spaces and thereby receive the service fees with respect to the carpark spaces; and (ii) such practice is not uncommon in the property service industry (after the review of the announcements and/or circulars on the aforementioned comparable transactions of comparable companies, the details of which are disclosed under the sub-section headed "New Property Services Framework Agreement – Reasons for and Benefits of the transactions"), the Board is of the view that such Deposit arrangement is fair and reasonable.

In order to assess the fairness and reasonableness of the principal terms of the Property Agency Services in relation to the Deposits, the Group has conducted comparison research on market precedents. Criteria on identifying and selecting relevant market precedents include, among others, (i) listed companies on the Main Board of the Stock Exchange with a market capitalisation over HK\$1,000 million (which is generally comparable to the market capitalization of the Company as at December 2, 2024); (ii) companies incorporated and with principal business operated in the PRC; and (iii) companies engaged in similar property agency

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services with connected person (as defined under the Hong Kong Listing Rules) in respect of carpark spaces in the PRC from April 1, 2023 to November 30, 2024 (representing a review period of approximately most recent 20 months) (collectively, the “**Selection Criteria**”), reflecting comparable and similar transactions conducted by property management companies listed on the Main Board of the Stock Exchange on a non-exhaustive basis as set out below (the “**Market Precedents**”), which are considered as appropriate and representative for assessing whether the Deposits arrangement is in line with market practice for reference purpose.

Based on the Selection Criteria and the review on the announcements and/or circulars of the relevant comparable listed companies as published on the website of the Stock Exchange, the Board is of the view that the Deposits arrangement are comparable to the similar transactions offered by the Market Precedents and is generally in line with market practice in terms of interest rate, deposit rate, security and refund mechanism.

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Transaction date	Company name	Stock code	Counterparty	Duration	Base or sale price of the car parking spaces/storage spaces	Interest rate	Deposit rate	Refund mechanism	Secured by Collateral (Yes/No)
July 20, 2023	Shimao Services Holdings Limited	873	Connected person and its subsidiaries which principally engaged in the development and investment of residential and commercial properties, property management, commercial properties operation and hotel operation in the PRC.	From January 1, 2023 to December 31, 2025	Minimum acceptable sale price	Nil	Generally 5%-35% of the value of the parking spaces	Periodical refund/set-off, and refund remaining balance upon contract expiry	N/A
October 26, 2023	Jinmao Property Services Co., Limited	816	Connected person which is a developer and operator of real estate projects in the PRC.	From January 1, 2024 to December 31, 2026	Pre-determined minimum sales price	Nil	Up to 100% of minimum sales prices of the car park spaces	Refund corresponding amount upon contract completion/expiry/termination	N/A
November 3, 2023	Poly Property Services Co., Ltd.	6049	Connected person which engaged in real estate investment and development.	From January 1, 2024 to December 31, 2026	Base price to be charged for the sales or leasing price (not more than 80% of the agency price for sales or leasing)	N/A	Not exceeding 50% of the sum of the base price	Periodical refund, and refund remaining balance upon contract completion/expiry/termination	No

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Transaction date	Company name	Stock code	Counterparty	Duration	Base or sale price of the car parking spaces/storage spaces	Interest rate	Deposit rate	Refund mechanism	Secured by Collateral (Yes/No)
October 29, 2024	Ever Sunshine Services Group Limited	1995	Connected persons which have invested in the business of property development, property investment, operation of service apartment and educational consultation.	From January 1, 2025 to December 31, 2027	Pre-determined sale price	Nil	Up to 100% of the base price (on an instalment basis)	Periodical refund, and refund remaining balance upon contract completion/expiry/termination	No
October 30, 2024	S-Enjoy Service Group Co., Limited	1755	Connected person and its associated companies, the principal business activities of which are property development and property investment in the PRC.	From January 1, 2025 to December 31, 2027	Pre-determined acceptable lowest sales price	Nil	100% of the base price	Refund corresponding amount upon contract completion/expiry/termination	No

* N/A represents relevant information was not disclosed in the announcements and/or circulars published on the website of the Stock Exchange

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Under the Existing Property Agency Services Framework Agreement, the maximum daily balance of the Deposits has continuously decreased year by year, and the Company does not intend to enter into new definitive agreements in respect of agency services for carpark spaces. The maximum daily balance of the Deposits of RMB1,503 million for the year ending December 31, 2025, being the highest annual cap for the maximum daily balance of the Deposits for the three years ending December 31, 2027, represents approximately 12% of the cash and cash equivalents of the Group as at June 30, 2024. Such amount is generally at the same level as the balance of the Deposits of approximately RMB1,530.0 million as at September 30, 2024, which was accumulated based on the Group's historical payment to the China Vanke Group. The Group has no intention to take up new carpark spaces for the Property Agency Services by the Group, and intends to maintain the current scale of its existing carpark space portfolio and the maximum daily balance of the Deposits in the near future. As (i) the cash paid by the Group to the China Vanke Group as Deposits was historical amount already paid for the unsold carpark spaces which the Group have obtained exclusive sales rights, and (ii) having considered the benefits of entering into the New Property Agency Services Agreement including expected sale of carpark spaces which the Group have obtained exclusive sales rights during next three years ending December 31, 2027 (as further disclosed under the section headed "(iii) New Property Agency Services Framework Agreement – Reasons for and benefits of the transactions)", such cash payment was the historical payment already paid as the deposits under the Existing Property Agency Services Agreement and there are no other available alternative uses. Also, the Group continuously conducts effective management under centralized capital management to sustain appropriate and sufficient levels of cash and bank balances, and the payment of the Deposits has no significant adverse impact on the cash flow of the Group and the normal operation of the Group. Therefore, the Board is of the view the payment of the Deposits has no material impact to the Company's working capital and operation, and is beneficial to the Company.

For illustration purpose, based on the historical amounts of the service fees charged by the Group under the Existing Property Agency Services Framework Agreement (as at September 30, 2024), our service fees under the Property Agency Services in respect of carpark space generally represented a range of approximately 5% to 50% of the actual sale price of the relevant sold carpark space, and such percentages vary due to factors such as location, sale cycle and market seasonality of relevant carpark space, and ancillary services provided to the ultimate purchasers of relevant carpark space under the Existing Property Agency Services Framework Agreement. First, the rate of service fees of 5% to 50% under the Existing Property Agency Services Framework Agreement, being the service fees (the difference of the actual sale price minus the Pre-determined Minimum is generally higher than the standard rate or services fees of 4% to 5% for provision of same or similar services by the Group to independent third parties. Further, as the real estate market in the PRC has recently showed positive signals of recovery and with the supportive policies as adopted by the PRC government, it is expected that the PRC real estate market may gradually recover and provision of agency services under the existing scale could generate sustainable revenue for the Group in the long term. Therefore, the Company is of the view that the Deposits arrangement is beneficial to the Group.

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As the term of the New Property Agency Services Framework Agreement is three years ending December 31, 2027, although there is no agreed maximum duration of the Deposits placed to the China Vanke Group under the definitive agreement(s) (which shall be determined based on the length of the service period and sale of carpark spaces), such duration is still subject to the principles and terms of the New Property Agency Services Agreement and therefore, shall not exceed three years. As such, the Board is of the view that such arrangement is fair and reasonable, in the interest of the Company and its Shareholders as a whole and in line with the market practice.

As to trade and retention receivables that arose from the Non-exempt Continuing Connected Transactions as at June 30, 2024, 46.5% remained unsettled and became overdue; approximately 45.9% had been subsequently settled as at November 30, 2024. As at the Latest Practicable Date, save for the general impairment loss based on the expected credit loss model under the Company's accounting policies, the Group were not aware of any specific impairment indicator of the trade and retention receivables and Deposits arising from the Non-exempt Continuing Connected Transactions. For illustration purpose only, based on historical repayment records, over 95% of all the receivables due from the China Vanke Group were recovered within one year. Despite of the overdue receivables as illustrated above, taking into account (i) the provision of Property Services, Value-added Services and Property Agency Services are part of the Group's daily businesses; and (ii) the Group has a well-established and ongoing business relationship with the China Vanke Group since the Group's establishment, the renewal of such Non-exempt Continuing Connected Transactions will avoid disruption to the Group's normal and daily operation and the Group will also benefit from the potential recovery of the business in the PRC real estate markets in the long term. The Group has been putting efforts in recovering the overdue receivables by way of different means (for example, the Group and the China Vanke Group have been discussing the alternative settlement arrangements, including offsetting the due and receivables by assets as disclosed in the Company's announcement dated November 1, 2024) to reduce the overall credit risks, and the remaining balances are expected to be mostly settled by the first half of 2025. In respect of future receivables that may arise from the Non-exempt Continuing Connected Transactions, the Group will actively and closely monitor and assess the risks of collecting outstanding receivables. For further details, please refer to the section headed "Internal Control Measures".

China Vanke has confirmed to the Group that as at the Latest Practicable Date, China Vanke Group was not aware of any material default on its borrowings. Based on the below as noted from the public announcements including the consolidated statements of profit or loss and cash flows of the China Vanke Group for the two years ended December 31, 2022 and 2023 and for the nine months ended September 30, 2023 and 2024 (as extracted and summarised from its 2023 annual report and 2024 third quarterly report), the Group is of the view that as at the Latest Practicable Date, the China Vanke Group will be able to settle the receivables and refund the Deposits arising from the Non-exempt Continuing Connected Transactions to the Group:

- *Debt structure of China Vanke Group.* As of September 30, 2024, China Vanke Group completed the repayment of RMB19.7 billion of public debts, with no onshore or offshore public bonds due within 2024. As of September 30, 2024, China Vanke Group's gearing ratio, calculated as net debt divided by total equity, was

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approximately 66.2%. As of the same date, its asset-liability ratio (excluding receipts in advance) was 65.4%, representing a decrease of 0.1% from the beginning of the year. This demonstrates the continuous optimization of the debt structure of China Vanke Group. As of the Latest Practicable Date, the Directors did not note any material adverse credit events and/or defaults in relation to the China Vanke Group.

- *Cash position and financing ability.* As of September 30, 2024, China Vanke Group had cash on hand amounting to RMB79.75 billion, which provides liquidity for payment to the Group. During the third quarter, it achieved net operating cash flow of RMB330 million, which had remained positive since the second quarter of 2024. As shown in the consolidated statements of China Vanke Group for the nine months ended September 30, 2024, the Group raised and refinanced a total of RMB77.4 billion, with the composite cost of new financing of 3.58%. Operational property loans totaled RMB26.2 billion, including new loans of RMB18.7 billion within the scope of the consolidated statements.
- *Improving business performance.* For the nine months ended September 30, 2024, the sales amount of China Vanke Group's development business remained among the top in the industry, with the full-scale revenue of its operating service business being RMB43.08 billion, representing a year-on-year increase of 6.3%.
- *Effort in repaying public debts.* According to its 2024 third quarterly report, China Vanke Group had taken various measures to promote sales payment collection to ensure the smooth repayment of public debts, including: (1) maintaining active sales, achieving sales amount of RMB181.20 billion, with a sales payment collection rate of over 100%; (2) revitalizing existing resources, with a cumulative revitalization and replacement of 36 new projects since 2023, with a total of RMB47.4 billion optimized and added in production capacity; (3) promoting bulk asset transactions, achieving a total signing amount of RMB23.26 billion for the nine months ended September 30, 2024 (including SCPG Holdings Co., Ltd.'s asset transaction and the issuance of real estate investment trust) and covering 41 projects including offices, commercial units, hotels and apartments in 17 cities across the country; and (4) expanding asset exit channels (for example, partnering with CITIC Securities Investment Co., Ltd. and Taikang Life Insurance Co., Ltd. to jointly establish the CITIC-Vanke Consumer Infrastructure Pre-REIT Fund, and signing projects such as Shenzhen Longgang Vanke Plaza and Beijing Jiugong Vanke Plaza).

Further, the alternative settlement of the outstanding Deposits (i.e. by transfer of the use rights and income rights of the relevant carpark spaces) is an additional method for the Group to collect the outstanding Deposits from the China Vanke Group, which allows the Group to have greater flexibility in recovering such receivables from the China Vanke Group. The Company will comply with all applicable requirements under Chapter 14 and 14A of the Listing Rules (including circular and independent shareholders' approval) as and when required.

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Despite of the overdue receivables as illustrated above, having considered the factors and measures above, (i) the Board is of the view that the deposit arrangement and the terms of the Deposits are fair and reasonable and in the interest of the Company and its Shareholders as a whole, which are also in line with the market practice and on normal commercial terms; and (ii) the Board is not aware of any factors that will have material adverse impact on the recoverability of the outstanding Deposits.

Implications under the Listing Rules

As of the Latest Practicable Date, China Vanke is interested in 660,602,000 Shares (representing 56.84% of the issued share capital of the Company (excluding 5,810,200 Shares held by the Company as treasury Shares and 3,512,200 Shares repurchased but not yet cancelled)) and a controlling Shareholder. Therefore, China Vanke is a connected person of the Company and the Non-exempt Continuing Connected Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Proposed Annual Caps exceeds 5%, the New Property Services Framework Agreement, the New Value-added Services Framework Agreement and the New Property Agency Services Framework Agreement is subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Each of Mr. Wang Wenjin, Mr. Zhang Xu and Mr. Sun Jia (each of whom is a non-executive Director) holds positions in China Vanke Group. As such, Mr. Wang Wenjin, Mr. Zhang Xu and Mr. Sun Jia were deemed to have a material interest in, and have abstained from voting on, the resolutions passed by the Board to approve the Non-Exempt Continuing Connected Transactions and the Proposed Annual Caps. Save as disclosed above, none of the Directors has any material interest in, or is required to abstain from voting on the resolutions passed by the Board to approve the Non-exempt Continuing Connected Transactions and the Proposed Annual Caps.

Internal control measures

In order to further safeguard the interests of the Shareholders as a whole (including the minority Shareholders) and that the transactions contemplated under the New Property Services Framework Agreement, the New Value-added Services Framework Agreement and the New Property Agency Services Framework Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Group has implemented the following internal control measures in relation to the continuing connected transactions:

- (1) the Group has approved internal guidelines which provide that the business partner, being the representative of the business department of the Company shall report the proposed transactions to the head of the planning and development department and financial department of the Company to commence the necessary additional assessment and approval procedures and ensure that the Group will comply with the applicable requirements under Chapter 14A of the Listing Rules;

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- (2) the Group and the China Vanke Group will review and inspect the progress (including the transaction amount and the outstanding Deposits amount) of the continuing connected transactions on a quarterly basis. In particular, in respect of the Deposits under the New Property Agency Services Framework Agreement, the Company will closely observe the performance of the repayment of the Deposits under the definitive agreements. If both parties perform their duties pursuant to the terms of the agreements, the Deposits shall be refunded in accordance within one month after completion of the sale of carpark spaces pursuant to the terms of the New Property Agency Services Framework Agreement. If there is breach of the definitive agreements, the refund period of the Deposits may be adjusted according to the actual situation by both parties, and may agree on the settlement arrangement in lieu of the cash payment pursuant to the New Property Agency Services Framework Agreement;
- (3) the business department of the Company will consider and approve each of the definitive agreements to be signed, with reference to the specific conditions of the relevant project (i.e. size, location, potential return, etc.) and ensure such agreements comply with the pricing policies of the relevant continuing connected transactions framework agreement(s) and the prices under the definitive agreements are no less favourable to the Group than those offered to independent third parties. The business department of the Company will also closely monitor the implementation of the definitive agreements;
- (4) The Group will pay close attention to the business and financial conditions of the members of the China Vanke Group, assess the risks of collecting outstanding receivables (including the outstanding Deposits to be refunded to the Group) from the China Vanke Group under the relevant continuing connected transactions agreements on a monthly basis, and promptly follow up with the China Vanke Group in respect of the payment of the outstanding receivables and take legal actions as and when the Group considers necessary. If the Company is of the view that there are serious credit risks in transactions with member(s) of the China Vanke Group, the Group may suspend (as the Company considers appropriate) or terminate such continuing connected transactions pursuant to the terms of the relevant agreements where the Group cannot timely collect the receivables from the China Vanke Group;
- (5) the Group's business department will re-evaluate the transactions in respect of provision of Property Agency Services for carpark spaces, with reference to the overall average selling and leasing price of the project and the market conditions of the surrounding area of the carpark spaces in June and December each year, taking into account the specific project scale, project location, the difference between the Pre-determined Minimum Price over the estimated actual sales price and potential returns, to ensure that the final actual sales price of the carpark space under each definitive agreement is not lower than the Pre-determined Minimum Sales Price. In the event that the expected sales price is lower than the Pre-determined Minimum Sales Price or the Group identifies the actual sale price of carpark spaces under the

LETTER FROM THE BOARD

existing portfolio could be potentially lower than the Pre-determined Minimum Sale Price during the aforementioned regular re-evaluation, the Group will negotiate with the China Vanke Group in a timely manner to adjust Pre-determined Minimum Sales Price, with reference to factors including the market value of the carpark space and market conditions at that time. If both parties could not agree on the adjustment to the Pre-determined Minimum Sales Price, the Group will terminate the relevant definitive agreement and request the members of the China Vanke Group to return the Deposits in respect of the car parking space under that definitive agreement;

- (6) in the event that the China Vanke Group fails to timely pay any outstanding receivables under the continuing connected transactions, the Group, upon negotiation with the China Vanke Group, may also consider to accept certain assets of the China Vanke Group (including but not limited to office buildings, shops, commercial housing, carpark spaces and other tangible assets or the income rights and use rights of such tangible assets) in lieu of cash payment or may request the China Vanke Group to pay default interest (資金使用費). For illustration purpose only, in the event that the Group requests the China Vanke Group to pay default interest, the Company and China Vanke will enter into a separate agreement in respect of the payment of the default interest on normal commercial terms. If the Group and the China Vanke Group agree on such settlement arrangement, the Group and the China Vanke Group will enter into separate transfer agreement(s) and the Company will comply with all the applicable requirements under Chapter 14 and 14A of the Listing Rules (including circular and independent shareholders' approval); and
- (7) the Company will provide information and supporting documents to the independent non-executive Directors and the auditors for them to conduct an annual review of the continuing connected transactions entered into by the Company. In accordance with the requirements under the Listing Rules, the independent non-executive Directors will provide an annual confirmation to the Board as to whether the continuing connected transactions have been entered into in the ordinary and usual course of business of the Group, are on normal commercial terms and are in accordance with the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and the auditors will provide an annual confirmation to the Board as to whether anything has come to their attention that causes them to believe that the continuing connected transactions have not been approved by the Board, are not in accordance with the pricing policies of the Group in all material respects, are not entered into in accordance with the relevant agreements governing the transactions in all material respects or have exceeded the cap.

LETTER FROM THE BOARD

Information on the parties

The Group

The Company, a joint stock company incorporated under the laws of the PRC with limited liability and the H shares of which are listed on the Main Board of the Hong Kong Stock Exchange, is a leading omni-space service provider in the PRC, with a well-established business system across community, commercial and urban spaces. It provides space technology services for a diverse array of properties such as residential communities, workspaces and public premises, and a broad customer base covering property owners, corporate and other institutional clients.

The Group is principally engaged in the provision of property services in the PRC.

China Vanke

China Vanke is a joint stock limited company incorporated in the PRC, the H shares and A shares of which are listed on the Hong Kong Stock Exchange (stock code: 2202) and Shenzhen Stock Exchange (stock code: 000002), respectively, and a controlling Shareholder of the Company. China Vanke is principally engaged in property development and property investment in the PRC.

As of the Latest Practicable Date, China Vanke was owned as to approximately 27.18% by Shenzhen Metro Group Co., Ltd. (深圳市地鐵集團有限公司), which was wholly owned by Shenzhen Municipal People's Government State-owned Assets Supervision and Administration Commission.

3. EXTRAORDINARY GENERAL MEETING

The Company will convene the EGM by way of online meeting at 10 a.m. on Tuesday, December 31, 2024. The notice of the EGM is set out on pages EGM-1 to EGM-3 of this circular.

China Vanke, which is directly and indirectly interested in 660,602,000 Shares (representing 56.84% of the issued share capital of the Company (excluding 5,810,200 Shares held by the Company as treasury Shares and 3,512,200 Shares repurchased but not yet cancelled)) as at the Latest Practicable Date, will abstain from voting on the resolutions approving the Non-exempt Continuing Connected Transactions and the Proposed Annual Caps. For the avoidance of doubt and for the purpose of the Listing Rules, the Company holding 5,810,200 treasury Shares as at the Latest Practicable Date shall abstain from voting at the EGM. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, save and except China Vanke, no other Shareholder has a material interest in the Non-exempt Continuing Connected Transactions and the Proposed Annual Caps, therefore, no other Shareholder will be required to abstain from voting on the relevant resolutions at the EGM.

LETTER FROM THE BOARD

In order to determine the list of Shareholders who are entitled to attend the EGM, the register of members of the Company will be closed from Friday, December 27, 2024 to Tuesday, December 31, 2024 (both dates inclusive), during which period no transfer of Shares will be effected. For unregistered holders of Shares of the Company who intend to attend the EGM, the share certificates and the share transfer documents must be lodged with the H Share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration at or before 4:30 p.m. on Tuesday, December 24, 2024. Shareholders whose names appear on the register of members of the Company on Tuesday, December 31, 2024 shall be entitled to attend and vote at the EGM.

The proxy form for use at the EGM is enclosed with this circular, and is available on the website of the Hong Kong Stock Exchange (<https://www.hkexnews.hk>) and the website of the Company (<https://www.onewo.com>). Shareholders who intend to appoint a proxy to attend the EGM shall complete the proxy form and return it to the H Share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 24 hours before the scheduled time for holding the EGM. Completion and return of the proxy form will not preclude Shareholders from attending and voting at the EGM or any adjournment thereof if he/she so wishes at the time. The EGM will be held by way of online meeting. The Shareholders and/or their proxies will not need to attend the EGM in person, and can only attend the EGM via the Tricor e-Meeting System which enables live streaming of the EGM.

According to Rule 13.39(4) of the Listing Rules, all resolutions considered and passed as appropriate at the EGM must be conducted by polls.

4. RECOMMENDATIONS

The Directors (excluding all the independent non-executive Directors who will give their opinion based on the recommendations from the Independent Financial Adviser pursuant to the Listing Rules) have confirmed that the terms of each of the New Value-added Services Framework Agreement, the New Property Agency Services Framework Agreement and the New Property Services Framework Agreement, the continuing connected transactions contemplated thereunder and the Proposed Annual Caps are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Company, and are in the interests of the Company and the Shareholders as a whole.

Your attention is drawn to the letter from the Independent Board Committee set out on page 35 of this circular. An Independent Board Committee has been formed to advise the Independent Shareholders in connection with the Non-exempt Continuing Connected Transactions and the Proposed Annual Caps. The Independent Board Committee considers that the Non-exempt Continuing Connected Transactions and Proposed Annual Caps are (i) entered into in the ordinary and usual course of business of the Group, (ii) on normal commercial terms and are fair and reasonable, and (iii) in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends that the Independent Shareholders vote in favour of the relevant resolutions in the EGM held to consider and if thought fit, to approve, among others, the Non-exempt Continuing Connected Transactions and the Proposed Annual Caps.

LETTER FROM THE BOARD

5. 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 facts the omission of which would make any statement herein or this circular misleading.

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

Yours faithfully,
By order of the Board

Onewo Inc.

Zhu Baoquan

Chairman, executive Director and general manager

December 13, 2024

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Onewo Inc.

萬物雲空間科技服務股份有限公司

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

(Stock Code: 2602)

December 13, 2024

To the Independent Shareholders:

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company to its shareholders dated December 13, 2024 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as given to them in the section headed “Definitions” of the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders in respect of the Non-exempt Continuing Connected Transactions and the Proposed Annual Caps, details of which are set out in the “Letter from the Board” in the Circular. Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to (i) the “Letter from the Board” set out on pages 6 to 34 of the Circular, (ii) the “Letter from Somerley” set out on pages 36 to 72 of the Circular, and (iii) the additional information set out in Appendix I to the Circular.

Having taken into account, among other things, the principal factors and reasons considered by, and the advice of, the Independent Financial Adviser, we concur with the view of the Independent Financial Adviser and consider that: the New Value-added Services Framework Agreement, the New Property Agency Services Framework Agreement and the New Property Services Framework Agreement (including the Proposed Annual Caps) and the continuing connected transactions contemplated thereunder are (i) entered into in the ordinary and usual course of business of the Group, (ii) on normal commercial terms and are fair and reasonable, and (iii) in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the New Value-added Services Framework Agreement, the New Property Agency Services Framework Agreement and the New Property Services Framework Agreement and the Proposed Annual Caps.

Yours faithfully,

The Independent Board Committee of Onewo Inc.

Law Elizabeth Chen Yuyu Shen Haipeng Song Yunfeng
Independent non-executive Directors

LETTER FROM SOMERLEY

The following is the text of the letter of advice from Somerley to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



SOMERLEY CAPITAL LIMITED

20th Floor
China Building
29 Queen's Road Central
Hong Kong

December 13, 2024

*To: the Independent Board Committee and
the Independent Shareholders*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in relation to the provision of (i) property services, including the proposed annual caps for the three years ending December 31, 2027 (the “**Property Services Caps**”), pursuant to the New Property Services Framework Agreement, (ii) value-added services, including the proposed annual caps for the three years ending December 31, 2027 (the “**Value-added Services Caps**”), pursuant to the New Value-added Services Framework Agreement, and (iii) property agency services, including the proposed annual caps for the three years ending December 31, 2027 (the “**Property Agency Services Caps**”), pursuant to the New Property Agency Services Framework Agreement, by the Group to members of the China Vanke Group and their respective associates (the “**China Vanke Entities**”), for which the Independent Shareholders’ approval is being sought. Details of the Non-exempt Continuing Connected Transactions are contained in the circular of the Company to the Shareholders dated December 13, 2024 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in the Circular.

As at the Latest Practicable Date, China Vanke is the controlling Shareholder, holding approximately 56.84% of the issued share capital of the Company (excluding Shares held by the Company as treasury Shares and Shares repurchased but not yet cancelled). Accordingly, the China Vanke Entities are connected persons of the Company and the Non-exempt Continuing Connected Transactions constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

LETTER FROM SOMERLEY

As the highest applicable percentage ratio in respect of the respective Proposed Annual Caps exceeds 5%, the New Property Services Framework Agreement, the New Value-added Services Framework Agreement and the New Property Agency Services Framework Agreement (together, the “**New CCT Agreements**”) are therefore subject to the reporting, announcement, annual review and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

In view of China Vanke’s interests in the New CCT Agreements, China Vanke and its associates are required under the Listing Rules to abstain from voting on the relevant resolutions to approve the New CCT Agreements and the Proposed Annual Caps for the three years ending December 31, 2027 at the Extraordinary General Meeting.

The Independent Board Committee comprising all the independent non-executive Directors, namely Ms. Law Elizabeth, Mr. Chen Yuyu, Mr. Shen Haipeng and Mr. Song Yunfeng, has been established to advise the Independent Shareholders as to whether the New CCT Agreements and the transactions contemplated thereunder (including the Proposed Annual Caps) are entered into in the ordinary and usual course of business of the Group, on normal commercial term, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole. We, Somerley, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

During the past two years, there was no engagement between the Company and Somerley Capital Limited. As at the Latest Practicable Date, there were no relationships or interests between (a) Somerley and (b) the Group, the China Vanke Group and their respective subsidiaries and associates that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser.

In formulating our opinion and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Group and have assumed that such information, facts and opinions were true, accurate and complete in all material aspects and will remain so up to the time of the Extraordinary General Meeting. We have reviewed, among others, (i) the New CCT Agreements, (ii) the annual report of the Company for the year ended December 31, 2023, (iii) the interim report of the Company for the six months ended June 30, 2024, and (iv) other relevant information contained in the Circular. We have also sought and received confirmation from the Directors that all material relevant information has been supplied to us and no material facts have been omitted from the information supplied and opinions expressed to us. We have no reason to believe that any material information has been omitted or withheld from us, or to doubt the truth, accuracy or completeness of the information provided. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view. We have, however, not conducted any independent investigation into the business, affairs and financial position of the Group, the China Vanke Group and their respective subsidiaries or associates, nor have we carried out any independent verification of the information supplied.

LETTER FROM SOMERLEY

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation with regard to the Non-exempt Continuing Connected Transactions (including the Proposed Annual Caps), we have taken into account the principal factors and reasons set out below:

1. Information on the Parties

The Group

The Group is principally engaged in the provision of (i) community space living consumption services, which comprised of (a) residential property services, primarily include cleaning services, security services, gardening services and repair and maintenance services; (b) home-related asset services; and (c) other community value-added services, (ii) commercial and urban space integrated services, mainly comprise (a) property and facility management services; (b) value-added services for developers; and (c) urban space integrated services, and (iii) the artificial intelligence of things, the smart property solutions, and business process as a service solution services, the remote operation services, in the PRC.

Revenues of the Group continued to increase in recent years. The Group recorded total revenues of approximately RMB33.2 billion in 2023, with the residential property services (under the community space living consumption services segment) and property and facility management services (under the commercial and urban space integrated services segment) contributing approximately 51.2% and 25.0% of the total revenues. Total revenues of the Group were approximately RMB17.6 billion in the first half of 2024, representing an increase of approximately 9.6% compared to the same period last year. For the year 2023 and the first half of 2024, the Group recorded profits attributable to shareholders of the Company of approximately RMB2.0 billion and RMB0.8 billion respectively.

As at June 30, 2024, total assets of the Group amounted to approximately RMB38.6 billion, and equity attributable to shareholders of the Company amounted to approximately RMB17.3 billion.

China Vanke

China Vanke is a joint stock limited company incorporated in the PRC, and the H shares and A shares of which are listed on the Hong Kong Stock Exchange (stock code: 2202) and Shenzhen Stock Exchange (stock code: 000002) respectively. The H shares and A shares of China Vanke had an aggregate market capitalisation of approximately HK\$105.0 billion based on the respective closing prices on the Latest Practicable Date. China Vanke was ranked 173rd in “Fortune Global 500” for the year 2023.

LETTER FROM SOMERLEY

China Vanke is principally engaged in property development and property investment in the PRC. In 2023 and the first ten months of 2024, China Vanke achieved (i) accumulated contract sales area of approximately 24.7 million sq.m. and 14.7 million sq.m., and (ii) contract sales amount of approximately RMB376.1 billion and RMB202.6 billion, respectively. As at the Latest Practicable Date, China Vanke was approximately 27.18% owned by Shenzhen Metro Group Co., Ltd. (深圳市地鐵集團有限公司), which in turn was wholly-owned by Shenzhen Municipal People's Government State-owned Assets Supervision and Administration Commission.

For further information on China Vanke, please refer to the section below headed "3. Financial and other information on China Vanke".

2. Background to and Reasons for the Non-exempt Continuing Connected Transactions

The Company was spun off from the China Vanke Group in September 2022 through the listing of the Shares on the Hong Kong Stock Exchange, with a market capitalisation of approximately HK\$24.5 billion as at the Latest Practicable Date. The China Vanke Group, remaining as the controlling Shareholder, held approximately 56.84% of the issued Shares (excluding Shares held by the Company as treasury Shares and Shares repurchased but not yet cancelled) as at the Latest Practicable Date.

In recent years, the Group continued to expand its network of Onewo Town. In the first half of 2024, the number of the Group's Onewo Towns increased to 642; and the number of new residential property projects obtained during the period amounted to 221 in total. In addition, the Group has been promoting more technology products to help the continuous improvement of space efficiency, which can help improve business management efficiency when delivering on-site services.

In respect of the cooperation with the China Vanke Entities, revenues of the residential property services and property and facility management services relating to the China Vanke Group and its joint ventures and associates amounted to approximately RMB5.0 billion and RMB0.7 billion respectively in the first half of 2024, accounting for approximately 53.4% of revenues generated from the residential property services (under the community space living consumption services segment) and approximately 14.8% of revenues generated from the property and facility management services (under the commercial and urban space integrated services segment) respectively. The above revenues were generated from 1,628 residential property projects and 325 property and facility service management projects under management by the Group for the China Vanke Group and its joint ventures and associates as at June 30, 2024. The above suggests that despite the customer diversification strategy adopted by the Company, it has maintained close cooperation with the China Vanke Entities, which has contributed a substantial portion of the Group's revenues. In particular, income relating to the China Vanke Entities under the Existing Property Services Framework Agreement amounted to approximately RMB1.1 billion in 2023.

LETTER FROM SOMERLEY

In addition to the above, the Group has been providing value-added services to the properties of the China Vanke Entities (for example, sales center and model room management, pre-delivery support and building maintenance services), and has been sourcing potential buyers for the residential, commercial, carpark spaces and other properties of the China Vanke Entities. The above services generated an aggregate of approximately RMB2.7 billion of income to the Group in 2023 under the Existing Value-added Services Framework Agreement and the Existing Property Agency Services Framework Agreement.

Given the above historical relationship between the Group and the China Vanke Entities, and the China Vanke Entities' leading position and considerable market share in the real estate development industry in the PRC, the Group believes that the entering into of the New CCT Agreements enables the Group to maintain a strategic cooperation relationship with the China Vanke Entities, ensure a stable source of income, and improve the Group's competitiveness in providing consistent and high-quality value-added services to other customers.

The real estate development industry in China suffered significant downturn in past few years. The financial performance of the China Vanke Group, a major player in China's property market, is inevitably impacted with decrease in revenue since 2023, and recording of net loss and net cash used in operating activities for the first nine months in 2024. Despite the adverse industry environment, it was disclosed in its 2024 third quarterly report that, among others, the China Vanke Group (i) took various measures to ensure the smooth repayment of public debt, including but not limited to maintaining active sales and sales payment collection, and realisation of office and other commercial properties, and (ii) raised and refinanced a total of RMB77.4 billion of indebtedness. As advised by the management of the Group, China Vanke has confirmed to the Group that as at the Latest Practicable Date, the China Vanke Group was not aware of any material adverse credit events and/or defaults on its borrowings, and that the Group is of the view that as at the Latest Practicable Date, the China Vanke Group will be able to settle the receivables and refund the deposits arising from the Non-exempt Continuing Connected Transactions to the Group.

The current continuing connected transactions between the parties are governed by (i) the Existing Property Services Framework Agreement, (ii) the Existing Value-added Services Framework Agreement, and (iii) the Existing Property Agency Services Framework Agreement, all of which will expire on December 31, 2024. The Company and China Vanke entered into the New CCT Agreements on December 12, 2024 to continue and govern the abovementioned Non-exempt Continuing Connected Transactions from 2025 to 2027. The Non-exempt Continuing Connected Transactions may allow the China Vanke Entities and the Group to continue their ongoing collaboration, and enable the Group to continue generating an important source of revenue from the China Vanke Entities.

LETTER FROM SOMERLEY

3. Financial and other information on China Vanke

Financial performance

The following table set out a summary of consolidated statements of profit or loss and cash flows of the China Vanke Group for the two years ended December 31, 2022 and 2023, and for the nine months ended September 30, 2023 and 2024, as extracted and summarised from its 2023 annual report and 2024 third quarterly report, which have been prepared in accordance with the International Financial Reporting Standards. Please note that the financial information of the Group, a member of China Vanke, is included in the financial information of the China Vanke Group as disclosed below.

	For the nine months ended		For the year ended	
	September 30,		December 31,	
	2024	2023	2023	2022
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>
<i>Profit or loss</i>				
Revenue	219,895	290,308	465,739	503,838
Gross profit	18,962	51,021	67,448	98,054
(Loss)/profit for the year/period	(16,398)	21,027	20,456	37,613
(Loss)/profit for the year/period attributable to equity shareholders of China Vanke	(17,943)	13,621	12,163	22,689
<i>Cash flows</i>				
Cash generated from operations	4,368	27,613	33,713	40,090
Net cash (used in)/generated from operating activities	(4,848)	235	3,912	2,750

Revenue of the China Vanke Group, mainly derived from its real estate development and related assets operation businesses in the PRC, showed a downward trend during the periods under review. In 2023 and the first nine months of 2024, revenues of the China Vanke Group were approximately RMB465.7 billion and RMB219.9 billion. Profit attributable to its shareholders was approximately RMB12.2 billion in 2023, but turned into an attributable loss of approximately RMB17.9 billion in the first nine months of 2024. The decreases in revenue and profitability of the China Vanke Group were mainly due to the decrease in the settlement scale and gross margin of its real estate development business and the provision for impairment on certain development projects, given the challenges faced by the PRC real estate development industry.

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In terms of cash flows, the China Vanke Group has been generating positive cash flow from operations as shown above. Despite the negative net operating cash flows of approximately RMB4.8 billion in the first nine months of 2024, the China Vanke Group recorded positive net operating cash flows in the two recent quarters of 2024, according to its 2024 third quarterly report.

Financial position

The following table set out a summary of the consolidated financial position of the China Vanke Group as at December 31, 2023 and September 30, 2024, as extracted and summarised from its 2023 annual report and 2024 third quarterly report, which have been prepared in accordance with the International Financial Reporting Standards.

	As at September 30, 2024	As at December 31, 2023
	<i>RMB million (unaudited)</i>	<i>RMB million (audited)</i>
Inventories and other contract costs	584,439	706,999
Trade and other receivables	338,419	329,777
Investment properties	122,417	128,216
Interests in associates and joint ventures	123,519	130,563
Cash and bank balances	79,745	99,814
Other assets	108,658	109,503
	<hr/>	<hr/>
Total Assets	1,357,197	1,504,872
Trade and other payables	316,986	383,118
Contract liabilities	249,710	308,638
Bank loans and borrowings from financial institutions	268,676	241,337
Bonds payables	60,493	80,329
Other liabilities	86,973	88,517
	<hr/>	<hr/>
Total Liabilities	982,838	1,101,939
Total equity	374,358	402,934
Total equity attributable to equity shareholders of China Vanke	234,120	250,785

LETTER FROM SOMERLEY

As at September 30, 2024, total assets of the China Vanke Group mainly comprised working capital items, including real estate inventories and other contract costs of approximately RMB584.4 billion and trade and other receivables of approximately RMB338.4 billion. The China Vanke Group had cash and bank balances of approximately RMB79.7 billion as at September 30, 2024, comprising cash and cash equivalents of approximately RMB77.3 billion and pledged and restricted deposits of approximately RMB2.4 billion.

As at September 30, 2024, total liabilities of the China Vanke Group mainly comprised of (i) interest-bearing liabilities of approximately RMB327.6 billion, mainly comprising bank loans and borrowings from financial institutions of approximately RMB268.7 billion and bonds payables of approximately RMB60.5 billion, with approximately 35.6% of the total due within one year, and (ii) other working capital items, including trade and other payables of approximately RMB317.0 billion and contract liabilities of approximately RMB249.7 billion.

On the same date, the China Vanke Group had net debt, calculated as total bank loans and borrowings from financial institutions and bonds payable less cash and bank balances, of approximately RMB247.9 billion, and its gearing ratio, calculated as net debt divided by the total equity, of approximately 66.2%. According to its 2024 third quarterly report, the China Vanke Group has continuously received support from financial institutions, raising and refinancing a total of approximately RMB77.4 billion during the first nine months of 2024. As of September 30, 2024, the China Vanke Group has no onshore or offshore public bonds due within the year 2024.

As at September 30, 2024, total equity attributable to equity shareholders of China Vanke stood at approximately RMB234.1 billion.

For further information, please refer to the 2023 annual report and 2024 third quarterly report of China Vanke, published on April 8, 2024 and September 20, 2024 respectively.

Our comments

The China Vanke Group is one of the leading real estate developers in the PRC. The difficult market environment of the PRC real estate development industry brought great pressure to the operations of all the industry players including the China Vanke Group, which recorded deterioration in revenue, and substantial net loss for the nine months ended September 30, 2024.

According to the Company's 2024 interim report, trade and retention receivables from the China Vanke Group and its associates and joint ventures amounted to approximately RMB3,818.2 million as at June 30, 2024, and prepayments, deposits and other receivables from the China Vanke Group and its associates and joint ventures amounted to approximately RMB1,540.1 million as at June 30, 2024, a majority of which relates to the Non-exempt Continuing Connected Transactions. Any credit risk arising from the non-recoverability of the above balances would significantly affect the financial performance and financial position of the Group.

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In this respect, we are advised by the management of the Group that out of the trade and retention receivables from the China Vanke Group and its associates and joint ventures as at June 30, 2024 that arose from the Non-exempt Continuing Connected Transactions, approximately 46.5% remained unsettled and became overdue and approximately 45.9% has been subsequently settled, as of November 30, 2024, and that the Group has been putting efforts in recovering the overdue receivables by way of different means (for example, the Group and the China Vanke Group have been discussing the alternative settlement arrangements, including offsetting the due and receivables by assets as evidenced in the Company's announcement dated November 1, 2024) to reduce the overall credit risks, and the remaining balances are expected to be mostly settled by the first half of 2025. Management of the Group also confirmed to us that as at the Latest Practicable Date, save for the general impairment loss based on the expected credit loss model under the Company's accounting policies, the Group was not aware of any specific impairment indicator of the trade and retention receivables and Deposits arising from the Non-exempt Continuing Connected Transactions, and that based on historical repayment records, over 95% of the receivables from the China Vanke Group were recovered within one year, while only approximately 51% of the receivables from other third party real estate developers in the PRC were recovered within one year.

On the other hand, we note that despite the China Vanke Group's deterioration in revenue and substantial loss recorded in the first nine months of 2024, the China Vanke Group continued to maintain normal and orderly operations, and continued to record substantial amount of contracted sales. Net operating cash flows of the China Vanke Group remained positive in 2023 and in the most recent two quarters of 2024. Financing supports have been continuously received from financial institutions in 2024, as discussed in this section earlier.

In respect of the PRC real estate market, we note that the Political Bureau of the Central Committee of the Communist Party of the PRC, being the highest political body in the nation, held a meeting in September 2024 to analyse and discuss the economic situation and make plans for future economic work, and it was stressed that efforts should be made to, among others, reverse the downturn of and stabilise the real estate market, and to provide loans for selected real estate projects. Subsequently, the central and local governments and authorities continue to roll out supportive policies and measures to promote the stable and healthy development of the PRC real estate market. For example, in October 2024, (i) restrictions on home purchases have been removed and/or relaxed across the PRC, (ii) the minimum down payment ratio for individuals' commercial housing mortgages for second-home purchases has been lowered from 25 percent to 15 percent, the same as that for first-home purchases, and (iii) the one-year and five-years loan prime rates, being benchmark rates for lending to businesses and households and for mortgage loans, have been reduced by 25 basis points to 3.1% and 3.6% respectively, lowering the cost of borrowings for homebuyers.

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China Vanke also stated in its 2024 third quarterly report that despite the industry sentiment remained at a low level in the first three quarters in 2024, the PRC real estate market has begun to show positive signs since September 2024, benefited from the supportive policies and measures as mentioned above. It has also been stated in the same report that the market confidence has been boosted and the number of transactions and market activities during the National Day Holiday, such as the number of customer visits and subscription amounts in key cities, has also increased significantly compared to the same period of 2023.

Based on our discussion with the management of the Group, (i) the China Vanke Group and the Group are expected to benefit from the expected gradual recovery of the PRC real estate market and supportive policies and measures from the governments, (ii) it follows that the amount of contracted sales of the China Vanke Group may improve in future, which in turn improves its net operating cash flows and ability to raise and refinance borrowings from financial institutions, (iii) the Group is also expected to receive the relevant service fees and the Deposits in a timely manner pursuant to the terms of the relevant agreements and upon the sale of the relevant properties and carpark spaces, and (iv) consequently, the Group's collection of the service fees and Deposits from the China Vanke Entities under the New CCT Agreements are expected to be improved. The Company has also adopted enhanced internal control measures to monitor the Non-exempt Continuing Connected Transactions (including the transaction amount and the outstanding Deposits amount) with the China Vanke Entities, including alternative settlement arrangements (e.g. by transfer of the use rights and income rights of the relevant carpark spaces), as further discussed in the section below headed "7. Internal Control Measures".

As mentioned in the section above headed "2. Background to and Reasons for the Non-exempt Continuing Connected Transactions", China Vanke has confirmed to the Group that as at the Latest Practicable Date, the China Vanke Group was not aware of any material default on its borrowings, and that the Group is of the view that as at the Latest Practicable Date, the China Vanke Group will be able to settle the receivables and refund the deposits arising from the Non-exempt Continuing Connected Transactions to the Group. We have also reviewed recently published announcements on the Hong Kong Stock Exchange by China Vanke, and did not note any publication by China Vanke regarding any material adverse credit events and/or defaults on its borrowings as at the Latest Practicable Date. Having considered the above, including (i) the positive net cash flows generated from the China Vanke Group's operations in the two recent quarters of 2024, (ii) the substantial scale of the China Vanke Group's net assets, including substantial cash and bank balances held as at September 30, 2024, and (iii) the expected gradual recovery of the PRC real estate market and the supportive policies and measures rolled out by the governments, as at the Latest Practicable Date, we are not aware of any factors that will have material adverse impact on the recoverability of the outstanding balances and the Deposits in the long term. Despite the fact that certain portions were overdue, the outstanding receivables have continuously been settled by the China Vanke Entities in a pace faster than those of other independent third party real estate developers in the PRC as discussed above, and having considered the reasons and benefits as set out in the section above headed "2. Background to and Reasons for the Non-exempt Continuing Connected Transactions", in particular the provision of the property services, the value-added services and the property agency services being part of the Group's daily businesses, generating an important source of revenue from the China Vanke Entities, we concur the renewal of the relevant framework agreements, avoiding disruption to the Group's daily operations and enabling the Group to continue the Non-exempt Continuing Connected Transactions.

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4. New Property Services Framework Agreement

(a) *Principal terms of the New Property Services Framework Agreement*

The principal terms for the New Property Services Framework Agreement are summarised below. For further details, please refer to the section headed “2(i) New Property Services Framework Agreement” in the letter from the Board.

Nature of services

Pursuant to the New Property Services Framework Agreement, the Group shall provide property services (the “**Property Services**”) to the China Vanke Entities. The Property Services include (i) residential property services in respect of the unsold residential properties developed and to be developed by the China Vanke Entities; and (ii) property and facility management services in respect of the commercial properties owned or used by the China Vanke Entities.

Term

Subject to the approval from the Independent Shareholders at the Extraordinary General Meeting, the New Property Services Framework Agreement has a term from January 1, 2025 to December 31, 2027.

Pricing and other terms

The fees to be charged for the Property Services shall be determined on arm’s length basis with reference to, where applicable, (i) the guidance rate published by the relevant government authorities. The members of the Group will review and ensure the fees to be charged are in line with the guidance rate when entering into the definitive agreements with members of the China Vanke Entities; (ii) the prevailing market rate (taking into consideration the location and condition of the properties); and (iii) the prices charged by the Group for providing comparable services to independent third parties.

To identify the prevailing market price, the Group generally will take into account the fees charged by the Group to two to three independent third parties (to the extent practicable) for providing similar services. The terms offered by the Group to the China Vanke Entities shall not be less favorable to the Group than the terms offered by the Group to independent third parties for the same or similar type and scope of the Property Services.

As stated in the letter from the Board, (i) there are no specific credit policies set for the Property Services under the framework agreement, which shall be determined on arm’s length basis with reference to the prevailing business practices in the industry for the relevant services, (ii) in determining the credit period, the Group will take into account (a) the frequency of providing the relevant services, (b) the seasonality of the property sale in the real estate market, (c) the historical repayment records, and (d) the credit period granted by the Group to independent third parties for providing similar services, (iii) the credit period are generally on monthly or quarterly basis, from the invoice date of the relevant services.

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Specific terms and conditions shall be specified in separate agreements to be entered into under the New Property Services Framework Agreement. Management of the Group has confirmed to us that in general, such service fees were settled on a monthly or quarterly basis, and the China Vanke Entities have continuously settled the relevant receivables arising from the Property Services during the term of the Existing Property Services Framework Agreement.

Comparison of terms with independent third parties

We have discussed with the management of the Group the key terms of the New Property Services Framework Agreement, and obtained the lists of transactions relating to the Property Services during the term of the Existing Property Services Framework Agreement (from January 1, 2022 to September 30, 2024), and selected two sample contracts under the Existing Property Services Framework Agreement (the “**Property Services Sample Contracts(s)**”). As the Property Services Sample Contracts as reviewed by us cover both the residential property services in respect of the residential properties and the property and facility management services in respect of the commercial properties, being the major service categories covered under the Property Services, and the residential and commercial properties are located in high-tier cities in the PRC, where a majority of the property projects under the Company’s management are situated, we consider the Property Services Sample Contracts to be fair and representative, which are considered sufficient for us to understand the relevant actual pricing and other terms under the Property Services.

For each of the Property Services Sample Contracts, we have compared with two contracts respectively for similar services selected from the comparable transactions for the relevant properties located in the same city with comparable condition between the Group and independent third parties during the same period, in the relevant categories. On the basis of our review, we note that the fee rates of the Property Services Sample Contracts as reviewed by us, were in line with the applicable guidance rate published by the relevant government authorities and were no less favourable than the fee rates between the Group and independent third parties, and the credit periods offered (settlement on monthly and quarterly basis for the residential properties and the commercial properties respectively) were no less favourable than the credit period offered by the Group to independent third parties, for which the Company followed the stated policies.

The New Property Services Framework Agreement set out the policies for pricing and other terms of the Property Services as summarised in this section earlier. The exact terms of the relevant Property Services will only be agreed and specified in separate agreements between the relevant members of the Group and the China Vanke Entities, and in accordance with the terms of the New Property Services Framework Agreement. We are advised by the management of the Group that before entering into the relevant Property Services with the China Vanke Entities, the Group will take into account the recoverability of the relevant service fees and evaluate the risks involved, and such exact terms shall be negotiated on arm’s length basis and consistent with the prevailing business

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practices in the industry for the relevant services between the Group and independent third parties. Comparison of terms with the China Vanke Entities and those between the Group and independent third parties will be conducted to assess the prevailing market prices. Various departments of the Group will be involved in the assessment and approval procedures to ensure that the terms of the Property Services are in compliance with the applicable requirements under Chapter 14A of the Listing Rules, and are no less favourable to the Group than those offered to independent third parties. The Group will also monitor the credit and recoverability risks involved, and that further actions will be considered and implemented, as set out in the section below headed “7. Internal Control Measures”. Having considered the above, we concur with the Board’ view that the terms (including the policies for pricing and credit period) of the New Property Services Framework Agreement are fair and reasonable.

(b) The Property Services Caps

Review of historical transactions of Property Services

Set out below are the historical transaction amounts and the relevant annual caps in respect of the Property Services for the two years ended December 31, 2022 and 2023, and for the nine months ended September 30, 2024:

	For the year ended		For the nine
	December 31,		months ended
	2022	2023	September 30,
	<i>RMB’000</i>	<i>RMB’000</i>	2024
			<i>RMB’000</i>
Total amount of service fees from the China Vanke Entities	934,700	1,074,400	868,200
Relevant annual cap	936,000	1,078,000	1,244,000
Utilization rate	99.9%	99.7%	93.0%
			<i>(Note)</i>

Note: Utilization rate for the nine months ended September 30, 2024 is calculated based on the relevant nine months transaction amount and pro rata annual cap amount

As shown in the above table, the historical service fees from the China Vanke Entities amounted to approximately RMB934.7 million and RMB1,074.4 million in 2022 and 2023 respectively, and approximately RMB868.2 million in the first nine months of 2024. The relevant annual caps were almost utilised, with utilization rate ranging from approximately 93.0% to 99.9%, during the periods under review. Based on our discussion with the management of the Group, the continuing increase in transaction amount was mainly due to the increase in commercial property projects under management by the Group for the China Vanke Entities as mentioned in above section headed “2. Background to and Reasons for the Non-exempt Continuing Connected Transactions”.

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Assessment of the Property Services Caps

Set out below are the Property Services Caps proposed for the three years ending December 31, 2025, 2026 and 2027:

	For the year ending December 31,		
	2025	2026	2027
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total amount of service fees from the China Vanke Entities	1,216,000	1,227,000	1,249,000

As stated in the letter from the Board, the Property Services Caps were determined after considering (i) the historical transaction amounts, as discussed in the sub-section above, and (ii) the estimated annual increase in the size and number of the undelivered residential properties and commercial properties developed, owned or used by the China Vanke Entities in respect of the residential property services and the property and facility management services respectively for the three years ending December 31, 2027.

The Company expects that there will only be a mild growth in the demand for the Property Services from the China Vanke Entities as a result of the prolonged sale cycle of the PRC real estate market. In order to assess the reasonableness of the Property Services Caps, we have obtained and discussed with the management of the Group the underlying calculations relating to the projections and the related bases and assumptions underlying such projections in the coming three years. We note that the fees arising from the residential property services and the property and facility management services, in aggregate, represent over 90% of the Property Services Caps in each of the next three years ending December 31, 2027, which are projected based on (i) the estimated total gross floor area (“**GFA**”) in respect of (a) the undelivered residential properties and (b) the commercial properties of the China Vanke Entities, and (ii) the respective estimated unit rate per square metre (“**sq.m.**”).

The estimated total GFA in respect of the undelivered residential properties and commercial properties of the China Vanke Entities in 2025 are assumed with reference to the existing total GFA of the respective type of the properties under management by the Group as at September 30, 2024. The management of the Group projected that such total GFA of (i) the undelivered residential properties will decrease for each of the years 2026 and 2027 respectively, as the existing residential properties are expected to be sold and delivered to the purchasers from time to time and that there will be less launch of new property projects to the market by the China Vanke Entities for the next three years, and (ii) the commercial properties will increase mildly for the year 2026 and 2027 respectively, as additional commercial properties from the China Vanke Entities will be under the Group’s management for the next three years. To substantiate the above, we have obtained the lists and details of the China Vanke Entities’ residential properties and commercial properties currently under management by the Group as of September 30,

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2024 and to be managed by the Group in the next three years as agreed between the Group and the China Vanke Group. We have discussed with the management of the Group the basis for the subsequent changes in the estimated total GFA in coming years (mainly with reference to the estimated construction and development of the residential properties and the commercial properties of the China Vanke Entities), and compared against the estimated GFA adopted in the projections, with no irregularities noted.

The estimated unit rate per sq.m. for the residential property service fees and the property and facility management services are assumed to be approximately RMB3 and RMB10 per sq.m respectively, which are determined based on the historical average unit rate of the respective services. In this respect, we have obtained the underlying calculations of the historical average unit rate of the respective services in the first nine months of 2024, and compared against the estimated unit rate adopted, and note that they are similar. On the basis of the above, we concur with the view of the management as set out above and consider it reasonable for the Group to use the above factors in determining the Property Services Caps.

5. New Value-added Services Framework Agreement

(a) Principal terms of the New Value-added Services Framework Agreement

The principal terms for the New Value-added Services Framework Agreement are summarised below. For further details, please refer to the section headed “2(ii) New Value-added Services Framework Agreement” in the letter from the Board.

Nature of services

Pursuant to the New Value-added Services Framework Agreement, the Group shall provide value-added services (the “**Value-added Services**”) to the China Vanke Entities. The Property Services include (but are not limited to) (i) sale center and model room management services; (ii) pre-delivery support services; and (iii) building maintenance services in respect of the properties developed by the China Vanke Entities.

Term

Subject to the approval from the Independent Shareholders at the Extraordinary General Meeting, the New Value-added Services Framework Agreement has a term from January 1, 2025 to December 31, 2027.

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Pricing and other terms

The fees to be charged for the Value-added Services shall be determined on arm's length basis with reference to, where applicable, (i) the prevailing market prices of similar value-added services (taking into account similar services in the nearby market); (ii) the anticipated operation costs (including but not limited to the scope and standards of particular services to be offered, labour costs; and administration costs and costs of materials); (iii) the prices charged by the Group for providing comparable services to independent third parties.

To identify the prices charged by the Group for providing comparable services to independent third parties, the Group will also take into account the price charged by the Group to at least one independent third party (as appropriate) for providing similar services, the size and location of the relevant properties, and the extent and scope of Value-added services provided. The terms offered by the Group to the China Vanke Entities shall not be less favourable to the Group than the terms offered by the Group to independent third parties for the same or similar type and scope of the Value-added Services.

As stated in the letter from the Board, (i) there are no specific credit policies set for the Value-added Services under the framework agreement, which shall be determined on arm's length basis with reference to the prevailing business practices in the industry for the relevant services, (ii) in determining the credit period, the Group will take into account (a) the frequency of providing the relevant services, (b) the seasonality of the property sale in the real estate market, (c) the historical repayment records, and (d) the credit period granted by the Group to independent third parties for providing similar services, (iii) the credit period are generally on monthly or quarterly basis, from the invoice date of the relevant services.

Specific terms and conditions shall be specified in separate agreements to be entered into under the New Value-added Services Framework Agreement. Management of the Group has confirmed to us that in general, such service fees were settled on a monthly or quarterly basis, and the China Vanke Entities have continuously settled the relevant receivables arising from the Value-added Services during the term of the Existing Value-added Services Framework Agreement.

Comparison of terms with independent third parties

We have discussed with the management of the Group the key terms of the New Value-added Services Framework Agreement, and obtained the lists of transactions relating to the Value-added Services during the term of the Existing Value-added Services Framework Agreement (from January 1, 2022 to September 30, 2024), and selected two sample contracts under the Existing Value-added Services Framework Agreement (the "**Value-added Services Sample Contract(s)**"). As the Value-added Services Sample Contracts as reviewed by us cover both the sale center and model room management

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services and the building maintenance services, being the major service categories covered under the Value-added Services, and the underlying properties are located in high-tier cities in the PRC, where a majority of the real estate projects that the Group provides the Value-Added Services are situated, we consider the Value-added Services Sample Contracts to be fair and representative, which are considered sufficient for us to understand the relevant actual pricing and other terms under the Value-added Services.

For each of the Value-added Services Sample Contracts, we have compared with one contract respectively for similar services selected from the comparable transactions for the real estate projects located in the same city between the Group and independent third parties during the same period, in the relevant categories. On the basis of our review, we note that the pricing of the Value-added Services Sample Contracts as reviewed by us, were no less favourable than the pricing between the Group and independent third parties and no less than the then anticipated operation costs, and the credit periods offered (settlement on monthly basis for the both services) were no less favourable than the credit periods offered by the Group to independent third parties, for which the Company followed the stated policies.

The New Value-added Services Framework Agreement set out the policies for pricing and other terms of the Value-added Services as summarised in this section earlier. The exact terms of the relevant Value-added Services will only be agreed and specified in separate agreements between the relevant members of the Group and the China Vanke Entities, and in accordance with the terms of the New Value-added Services Framework Agreement. We are advised by the management of the Group that before entering into the relevant Value-added Services with the China Vanke Entities, the Group will take into account the recoverability of the relevant service fees and evaluate the risks involved, and such exact terms shall be negotiated on arm's length basis and consistent with the prevailing business practices in the industry for the relevant services between the Group and independent third parties. Comparison of terms with the China Vanke Entities and those between the Group and independent third parties will be conducted to assess the prices, taking into account the size and location of the relevant properties, and the extent of scope of services provided. Various departments of the Group will be involved in the assessment and approval procedures to ensure that the terms of the Value-added Services are in compliance with the applicable requirements under Chapter 14A of the Listing Rules, and are no less favourable to the Group than those offered to independent third parties. The Group will also monitor the credit and recoverability risks involved, and that further actions will be considered and implemented, as set out in the section below headed "7. Internal Control Measures". Having considered the above, we concur with the Board' view that the terms (including the policies for pricing and credit period) of the New Value-added Services Framework Agreement are fair and reasonable.

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(b) *The Value-added Services Caps*

Review of historical transactions of Value-added Services

Set out below are the historical transaction amounts and the relevant annual caps in respect of the Value-added Services for the two years ended December 31, 2022 and 2023, and for the nine months ended September 30, 2024:

	For the year ended		For the nine
	December 31,		months ended
	2022	2023	September 30,
	<i>RMB'000</i>	<i>RMB'000</i>	2024
			<i>RMB'000</i>
Total amount of service fees from the China Vanke Entities	2,616,800	2,382,800	1,208,000
Relevant annual cap	2,729,000	2,706,000	2,703,000
Utilization rate	95.9%	88.1%	59.6%
			<i>(Note)</i>

Note: Utilization rate for the nine months ended September 30, 2024 is calculated based on the relevant nine months transaction amount and pro rata annual cap amount

As shown in the above table, the historical service fees from the China Vanke Entities amounted to approximately RMB2,616.8 million and RMB2,382.8 million in 2022 and 2023 respectively. The relevant annual caps were substantially utilised in 2022 and 2023, with utilization rate of approximately 95.9% and 88.1% respectively. The Value-added Services provided for the first nine months of 2024 reduced to approximately RMB1,208.0 million, with a pro rata utilization rate of approximately 59.6%. Based on our discussion with the management of the Group, such reduction was mainly due to the decrease in the service fees generated from sales center services, which in turn was a result of less launch of new property projects to the market by the China Vanke Entities during the period.

Assessment of the Value-added Services Caps

Set out below are the Value-added Services Caps proposed for the three years ending December 31, 2025, 2026 and 2027:

	For the year ending December 31,		
	2025	2026	2027
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total service fees from the China Vanke Entities	1,291,000	1,189,000	1,127,000

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As stated in the letter from the Board, the Value-added Services Caps were determined after considering (i) the historical transaction amounts, as discussed in the sub-section above, and (ii) the estimated decrease in transaction amounts of the Value-added Services in respect of the properties developed, owned or used by the China Vanke Entities will decrease for the next three years.

The Company expects that there will be (i) declines in the sales center and model room management services and building maintenance services mainly due to the reduction in new property project launches by the China Vanke Entities in the coming three years and (ii) a decline in pre-delivery support services mainly due to the increasing intense competition with other similar service providers. In order to assess the reasonableness of the Value-added Services Caps, we have obtained and discussed with the management of the Group the underlying calculations relating to the projections and related bases and assumptions underlying such projections in the coming three years. We note that the fees arising from the sales center services, and building maintenance services and related services, in aggregate, represent over 80% of the Value-added Services Caps in each of the next three years ending December 31, 2027. Our analysis of the proposed Value-added Services Caps will therefore concentrate on the above services.

The projected fees arising from the sales center services are based on (i) the estimated number of the sales centers in operation, and (ii) the estimated average monthly service fee for each sales center, for the three years ending December 31, 2027. The number of sales centers in operation in 2024 is assumed to be about 300, similar to the number of existing sales centers in operation as of September 30, 2024. The management of the Group projected that the estimated number of sales centers in operation to be covered will decrease by approximately 20% to about 250 in 2025 and further decrease to about 200 in 2026, mainly due to the reduction of the China Vanke Entities' launches of new property projects, and will largely remain unchanged for 2027. The estimated average monthly service fee for each sales center is assumed to be approximately RMB100,000. To substantiate the above, we have obtained the lists and details of the Group's existing sales centers in operation as of September 30, 2024 and the respective historical average monthly service fee charged for each sales center to corroborate the above. We have discussed with the management of the Group its business plans regarding sales centers in operation in coming years, and compared against the estimated number of sales centers in operation adopted in the projections, with no irregularities noted. We also note that the estimated average monthly service fee charged for each sales center adopted in the projections is similar to the average historical prices charged by the Group for providing comparable services to independent third parties for the first nine months of 2024.

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The projected fees arising from the building maintenance services and related services are based on (i) the estimated number of staff providing relevant services, and (ii) the estimated average monthly service fee charged for each staff providing relevant services, for the three years ending December 31, 2027. The estimated number of staff providing building maintenance services and related services in 2024 is assumed to be around 6,000 to 7,000, similar to the average number of staff providing relevant services for the first nine months of 2024. The management of the Group projected that the estimated number of staff providing building maintenance services and related services will decrease to about 5,000 for the year 2025, due to less new property projects launches by the China Vanke Entities which usually require more building maintenance services in the first year following the property delivery, and will further decrease moderately for about 4,000 to 4,600 in each of 2026 and 2027. The estimated average monthly service fee charged for each staff providing building maintenance services and related services for the year 2025, 2026 and 2027 is assumed to be within the range of approximately RMB12,000 to RMB13,000. To substantiate the above, we have obtained the lists and details of the China Vanke Entities' real estate projects that the Group is responsible for the building maintenance services and related services as at September 30, 2024, showing the project information, the number of staff servicing in each project, and the average monthly service fee charged for each project. We have discussed with the management of the Group its business plans regarding the number of staff providing building maintenance services and related services in the coming years, and compared against the estimated number of staff adopted in the projections to corroborate the above, with no irregularities noted. We also note that the estimated monthly service fees charged adopted in the projections are broadly comparable to the historical service fees charged for such services in the first nine months in 2024 on average. On the basis of the above, we concur with the view of the management as set out above and consider it reasonable for the Group to use the above factors in determining the Value-added Services Caps.

6. New Property Agency Services Framework Agreement

(a) Principal terms of the New Property Agency Services Framework Agreement

The principal terms for the New Property Agency Services Framework Agreement are summarised below. For further details, please refer to the section headed "2(iii) New Property Agency Services Framework Agreement" in the letter from the Board.

Nature of services

Pursuant to the New Property Agency Services Framework Agreement, the Group shall provide property agency services (the "**Property Agency Services**") to the China Vanke Entities, and receive service fees as consideration. The Property Agency Services mainly include conducting marketing and sale activities, sourcing potential clients to enter into property sale and purchase agreements in respect of (i) the residential and commercial property units; and (ii) the carpark space and other properties developed and to be developed by the China Vanke Entities.

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For the Property Agency Services with respect to the carpark spaces, the Group is required to pay to the China Vanke Entities refundable deposits (the “**Deposits**”) in respect of each of the relevant carpark spaces pursuant to the terms of the New Property Agency Services Framework Agreement, such that the Group would have the exclusive sales rights in this regard. For avoidance of doubt, as confirmed by the management of the Group, (i) no Deposit is required to be paid by the Group to the China Vanke Entities for the Property Agency Services with respect of the residential and commercial property units, and (ii) the Group has no intention to enter into new contracts with respect of carpark spaces of the China Vanke Entities, such that no Deposits payment for additional carpark spaces will be made by the Group during the term of the New Property Agency Services Framework Agreement.

Term

Subject to the approval from the Independent Shareholders at the Extraordinary General Meeting, the New Property Agency Services Framework Agreement has a term from January 1, 2025 to December 31, 2027.

Pricing and other terms

Service fees

The service fees to be charged for the Property Agency Services with respect to the property units and other properties shall be determined on arm’s length basis with reference to (i) the prevailing market price (taking into account the size, location and positioning of the property units and other properties to be sold); and (ii) the rates of service fees charged by the Group for providing comparable property agency services to independent third parties.

To identify the rates of service fees charged by the Group for providing comparable services to independent third parties, the Group will also take into account the price charged by the Group to at least one independent third party (as appropriate) for providing similar services.

The service fees to be charged for the Property Agency Services with respect to the carpark space shall generally be determined on the basis of the difference between (i) the actual sale price paid by the ultimate purchasers and (ii) the pre-determined minimum sale prices (the “**Pre-determined Minimum Sale Price(s)**”) set by the China Vanke Entities with reference to the prevailing market price, taking into account the size, location, market conditions and positioning of the carpark space available for sale. In other words, the service fees to be received by the Group represents the difference between the actual sale price and the Pre-determined Minimum Sale Price of the sold carpark space. To assess whether the Pre-determined Minimum Sale Prices are fair and reasonable, members of the Group will conduct their independent assessment of the prevailing market price, taking into account the size, location, market conditions and positioning of the carpark space available for sale with reference to approximately one to two comparable projects (as appropriate) in nearby area, as well as the human resources costs and

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operation costs required (which the Group will gather historical data on such costs on a quarterly basis and conduct regular review and assessment) for providing Property Agency Services in respect of a carpark space, which, in our view, is appropriate to assist the Company in ensuring that the potential return from the Property Agency Services with respect to the carpark space is enough to cover the Group's operating costs involved.

As stated in the letter from the Board, (i) there are no specific credit policies set for the Property Agency Services under the framework agreement, which shall be determined on arm's length basis with reference to the prevailing business practices in the industry for the relevant services, (ii) in determining the credit period, the Group will take into account (a) the frequency of providing the relevant services, (b) the seasonality of the property sale in the real estate market, (c) the historical repayment records, and (d) the credit period granted by the Group to independent third parties for providing similar services, (iii) the credit period are generally on monthly or quarterly basis, from the invoice date of the relevant services.

Specific terms and conditions shall be specified separate agreements to be entered into under the New Property Agency Services Framework Agreement. Management of the Group has confirmed to us that in general, such service fees were settled on a monthly or quarterly basis, and the China Vanke Entities have continuously settled the relevant receivables arising from the Property Agency Services during the term of the Existing Property Agency Services Framework Agreement.

Deposits

In order to obtain the exclusive sales rights for the carpark spaces, the Group shall pay fully refundable Deposits to the China Vanke Entities in an amount ranging from 40% to 100% of the Pre-determined Minimum Sale Prices of the relevant carpark spaces available for sale, which is mainly determined with reference to the location and marketability of the relevant carpark spaces and is in line with the historical practice of the same transactions between the Group and the China Vanke Entities. As stated in the letter from the Board, during the period from January 1, 2023 to September 30, 2024, the Deposits generally represented approximately 40% to 60% of the Pre-determined Minimum Sale Price of the relevant carpark spaces available for sale, and for certain carpark spaces located in prime area with high marketability, the Deposits represented approximately 90% to 100% of the Pre-determined Minimum Sale Price of the relevant carpark spaces available for sale.

The Deposits are interest-free and unsecured. Management of the Group confirmed to us that the Deposits have been, and are expected to be, funded by internal resources of the Group. In addition, taking into account the current Deposits maintained with the China Vanke Entities and the Group's intention not to enter into new contracts with respect to the carpark spaces of the China Vanke Entities in the coming three years, no Deposits payment for additional carpark spaces will be made by the Group during the term of the New Property Agency Services Framework Agreement, and the renewal of the Property Agency Services relating to carpark spaces is not expected to have material adverse effect on the financial position of the Group.

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As stated in the letter from the Board, the duration of the Deposits maintained with the China Vanke Entities shall be determined based on the length of the service period (as explained below) and sale of the carpark spaces under the relevant definitive agreement(s), and shall be subject to the principles and terms of the New Property Agency Services Framework Agreement, and therefore, shall not exceed three years. The amount of the Deposits in respect of the carpark space would be fully refunded to the Group, within one month after completion of the sale of carpark space. In the event that the Group fails to sell the carpark space upon the expiry of the service period provided under the relevant definitive agreements or the expiry of the New Property Agency Services Framework Agreement, unless otherwise mutually agreed by the parties thereto, the outstanding Deposits in respect of such unsold carpark space would be fully refunded to the Group within one month after the expiry of such service period or the expiry of the New Property Agency Services Framework Agreement. Pursuant to the terms of the New Property Agency Services Framework Agreement, in the event that the China Vanke Entities fail to refund the outstanding Deposits in respect of the carpark space under a definitive agreement within the aforementioned period and the Group and the China Vanke Entities fail to agree on the extension of the relevant service period (pursuant to which the Company will comply with all the applicable requirements under Chapter 14 and 14A of the Listing Rules as required thereunder in respect of such extension) the Group reserves the rights to, including but not limited to, enter into a separate written agreement with members of the China Vanke Entities to transfer the use right/income right of the corresponding carpark spaces under the relevant definitive agreement to the Group in lieu of cash payment or charge default interest (資金使用費). Pursuant to the terms of the New Property Agency Services Framework Agreement, if the Group and the China Vanke Entities agree on the aforementioned transfer of the use right/income right in lieu of cash payment, the Group and the China Vanke Entities will enter into separate transfer agreement(s) and the Company will comply with all the applicable requirements under Chapter 14 and 14A of the Listing Rules (including circular and independent shareholders' approval).

Independent Shareholders should note that while the Group reserves the rights to request the members of the China Vanke Entities to transfer the use right/income right of the relevant carpark spaces to the Group in lieu of cash payment or charge default interest (資金使用費) under the circumstances as described above, the implementation of such alternative settlement arrangement is subject to further negotiation between the Group and the China Vanke Entities and the entering into of separate written agreements between the relevant parties. If the above alternative settlement is materialised, the Company will comply with all applicable requirements under Chapter 14 and 14A of the Listing Rules (including circular and independent shareholders' approval) as and when required.

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The service period for the Property Agency Services with respect to the carpark space will be agreed by the parties to the definitive agreements on arm's length basis with reference to the size, location, market conditions and positioning of the carpark space to be sold. Based on our discussion with the management of the Group, there is no fixed service period for the Property Agency Services with respect to the carpark space under the definitive agreements, and such service period shall commence from the date of the relevant definitive agreement(s) and be subject to the term of New Property Agency Services Framework Agreement.

Management of the Group has confirmed to us that in general, the China Vanke Entities have fully refunded the relevant Deposits in relation to carpark space sold in accordance with the stated timeframe during the term of the Existing Property Agency Services Framework Agreement.

Comparison of terms with independent third parties and industry practice

We have discussed with the management of the Group the key terms of New Property Agency Services Framework Agreement, and obtained the lists of transactions relating to the Property Agency Services during the term of the Existing Property Agency Services Framework Agreement (from January 1, 2022 to September 30, 2024), and selected two sample contracts under the Existing Property Agency Services Framework Agreement (the “**Property Agency Services Sample Contract(s)**”). As the Property Agency Services Sample Contracts as reviewed by us cover both the new residential unit agency services and carpark spaces agency services, being the major service categories covered under the Property Agency Services, and the relevant properties are located in high-tier cities in the PRC, where a majority of the China Vanke Entities' properties and carpark spaces that the Group provides Property Agency Services are situated, we consider the Property Agency Services Sample Contracts to be fair and representative, which are considered sufficient for us to understand the relevant actual pricing and other terms under the Property Agency Services.

In respect of the Property Agency Services relating to residential properties, we have compared the Property Agency Services Sample Contract with one contract for similar services selected from the comparable transactions for residential properties located in the same city between the Group and independent third parties during the same period, in the relevant categories. On the basis of our review, we note that the fee rate of the Property Agency Services Sample Contract as reviewed by us, was no less favourable than the fee rate between the Group and independent third parties, and the credit period offered (settlement on monthly basis) was no less favourable than the credit period offered by the Group to independent third parties, for which the Company followed the stated policies.

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In respect of the Property Agency Services relating to carpark spaces, based on the Property Agency Services Sample Contract reviewed by us and our discussion with the management of the Group, the arrangements between the Group and (i) the China Vanke Entities and (ii) independent third parties, are generally not comparable in terms of, among others, the nature (exclusive basis vs non-exclusive basis) and business scale. The payment of Deposits to the China Vanke Entities with respect to the carpark space available for sale, which are refundable in nature, enables the Group to (i) obtain the exclusive sales rights to provide the property agency services with respect to the relevant carpark spaces developed or to be developed by the China Vanke Entities, and (ii) charge the service fees based on the difference between the actual sale price paid by the ultimate purchasers and the Pre-determined Minimum Sale Price set for the relevant carpark space (which may be higher than the service fee earned based on the fixed or pre-determined percentage of the actual sale price of the relevant sold carpark space). According to the letter from the Board, based on the historical amounts of the service fees charged by the Group under the Existing Property Agency Services Framework Agreement (up to September 30, 2024), the service fees charged for the Property Agency Services with respect to the carpark space (on an exclusive basis) generally represented a range of approximately 5% to 50% of the actual sale price of the relevant sold carpark space, and such percentages vary due to factors such as location, sale cycle and market seasonality of the relevant carpark space, and ancillary services provided to the ultimate purchasers. Such range of service fees is generally higher than the standard rate or services fees, ranging from approximately 4% to 5%, for the provision of the same or similar services (on a non-exclusive basis) by the Group to independent third parties. It also stated in the letter from the Board that the real estate market in the PRC has recently showed positive signals of recovery and, with the supportive policies as adopted by the PRC government, it is expected to gradually recover. The provision of agency services with respect to the carpark space under the framework agreement could generate revenue for the Group in the long term.

Given that the Property Agency Services relating to carpark space between the Group, and (i) the China Vanke Entities and (ii) independent third parties are generally not comparable as mentioned above, in order to assess reasonableness of the Deposits arrangement, we have researched, on a best effort basis, publicly disclosed provision of exclusive property agency services with respect to the carpark spaces by PRC property service companies listed on the Main Board of the Hong Kong Stock Exchange (the “**Industry Peers**”) to their respective connected persons, similar to the transactions under the New Property Agency Services Framework Agreement, where both transaction announcement and shareholder circular were published during the period from July 1, 2023 and up to the date immediately prior to the Latest Practicable Date, which we consider to be reasonable for us to obtain a sufficient number of similar transactions conducted by the Industry Peers for a meaningful analysis. In our view, the similar transactions represent an exhaustive list that we were able to identify from website of the Hong Kong Stock Exchange, based on the above selection criteria. We note that it is not uncommon for the PRC property services companies to provide the property agency

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services with respect to the carpark spaces to their respective connected persons, involving the payment of deposits in order obtain the relevant exclusive sales rights. The results of our research are extracted and summarised as follows:

Announcement date	Company name (stock code)	Pricing policies for agency service fees	Pricing policies for the base price or sale price of the carpark spaces	sale reserve price of the carpark spaces	Deposit rate	Interest rate	Secured with collaterals	Refund mechanism
October 10, 2023	Beijing Capital Jiaye Property Services Co., Limited (2210.HK)	The difference between the selling proceeds and the price for the transfer of the rights-of-use	The base price shall not exceed 80% of the agreed sales/leasing price, which shall be determined with reference to the appraised value of the target carpark spaces by an independent appraiser engaged by the parties		Not exceeding the aggregate value of the relevant (base price)	Nil	No	Periodical refund; and refund within 60 days after the leasing and sales are completed or the expiry, cancellation or termination of the relevant agreement
October 13, 2023	Landsea Green Life Service Company Limited (1965.HK)	The difference between the actual selling price and the total pre-determined minimum price after deduction of the related taxes payable	The pre-determined minimum prices are determined on the basis of (a) the number and the location of the relevant properties; (b) the business atmosphere of the relevant properties in relation to the surrounding area; (c) the demand and supply of similar properties adjacent to the projects; (d) the prices of the properties in past transactions in the same projects; (e) the prices of the properties in past transactions adjacent to the projects; and/or (f) the marketing costs to be incurred for the sale of the relevant properties		100% of the pre-determined minimum prices	Not disclosed	No	Refund on a quarterly basis after receipt of the price of sold carpark space by the connected person, or within 30 working days after serving the relevant payment information and invoice after receipt of the price of sold carpark space by the company, or after the expiration of the relevant agreements
October 26, 2023	Jinmao Property Services Co., Limited (816.HK)	(i) A fixed percentage of the sales price or a fixed amount on top of the sales price, or (ii) The difference between the actual sales price and the pre-determined minimum sales price	The pre-determined minimum sales prices will be determined with reference to (i) the location, and the supply and demand in the vicinity of the project, (ii) the available market data of the indicative price range of similar carpark spaces in the vicinity of the project, and (iii) the valuation of the relevant carpark spaces determined by an independent valuer (if such valuation is considered necessary)		Up to 100% of the pre-determined minimum sales prices	Nil	Not disclosed	Refund upon completion of the sale of relevant carpark space or termination of the relevant projects

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Announcement date	Company name (stock code)	Pricing policies for agency service fees	Pricing policies for the base price or sale price of the carpark spaces	sale reserve Deposit rate	Interest rate	Secured with collaterals	Refund mechanism
November 3, 2023	Poly Property Services Co., Ltd (6049.HK)	The excess of the actual leasing or sales price over the base price for sales and leasing	The base price for the sales or leasing shall not be exceeding 80% of the agency price for sales or leasing, which shall be determined with reference to the historical leasing and sales prices and the comparable average price in the nearby markets of the target parking spaces	Not exceeding 50% of the sum of the base price	Not disclosed	Not disclosed	Periodical refund; and refund within 7 business days after the rescission or termination of the relevant framework agreement
November 14, 2023	Kangqiao Service Group Limited (2205.HK)	The difference between the contract prices and the sales reserve prices	The sales reserve prices shall be determined with reference to the prevailing market price charged by other independent third party services providers to the connected person group through tenders	100% of the sales reserve prices	Nil	No	Refund upon the sale of the relevant carpark space or the expiration of the relevant framework agreement or on dates as agreed under the relevant definitive agreements
October 29, 2024	Ever Sunshine Services Group Limited (1995.HK)	(i) A fixed-rate commission, or (ii) A premium commission representing the difference between the sale price and the base price	The base price (i.e. the minimum sale price) is negotiated having considered the market conditions, the average selling price of properties/assets in the same neighbourhood, and the economic conditions of the PRC; and/or the particular area where the property is situated	Up to 100% of the base price (on an instalment basis)	Nil	No	Periodical refund or set-off against the price of sold carpark space; and refund upon the expiry or termination of the relevant agreements
October 30, 2024	S-Enjoy Service Group Co., Limited (1755.HK)	A percentage of sales commission	The base price (i.e. the pre-determined acceptable lowest sale price) shall be determined with reference to factors such as (i) the popularity of the parking lot; (ii) the condition of the real estate market; and (iii) the location of the parking lot	100% of the base price	Nil	No	Refund following the entering into the sale agreement; or upon expiry of the service period

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Announcement date	Company name (stock code)	Pricing policies for agency service fees	Pricing policies for the base price or sale price of the carpark spaces	sale reserve price of the carpark spaces	Deposit rate	Interest rate	Secured with collaterals	Refund mechanism
	The Company	The difference between the actual sale prices and the Pre-determined Minimum Sale Price	The Pre-determined Minimum Sale Price is determined with reference to the prevailing market price, taking into account the size, location, market conditions and positioning of the carpark space available for sale		40% to 100% of the Pre-determined Minimum Sale Price	Nil	No	Refund within one month after completion of the sale of the carpark spaces, or upon expiry of the relevant service period of the framework agreement

Note: details of the latest transaction announcement and shareholder circular of the Industry Peers will be shown in the table above, if case of any renewal during the review period

Source: relevant announcement(s) and/or circular of the Industry Peers

As shown in the table above, the pricing policy of a majority of the Industry Peers includes the charging of agency service fee based on the difference between actual sale price of the relevant carpark space and a pre-determined base price or minimum price, which is also the basis of service fees to be charged for the Property Agency Services with respect to the carpark space. Certain Industry Peers are required to pay up-front deposits in an amount up to 100% of the relevant pre-determined base price or sale price or sale reserve price of the carpark spaces, while the Group is required to pay 40% to 100% of the Pre-determined Minimum Sale Price. A majority of the deposits paid by the Industry Peers are interest-free and unsecured and will be refunded upon the sale of carpark spaces and/or upon the expiry, cancellation or termination of the relevant service period and/or agreement, which are comparable to the case of the Group under the New Property Agency Services Framework Agreement. Bearing in mind that the main purpose for the payment of the Deposits is for the Group to obtain the exclusive sales rights for carpark spaces and thereby receive the service fees with respect to the carpark spaces upon the relevant sale, and having considered the Group's expectation of a gradual recovery of the PRC real estate market in the long term as discussed earlier, we concur with the Board's view that the Deposits arrangement is fair and reasonable, on normal commercial terms, in the interests of the Company and its Shareholders as a whole, and in line with the property service industry in the PRC, as shown in the above.

The New Property Agency Services Framework Agreement set out the policies for pricing and other terms of the Property Agency Services as summarised in this section earlier. The exact terms of the relevant Property Agency Services will only be agreed and specified in separate agreements between the relevant members of the Group and the China Vanke Entities, and in accordance with the terms of the New Property Agency Services Framework Agreement. We are advised by the management of the Group that before entering into the relevant Property Agency Services with the China Vanke Entities, the Group will take into account the recoverability of the relevant service fees and evaluate the risks involved, and such exact terms shall be negotiated on arm's length basis

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and consistent with the prevailing business practices in the industry for the relevant services between the Group and independent third parties. Comparison of terms with the China Vanke Entities and those between the Group and independent third parties will be conducted to assess the prevailing market prices. Various departments of the Group will be involved in the assessment and approval procedures to ensure that the terms of the Property Agency Services are in compliance with the applicable requirements under Chapter 14A of the Listing Rules, and are no less favourable to the Group than those offered to independent third parties. The Group will also monitor the credit and recoverability risks involved, and that further actions will be considered and implemented, as set out in the section below headed “7. Internal Control Measures”. Having considered the above, we concur with the Board’ view that the terms (including the policies for pricing and credit period) of the New Property Agency Services Framework Agreement are fair and reasonable.

(b) *The Property Agency Services Caps*

Review of historical transactions of Property Agency Services

Set out below are the historical agency service fees from the China Vanke Entities, the historical maximum daily balance of the Deposits with respect to the carpark space, and the relevant annual caps in respect of the Property Agency Services for the two years ended December 31, 2022 and 2023, and for the nine months ended September 30, 2024:

	For the year ended		For the nine
	December 31,		months ended
	2022	2023	September 30,
	<i>RMB’000</i>	<i>RMB’000</i>	2024
			<i>RMB’000</i>
<u><i>Residential and commercial property units, carpark space and other properties</i></u>			
Total amount of agency service fees from the China Vanke Entities	310,600	339,500	206,800
Relevant annual cap	410,000	447,000	496,000
Utilization rate	75.8%	76.0%	55.6%
			<i>(Note)</i>

Carpark space only

Maximum daily balance of the Deposits with the China Vanke Entities	1,602,700	1,562,000	1,530,000
Relevant annual cap	1,643,056	1,643,056	1,643,056
Utilization rate	97.5%	95.1%	93.1%

Note: Utilization rate of the relevant annual cap for agency service fees for the nine months ended September 30, 2024 is calculated based on the relevant nine months transaction amount and pro rata annual cap amount

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As shown in the table above, the Group recorded a moderate growth for the agency service fees in 2023, amounting to approximately RMB339.5 million. For the first nine months of 2024, an approximately RMB206.8 million in agency service fees was recorded, representing approximately 61% of the full-year amount recorded in 2023. As advised by the management of the Group, the decrease in agency service fees in 2024 was mainly due to the lower transaction prices and volumes of residential and commercial property units, amid the generally unfavourable market environment and challenges facing by the PRC real estate development industry. As such, utilization of the relevant annual cap for the first nine months in 2024, on a pro rata basis, decreased to approximately 55.6%.

The relevant annual cap of the Deposits had been substantially utilised during each of the years 2022 and 2023 and the first nine months of 2024, with utilisation rates ranging from approximately 93.1% to 97.5%. We understand from the management of the Group that the reduction in the maximum daily balance of the Deposits during the periods under review was mainly due to the continuous sale of carpark space, and that no new carpark spaces have been taken up for agency services by the Group, leading to the subsequent refund of the Deposits with respect to such sold carpark space to the Group.

Assessment of the Property Agency Services Caps

Set out below are the Property Agency Services Caps proposed, including the agency service fees from the China Vanke Entities (the “**Property Agency Service Fee Caps**”) and the maximum daily balance of the Deposits with respect to the carpark space (the “**Maximum Deposits Balance**”), for the three years ending December 31, 2025, 2026 and 2027:

	For the year ending December 31,		
	2025	2026	2027
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<i>Residential and commercial property units, carpark space and other properties</i>			
Total amount of agency service fees from the China Vanke Entities	257,000	233,000	211,000
<i>Carpark space only</i>			
Maximum daily balance of the Deposits with the China Vanke Entities	1,503,000	1,473,000	1,443,000

In order to assess the reasonableness of the Property Agency Service Fee Caps and the Maximum Deposits Balance, we have obtained and discussed with management of the Group the underlying calculations relating to the projections and related bases and assumptions, for the three years ending December 31, 2027.

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Property Agency Service Fee Caps

In respect of the Property Agency Service Fee Caps, we note that the agency service fees in respect of residential units represent over 95% of the annual cap in each of the next three years ending December 31, 2027. When arriving at the Property Agency Service Fee Caps, the Group has mainly taken into account, (i) the historical transaction amounts, in particular the decrease in transaction amounts and utilization rate in 2024 as discussed in the sub-section above; (ii) the expected rate of agency service fees to be charged by the Group in respect of the residential units with reference to prevailing market rates for the next three years; and (iii) the estimated business volume of agency services with respect to the residential units for the next three years.

According to our discussion with the management of the Group and as stated in the letter from the Board, as part of its business, the Group intends to maintain a stable transaction amount with a slight decrease of the agency services with respect to the residential units. The expected rate of agency service fees to be charged by the Group in respect of the residential units for the next three years is assumed to be approximately 3% to 4%, based on the historical average fee rate agreed between the Group and the China Vanke Entities for the residential units in the first nine months of 2024. The business volume of agency services with respect to the residential units for the year 2025 is estimated with reference to the average gross transaction value of residential units in the first nine months of 2024. An approximately 10% of annual reduction in transaction volume is assumed for each of the years 2026 and 2027, reflecting the reduction in estimated number and value of new properties launches by the China Vanke Entities. To corroborate the above estimated reduction in business volume, we note from the data published by the National Bureau of Statistics of the PRC that, in the first ten months of 2024, newly built commercial housings sold (residential units) (新建商品房銷售(住宅單位)) in the PRC decreased by approximately 22.0% year-on-year in terms of sales amount, and the investment in real estate development (residential units) (房地產開發投資(住宅單位)) in the PRC declined by approximately 10.4% year-on-year during the same period¹. On the basis of the above, we concur with the view of the management as set out above and consider it reasonable for the Group to use the above factors in determining the Property Agency Service Fee Caps.

Maximum Deposits Balance

When arriving at the Maximum Deposits Balance, the Group has taken into account (i) the historical maximum daily balance of the Deposits with the China Vanke Entities, in particular the decreasing trend and balance of the Deposits as discussed in the sub-section above. The maximum Deposits maintained with the China Vanke Entities for the existing portfolio of carpark space available for sale (the “**Existing Carpark Space Portfolio**”), providing the Group with the exclusive sales rights to conduct relevant marketing and sale activities, amounted to approximately RMB1,530.0 million in the first nine months of 2024, and (ii) the estimated business volume of agency services with respect to the carpark spaces for the next three years.

¹ as retrieved from the website of the National Bureau of Statistics of the PRC at https://www.stats.gov.cn/sj/zxfb/202411/t20241115_1957428.html on the Latest Practicable Date.

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We note that the Maximum Deposits Balance for the years 2025, 2026 and 2027 represents decreases of approximately 8.5%, 10.4% and 12.2% respectively, from the maximum daily balance of approximately RMB1,643.1 million under the Existing Property Agency Services Framework Agreement, and decreases of approximately 1.8%, 3.7% and 5.7% respectively, from the maximum daily balance of approximately RMB1,530.0 million in the first nine months of 2024. We have obtained and discussed with the management of the Group the Existing Carpark Space Portfolio, and the Deposits required. As confirmed by the management of the Group, the Group has no intention to enter into new contracts with respect to additional carpark space developed and to be developed by the China Vanke Entities, and the Group intends to maintain the current scale of the Existing Carpark Space Portfolio and related Maximum Deposits Balance in the next three years. The gradual reductions in the Maximum Deposits Balance in the next three years were determined mainly with reference to the historical sale pace of the Existing Carpark Space Portfolio, which in turn leading to the refund of the Deposits. We have discussed and the management of the Group and are advised that the total amount of Deposits refunded to the Group by the China Vanke Entities for the two years ended December 31, 2022 and 2023 and the six months ended June 30, 2024, was approximately RMB146.2 million, RMB88.5 million and RMB59.0 million respectively.

Based on our review, the number of carpark spaces under the Existing Carpark Space Portfolio was about 23,300 as at September 30, 2024, of which over 90% are located in the first-tier and new first-tier cities in the PRC. Management of the Group expected that the aggregate sale price of the Existing Carpark Space Portfolio is expected to be higher than the aggregate Deposits required. As a further check, we have randomly selected three portfolios of carpark spaces located in the first-tier and new first-tier cities in the PRC and discussed with the management of the Group, and note that the aggregate sale prices of the selected carpark space portfolios are estimated based on, among others, the most recent transaction prices and the prevailing market prices of carpark spaces in the vicinity of the relevant projects and the number of carpark spaces available for sale in the relevant projects, and that the Deposits in an amount equivalent to the relevant Pre-determined Minimum Sale Price of the selected carpark space portfolios have been paid by the Group to the China Vanke Entities in the prior years, which are lower than the aggregate estimated sale prices.

We also note that the highest Maximum Deposits Balance of RMB1,503.0 million for the three years ending December 31, 2027 represents (i) approximately 10.5% of the sum of the Group's cash and bank balances (of approximately RMB12,740.6 million) and deposits charged by the China Vanke Entities for carpark space sales assistance services (of approximately RMB1,540.0 million) as at June 30, 2024, and (ii) approximately 3.9% of the Group's total assets (of approximately RMB38,641.2 million) as at June 30, 2024. On the above basis, we concur with the Board's view that the payment of the Deposits has no material impact on the Group's working capital and operation.

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7. Internal Control Measures

As set out in the letter from the Board, in order to further safeguard the interests of the Shareholders as a whole (including the minority Shareholders), and that the Non-exempt Continuing Connected Transactions are on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Group has implemented the following internal control measures:

1. The Group has approved internal guidelines which provide that the business partner, being the representative of the business department of the Company shall report the proposed transactions to the head of the planning and development department and financial department of the Group to commence the necessary additional assessment and approval procedures and ensure that we will comply with the applicable requirements under Chapter 14A of the Listing Rules;
2. The Group and the China Vanke Entities will review and inspect the progress (including the transaction amount and the outstanding Deposits amount) of the Non-exempt Continuing Connected Transactions on a quarterly basis. In particular, in respect of the Deposits under the New Property Agency Services Framework Agreement, the Company will closely observe the performance of the repayment of the Deposits under the definitive agreements. If both parties perform their duties pursuant to the terms of the agreements, the Deposits shall be refunded within one month after completion of the sale of carpark spaces pursuant to the terms of the New Property Agency Services Framework Agreement. If there is breach of the definitive agreements, the refund period of the Deposits may be adjusted according to the actual situation by both parties, and may agree on the settlement arrangement in lieu of the cash payment pursuant to the New Property Agency Services Framework Agreement as described above;
3. The business department of the Company will consider and approve each of the definitive agreements to be signed, with reference to the specific conditions of the relevant project (i.e. size, location, potential return, etc.) and ensure such agreements comply with the pricing policies of the relevant continuing connected transactions framework agreement(s) and the prices under the definitive agreements are no less favourable to the Group than those offered to independent third parties. The business department of the Company will also closely monitor the implementation of the definitive agreements;
4. The Group will pay close attention to the business and financial conditions of members of the China Vanke Entities, assess the risks of collecting outstanding receivables (including the outstanding Deposits to be refunded to the Group) from the China Vanke Entities under the relevant agreements on a monthly basis, and promptly follow up with the China Vanke Entities in respect of the payment of the outstanding receivables and take legal actions as and when the Group considers necessary. If the Company is of the view that there are serious credit risks in

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transactions with members of the China Vanke Entities, the Group may suspend (as the Company considers appropriate) or terminate such Non-exempt Continuing Connected Transactions pursuant to the terms of the relevant agreements where the Group cannot timely collect the receivables from the China Vanke Entities;

5. The Group's business department will re-evaluate the transactions in respect of the provision of Property Agency Services for carpark spaces, with reference to the overall average selling and leasing price of the project and the market conditions of the surrounding area of the carpark spaces in June and December each year, taking into account the specific project scale, project location, the difference between the Pre-determined Minimum Price over the estimated actual sales price and potential returns, to ensure that the final actual sales price of the carpark space under each definitive agreement is not lower than the Pre-determined Minimum Sales Price. In the event that the expected sales price is lower than the Pre-determined Minimum Sales Price or the Group identifies the actual sale price of carpark spaces under the existing portfolio could be potentially lower than the Pre-determined Minimum Sale Price during the aforementioned regular re-evaluation, the Group will negotiate with the China Vanke Entities in a timely manner to adjust Pre-determined Minimum Sales Price, with reference to factors including the market value of the carpark space and market conditions at that time. If both parties could not agree on the adjustment to the Pre-determined Minimum Sales Price, the Group will terminate the relevant definitive agreement and request the members of the China Vanke Entities to return the Deposits in respect of the car parking space under that definitive agreement; and
6. In the event that the China Vanke Entities fails to timely pay any outstanding receivables under the Non-exempt Continuing Connected Transactions, the Group, upon negotiation with the China Vanke Entities, may also consider to accept certain assets of the China Vanke Entities (including but not limited to office buildings, shops, commercial housings, carpark spaces and other tangible assets or the income rights and use rights of such tangible assets) in lieu of cash payment or may request the China Vanke Entities to pay default interest (資金使用費). If the Group and the China Vanke Entities agree on such settlement arrangement, the Group and the China Vanke Entities will enter into separate transfer agreement(s) and the Company will comply with all the applicable requirements under Chapter 14 and 14A of the Listing Rules (including circular and independent shareholders' approval requirements if applicable).

We have obtained the relevant internal guidelines relating to the Non-exempt Continuing Connected Transactions, and we have been confirmed by the management of the Group that the relevant internal control policies have been and will continue to be followed, to ensure the transaction terms with the China Vanke Entities are no less favourable than those offered to independent third parties by the Group.

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In these circumstances, we concur that the solicitation of cooperation with other independent third parties, and comparison of the terms with those offered to the China Vanke Entities, will help the Group to ensure that the underlying transactions pursuant to each of the New CCT Agreements are on no less favourable terms to independent third parties. As disclosed in the relevant sections above, we have reviewed sample contracts relating to each of the Non-exempt Continuing Connected Transactions, and note that the relevant pricing and credit periods followed the above principle that they were no less favourable to the Group than those offered to independent third parties. We have also reviewed samples regarding subsequent refund of the Deposits for the relevant carpark spaces sold, and note that the relevant Deposits were settled or refunded to the Group pursuant to the terms of the New Property Agency Services Framework Agreement. While the sample contracts as reviewed by us showed repayment according to the stated credit periods, we note that certain receivables from the China Vanke Entities remained unsettled and became overdue. Please refer to the section above headed “3. Financial and other information on China Vanke” for details and actions taken by the Group to address the recoverability risks involved.

We also concur that the periodical review, inspection and evaluation of the Non-exempt Continuing Connected Transactions will help the Group to identify the issues and take follow up actions when necessary to assist the Group to protect the interests of the Company and its Shareholders as a whole, in particular regarding the recoverability of the outstanding amounts with the China Vanke Entities and the review and adjustment of the Pre-determined Minimum Sale Price for carpark spaces. While the alternative settlement arrangement is subject to further negotiation between the Group and the China Vanke Entities and the entering into of separate written agreements between the relevant parties, the implementation of such alternative settlement arrangement may recover the outstanding amounts under the Non-exempt Continuing Connected Transactions to certain extent, and we agree that this represents an additional and acceptable mean to address the recoverability of the outstanding amounts. If materialised, the Company will comply with all applicable requirements under Chapter 14 and 14A of the Listing Rules (including circular and independent shareholders’ approval requirements if applicable) as and when required. In addition, the independent non-executive Directors and auditors of the Company will review the Non-exempt Continuing Connected Transactions each year, details of which are set out in the section below headed “8. Reporting Requirements and Conditions of the Non-exempt Continuing Connected Transactions”.

8. Reporting Requirements and Conditions of the Non-exempt Continuing Connected Transactions

Pursuant to Rules 14A.55, 14A.56, 14A.58 and 14A.59 of the Listing Rules, the Non-exempt Continuing Connected Transactions are subject to the following annual review requirements:

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

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- (b) the Company must engage its auditors to report on the Non-exempt Continuing Connected Transactions every year. The Company's auditors must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the Non-exempt Continuing Connected Transactions:
- (i) have not been approved by the Board;
 - (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the Non-exempt Continuing Connected Transactions involve the provision of goods or services by the Group;
 - (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing the Non-exempt Continuing Connected Transactions; and
 - (iv) have exceeded the respective annual caps;
- (c) the Company must allow, and ensure that the counterparties to the Non-exempt Continuing Connected Transactions allow, the Company's auditors sufficient access to their records for the purpose of the reporting on the Non-exempt Continuing Connected Transactions as set out in paragraph (b); and
- (d) the Company must promptly notify the Hong Kong 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 and conditions attached to the Non-exempt Continuing Connected Transactions, in particular, (i) the restriction of the value of the Non-exempt Continuing Connected Transactions by way of the respective annual caps; and (ii) the ongoing review by the independent non-executive Directors and auditors of the Company of the transactions under each of the New CCT Agreements not being exceeded, and given the Company's internal control measures as mentioned above in place, we are of the view that appropriate measures will be in place to govern the conduct of the Non-exempt Continuing Connected Transactions and assist in safeguarding the interests of the Shareholders.

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OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the Non-exempt Continuing Connected Transactions (including the Proposed Annual Caps) are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend, and ourselves recommend, the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the Extraordinary General Meeting to approve the New CCT Agreements and the Proposed Annual Caps.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
John Wong
Director

Mr. John Wong is a licensed person registered with the Securities and Futures Commission of Hong Kong and as a responsible officer of Somerley, which is licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. He has over fifteen years of experience in the corporate finance industry.

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.

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there had not been any material adverse change in the financial or trading positions of the Company since December 31, 2023, being the date to which the latest published audited financial statement of the Company have been made up.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at the Latest Practicable Date, the interests and short positions of each of the Directors and chief executives of the Company 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 to be recorded in the register maintained by the Company under Section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO) and the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules, were as follows:

Name	Title	Nature of Interest	Class of Shares	Number of Shares⁽¹⁾	Percentage of issued Shares⁽²⁾
Zhu Baoquan ⁽³⁾	Executive Director, the chairman of the Board and the general manager	Interest in controlled corporations	H Shares	20,000,000(L)	1.71%
Yao Jinbo ⁽⁴⁾	Non-executive Director	Interest in controlled corporations	H Shares	11,848,934(L)	1.01%

Notes:

1. The letter "L" denotes a long position in the Shares.
2. The shareholding percentage was calculated based on 1,171,565,329 Shares as at the Latest Practicable Date.

3. Spring Wind Blows Limited (“**Spring Wind HK**”) directly held 20,000,000 Shares. Spring Wind HK is a wholly-owned subsidiary of Spring Wind Blows Limited, which is in turn wholly owned by Mr. Zhu Baoquan. Therefore, Mr. Zhu Baoquan is deemed to be interested in the 20,000,000 Shares held by Spring Wind HK pursuant to Part XV of the SFO.
4. Dream Landing Holdings Limited (“**Dream Landing**”) directly held 11,848,934 Shares. Dream Landing is a wholly-owned subsidiary of Dream Warrior Inc., which is an indirect wholly-owned subsidiary of 58.com Inc. 58.com Inc. is ultimately controlled by Mr. Yao Jinbo, a non-executive Director. Therefore, Mr. Yao Jinbo is deemed to be interested in the 11,848,934 Shares held by Dream Landing pursuant to Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares or the underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules.

As at the Latest Practicable Date, so far as was known to the Directors, none of the Directors was a director or an employee of a company which had an interest or short position in the Company’s shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO.

DIRECTORS’ INTERESTS IN ASSETS OF THE GROUP

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to, or which were proposed to be acquired or disposed of by or leased to, any member of the Group since December 31, 2023, being the date to which the latest published audited accounts of the Group were made up.

DIRECTORS’ INTERESTS IN CONTRACTS OR ARRANGEMENT

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors was materially interested in any contracts or arrangements subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

DIRECTORS’ INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, so far as the Directors were aware, save as disclosed below, none of the Directors or their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with business of the Group, or had or might have any other conflicts of interest with the Group pursuant to Rule 8.10 of the Listing Rules.

- (a) Anjuko Group Inc. (“**Anjuko**”): Mr. Yao Jinbo, a non-executive Director, is the executive director, chairperson, chief executive officer, and a controlling shareholder of Anjuko. Anjuko is an open online platform for real estate information and transaction services in China; and

- (b) Siweideng Real Estate Consultant Group Co., Ltd. (斯維登置業顧問集團有限公司) (“**Siweideng**”): Mr. Yao Jinbo, a non-executive Director, is a director of Siweideng. Siweideng is a global accommodation operator focusing on the provision of chain-owned homestay, apartments and villas (paragraphs (a) and (b) collectively, the “**Relevant Director Businesses**”).

There is neither any substantial competition between the businesses of the Company and the Relevant Director Businesses, nor any material conflict of interests arising from Mr. Yao Jinbo’s position and shareholding in Anjuke and Siweideng, having taken into account that (a) the Group is a leading service provider in community, commercial and urban spaces, which offers, among others, home sale and rental brokerage services as an extension of our residential property services only while (i) Anjuke focuses on developing its online real estate service platform business and serves as an intermediary and (ii) Siweideng is a global accommodation operator focusing on the provision of chain-owned homestay, apartments and villas; and (b) the role of Mr. Yao Jinbo in the Company is non-executive in nature and he has not involved in the day-to-day management of the operations of the Group. Mr. Yao Jinbo confirms he is also aware of his fiduciary duties as a Director which require, among other things, that he must act for the benefit of and in the best interests of the Group and not allow any conflict between his duties as a Director and his personal interests. In the event that there is a potential conflict of interest arising out of Mr. Yao Jinbo’s positions held in the Relevant Director Businesses, Mr. Yao Jinbo shall abstain from voting on any resolutions of our Board approving any contract or arrangement or any other proposal in which he has a material interest and shall not be counted in the quorum present at the relevant Board meetings. The Directors are of the view that such Relevant Director Businesses will not result in any substantial competition issues under Rule 8.10 of the Listing Rules.

EXPERT AND CONSENT

The following is the qualification of the expert who has given opinions contained in and referred to in this circular:

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

As at the Latest Practicable Date, the Independent Financial Adviser did not have any shareholding in the Company or any of its subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the Independent Financial Adviser had given and had not withdrawn its written consent to the issue of this circular, with the inclusion herein of its letter of advice dated December 13, 2024 in connection with their advice to the Independent Board Committee and the Independent Shareholders, and references to its name and/or its advice in the form and context in which they appeared.

As at the Latest Practicable Date, the Independent Financial Adviser did not have any direct or indirect interests in any assets which had been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Group since December 31, 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

The letter and recommendations from the Independent Financial Adviser are set out on pages 36 to 72 of this circular and are given for incorporation in this circular.

DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into a service contract with any member of the Group which will not expire or is not determinable within one year without payment of compensation (other than statutory compensation).

OTHER INFORMATION

Reference is made to the circular of the Company dated September 12, 2024 and the announcement of the Company dated September 27, 2024, in relation to, among other things, the grant of general mandate to the board of Directors of the Company by the Shareholders' general meeting of the Company to repurchase H Shares. To the extent that any treasury shares are deposited with CCASS pending resale on the Stock Exchange, the Company will adopt appropriate measures to ensure that it does not exercise any shareholders' rights or receive any entitlements which would otherwise be suspended under the applicable laws if those Shares were registered in the Company's own name as treasury shares, which may include approval by the Board that (i) the Company would not (or would procure its broker not to) give any instructions to Hong Kong Securities Clearing Company Limited to vote at general meetings for the treasury shares deposited with CCASS; and (ii) in the case of dividends or distributions, the Company will withdraw the treasury shares from CCASS, and either re-register them in its own name as treasury shares or cancel them, in each case before the record date for the dividends or distributions.

GENERAL

The Company's share registrar in Hong Kong is Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

The English text of this circular and the accompanying form of proxy shall prevail over the Chinese text in the case of any inconsistency.

DOCUMENTS ON DISPLAY

Copies of the following documents are on display and are published on the website of the Stock Exchange (<https://www.hkexnews.com>) and the website of the Company (<https://www.onewo.com>) for a period of 14 days from the date of this circular:

- (a) the New Property Services Framework Agreement;
- (b) the New Value-added Services Framework Agreement;
- (c) the New Property Agency Services Framework Agreement;
- (d) the letter from Somerley, the text of which is set out on pages 36 to 72 of this circular; and
- (e) the written consent of Somerley referred to in the paragraph headed “Expert and Consent” in this appendix.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Onewo Inc.

萬物雲空間科技服務股份有限公司

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

(Stock Code: 2602)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Onewo Inc. (the “**Company**”) will be held by way of online meeting at 10 a.m. on Tuesday, December 31, 2024, for the purpose of considering and, if thought fit, passing the following resolutions of the Company (with or without amendments).

Unless otherwise defined, the terms used in this notice shall have the same meanings as those defined in the circular of the Company dated December 13, 2024 (the “**Circular**”).

Ordinary Resolutions

1. “**THAT:**

- (a) the New Property Services Framework Agreement dated December 12, 2024 entered into between the Company and China Vanke be and is hereby approved, ratifies and confirmed;
- (b) the proposed annual caps for the New Property Services Framework Agreement for the three years ending December 31, 2027 and the transactions contemplated thereunder be and are hereby approved; and
- (c) any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated under the New Property Services Framework Agreement.”

2. “**THAT:**

- (a) the New Value-added Services Framework Agreement dated December 12, 2024 entered into between the Company and China Vanke be and is hereby approved, ratifies and confirmed;
- (b) the proposed annual caps for the New Value-added Services Framework Agreement for the three years ending December 31, 2027 and the transactions contemplated thereunder be and are hereby approved; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

(c) any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated under the New Value-added Services Framework Agreement.”

3. **“THAT:**

(a) the New Property Agency Services Framework Agreement dated December 12, 2024 entered into between the Company and China Vanke be and is hereby approved, ratifies and confirmed;

(b) the proposed annual caps for the New Property Agency Services Framework Agreement for the three years ending December 31, 2027 and the transactions contemplated thereunder be and are hereby approved; and

(c) any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated under the New Property Agency Services Framework Agreement.”

By order of the Board

Onewo Inc.

Zhu Baoquan

Chairman, executive Director and general manager

Shenzhen, the PRC, December 13, 2024

As at the date of this notice, the Board of Directors of the Company comprises Mr. Zhu Baoquan as Chairman and executive Director; Mr. He Shuhua as executive Director; Mr. Wang Wenjin, Mr. Zhang Xu, Mr. Sun Jia, Mr. Zhou Qi and Mr. Yao Jinbo as non-executive Directors; Ms. Law Elizabeth, Mr. Chen Yuyu, Mr. Shen Haipeng and Mr. Song Yunfeng as independent non-executive Directors.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Unless the context otherwise requires, the terms used herein shall have the same meanings as those defined in the circular of the Company dated December 13, 2024.
2. The proxy form for use at the EGM is published on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (<https://www.onewo.com>). If you are not able to attend and vote via the Tricor e-Meeting System at the EGM, you are requested to complete and return the proxy form in accordance with the instructions printed thereon. Completion and return of the proxy form will not preclude you from attending and voting via the Tricor e-Meeting System at the EGM or at any adjournment thereof should you so wish.
3. In order to be valid, this proxy form together with the notarized power of attorney or other authorization document (if any) should be lodged with H Share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 24 hours before the scheduled time for holding of the EGM (i.e. before 10 a.m. on Monday, December 30, 2024) or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude Shareholders from attending and voting via the Tricor e-Meeting System at the EGM or any adjournment thereof if he/she so wishes.
4. In the case of joint holders of any share(s), only one pair of log-in username and password will be provided to the joint holders. Any one of such joint holders may attend or vote in respect of such share(s) as if he/she/it was solely entitled thereto.
5. In order to determine Shareholders' eligibility to attend and vote via the Tricor e-Meeting System at the EGM, the register of members of the Company will be closed from Friday, December 27, 2024 to Tuesday, December 31, 2024 (both dates inclusive), during which period no transfer of Shares will be effected. In order to qualify for attending and voting at the EGM, the unregistered holders of Shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the H Share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration at or before 4:30 p.m. on Tuesday, December 24, 2024. Shareholders whose names appear on the register of members of the Company on Tuesday, December 31, 2024 shall be entitled to attend and vote at the EGM.
6. Non-registered Shareholders whose Shares are held in the Central Clearing and Settlement System through banks, brokers, custodians or Hong Kong Securities Clearing Company Limited may also be able to attend and vote at the online meeting. In this regard, they shall consult directly with their banks, brokers or custodians (as the case may be) for the necessary arrangements.
7. Any vote made by Shareholders at the EGM shall be conducted by polls pursuant to the requirements of the Articles of Association and the Listing Rules. Therefore, the votes on resolutions in the notice of the EGM will be conducted by polls. For the avoidance of doubt and for the purpose of the Listing Rules, holders of treasury Shares (if any) shall abstain from voting at the EGM.
8. For details of the resolutions, please refer to the circular of the Company dated December 13, 2024.