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

If you have sold or transferred all your shares in **Central China New Life Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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建業新生活有限公司 Central China New Life Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9983)

CONTINUING CONNECTED TRANSACTIONS (1) PROPOSED RENEWAL OF PROPERTY CONSULTATION AND MANAGEMENT SERVICES FRAMEWORK AGREEMENT (2) PROPOSED AMENDMENTS OF ANNUAL CAPS AND TERMS OF INTELLIGENT TECHNOLOGY SERVICES FRAMEWORK AGREEMENT

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



紅日資本有限公司
RED SUN CAPITAL LIMITED

Capitalised terms used in this cover page have the same meanings of those defined in this circular.

The letter from the Board is set out on pages 5 to 22 of this circular. A letter of recommendation from the Independent Board Committee to the Independent Shareholders is set out on pages 23 to 24 of this circular. A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 25 to 52 of this circular.

A notice convening the Extraordinary General Meeting (the "EGM") to be held at 10:00 a.m. on Tuesday, 28 December 2021 at Room 7706, 77/F, International Commerce Centre, No. 1 Austin Road West, Kowloon, Hong Kong is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use by the shareholders at the EGM is enclosed with this circular. Such proxy form is also published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.ccnewlife.com.cn.

Whether or not the Shareholders are able to attend the EGM, the Shareholders are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof should the Shareholders so wish.

9 December 2021

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	5
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	23
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	25
APPENDIX I — GENERAL INFORMATION	I-1
NOTICE OF EGM	EGM-1

DEFINITIONS

In this circular and the appendices to it, the following expressions have the following meanings unless the context requires otherwise:

“Aiou Electronic”	Henan Aiou Electronic Technology Co., Ltd.* (河南艾歐電子科技有限公司), a limited liability company established in the PRC on 25 March 2014 and our non wholly-owned subsidiary, being owned as to 93.3% by the Company (through Central China New Life) and 6.7% by Mr. Lu Feng (盧峰) (an Independent Third Party)
“associate(s)”	has the meaning given to it under the Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“CCRE”	Central China Real Estate Limited, a company incorporated under the laws of the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 832), and a connected person of the Company
“CCRE Group”	CCRE and its subsidiaries
“Company”	Central China New Life Limited, a company incorporated under the laws of the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning given to it under the Listing Rules
“connected transaction(s)”	has the meaning given to it under the Listing Rules
“controlling shareholder(s)”	has the meaning given to it under the Listing Rules and, unless the context requires otherwise, refers to Mr. Wu and Enjoy Start
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting to be convened by the Company for consideration and if appropriate, approval of the New Framework Agreements, the transactions contemplated thereunder and the Proposed Revised Annual Caps
“Enjoy Start”	Enjoy Start Limited (創怡有限公司), a company incorporated under the laws of BVI on 12 November 2014, which is wholly owned by Mr. Wu, and one of the controlling shareholders of the Company

DEFINITIONS

“Framework Agreements”	the Property Consultation and Management Services Framework Agreement and the Intelligent Technology Services Framework Agreement
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Henan Central China New Life”	Henan Central China New Life Service Co., Ltd.* (河南建業新生活服務有限公司), a limited liability company established in the PRC on 21 April 2016 and a wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors (namely Mr. Leong Chong, Ms. Luo Laura Ying and Ms. Xin Zhu) established for the purpose of advising the Independent Shareholders in respect of the New Framework Agreements, the transactions contemplated thereunder and the Proposed Revised Annual Caps
“Independent Financial Adviser”	Red Sun Capital Limited, a corporation licensed by the Securities and Futures Commission to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the New Framework Agreements, the transactions contemplated thereunder and the Proposed Revised Annual Caps
“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the EGM to approve the New Framework Agreements, the transactions contemplated thereunder and the Proposed Revised Annual Caps
“Independent Third Party(ies)”	entity(ies) which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is not a connected person of the Company within the meaning of the Listing Rules
“Intelligent Technology Services”	intelligent technology services (consisting of engineering installation services for intelligent products and sales service for products, software development services and consultation services) provided by the Group to the CCRE Group and its associates

DEFINITIONS

“Intelligent Technology Services Framework Agreement”	the intelligent technology services framework agreement dated 29 March 2019 entered into between the Company and CCRE (as amended by the supplemental agreements dated 28 October 2019 and 30 October 2020), pursuant to which the Group agreed to provide the Intelligent Technology Services to the CCRE Group and its associates
“Latest Practicable Date”	6 December 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Leap United”	Leap United Limited (合躍有限公司), a company incorporated under the laws of BVI on 4 December 2018, which is wholly-owned by Mr. Wang Jun (王俊) (an executive Director, chief executive officer and chairman of the Board of the Company), and a Shareholder
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wu”	Mr. Wu Po Sum, the chairman, an executive director and a controlling shareholder of CCRE, and a controlling Shareholder of the Company
“New Framework Agreements”	the Renewed Property Consultation and Management Services Framework Agreement and the Supplemental Intelligent Technology Services Framework Agreement
“Original Annual Caps”	the maximum annual fee to be received by the Group under the Intelligent Technology Services Framework Agreement for the years ending 31 December 2021 and 2022
“PRC”	the People’s Republic of China
“Property Consultation and Management Services”	property consultation and management services (consisting of consultation services, marketing centre management services, vacant properties management services, self-owned properties management services and properties pre-delivery inspection services) provided by the Group to the CCRE Group and its associates
“Property Consultation and Management Services Framework Agreement”	the property consultation and management services framework agreement dated 29 March 2019 entered into between Henan Central China New Life (a subsidiary of the Company) and CCRE (as amended by the supplemental agreement dated 28 October 2019), pursuant to which the Group agreed to provide the Property Consultation and Management Services to the CCRE Group and its associates

DEFINITIONS

“Proposed Revised Annual Caps”	the proposed maximum annual fee to be received by the Group under the Supplemental Intelligent Technology Services Framework Agreement for the years ending 31 December 2021, 2022, 2023 and 2024
“Prospectus”	the prospectus of the Company dated 5 May 2020 in relation to the global offering of the Company
“Renewed Property Consultation and Management Services Framework Agreement”	the property consultation and management services agreement dated 11 November 2021 entered into between the Company (replacing Henan Central China New Life as the former signing party under the Property Consultation and Management Services Framework Agreement) and CCRE, pursuant to which the Group agreed to provide the Property Consultation and Management Services to the CCRE Group and its associates commencing from 1 January 2022 to 31 December 2024
“SFO”	the Securities and Futures Ordinance, (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	the share(s) of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Supplemental Intelligent Technology Services Framework Agreement”	the agreement dated 11 November 2021 entered into between the Company and CCRE to revise the annual caps thereunder and to extend its term to 31 December 2023
”%”	per cent

* *For identification purpose only*



建業新生活有限公司
Central China New Life Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9983)

Executive Directors

Mr. Wang Jun
(Chairman and Chief Executive Officer)
Mr. Wang Qian

Non-executive Directors

Ms. Wu Lam Li
Ms. Min Huidong

Independent non-executive Directors

Mr. Leong Chong
Ms. Luo Laura Ying
Ms. Xin Zhu

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of the Companies Ordinance (Cap 622)*
Room 7706, 77/F
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No. 1 Austin Road West
Kowloon
Hong Kong

9 December 2021

To the Shareholders

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS
(1) PROPOSED RENEWAL OF PROPERTY CONSULTATION AND
MANAGEMENT SERVICES FRAMEWORK AGREEMENT
(2) PROPOSED AMENDMENTS OF ANNUAL CAPS AND TERMS OF
INTELLIGENT TECHNOLOGY SERVICES FRAMEWORK AGREEMENT

LETTER FROM THE BOARD

1. INTRODUCTION

Reference is made to the announcements of the Company dated 11 November and 1 December 2021 in relation to the New Framework Agreements, the transactions contemplated thereunder and the Proposed Revised Annual Caps.

The purpose of this circular is to provide you with, among other things, (i) details of the New Framework Agreements, the transactions contemplated thereunder and the Proposed Revised Annual Caps; (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the connected transactions in respect of the New Framework Agreements, the transactions contemplated thereunder and the Proposed Revised Annual Caps; (iii) a letter from the Independent Financial Adviser in relation to the connected transactions in respect of the New Framework Agreements, the transactions contemplated thereunder and the Proposed Revised Annual Caps; and (iv) a notice convening the extraordinary general meeting, as well as any other information required to be disclosed under the Listing Rules.

Reference is also made to: (1) the Prospectus in relation to the Property Consultation and Management Services Framework Agreement; and (2) the Prospectus and the Company's circular dated 23 November 2020 in relation to the Intelligent Technology Services Framework Agreement.

As the Property Consultation and Management Services Framework Agreement is due to expire on 31 December 2021, the Company has entered into the Renewed Property Consultation and Management Services Framework Agreement with CCRE on 11 November 2021 (after trading hours), which will take effect on 1 January 2022 and expire on 31 December 2024. Save for the renewed term, the provisions of the Renewed Property Consultation and Management Services Framework Agreement are substantially the same as that of the Property Consultation and Management Services Framework Agreement.

Further, in view of the growth in demand for the Group's services under the Intelligent Technology Services Framework Agreement as a result of the growth in business of the CCRE Group and its associates, the Board expects that the Original Annual Caps under the Intelligent Technology Services Framework Agreement will be insufficient for the years ending 31 December 2021 and 2022. Therefore, on 11 November 2021 (after trading hours), the Company and CCRE entered into the Supplemental Intelligent Technology Services Framework Agreement to amend certain terms of the respective Framework Agreements as follows:

1. the Original Annual Caps under the Intelligent Technology Services Framework Agreement shall be amended to the Proposed Revised Annual Caps under the Supplemental Intelligent Technology Services Framework Agreement; and
2. the Company shall continue to provide the Intelligent Technology Services to the CCRE Group and its associates for a term expiring on 31 December 2023.

LETTER FROM THE BOARD

Save for the above, the terms of the Supplemental Intelligent Technology Services Framework Agreement are the same as those of the Intelligent Technology Services Framework Agreement.

The New Framework Agreements are conditional upon the approval of the Independent Shareholders at the EGM.

2. RENEWED PROPERTY CONSULTATION AND MANAGEMENT SERVICES FRAMEWORK AGREEMENT

The principal terms of the Renewed Property Consultation and Management Services Framework Agreement are as follows:

- Date : 11 November 2021
- Parties : (1) The Company (replacing Henan Central China New Life as the former signing party under the Property Consultation and Management Services Framework Agreement) (as service provider)
- (2) CCRE (as service user)
- Term : The term will commence on 1 January 2022 and expire on 31 December 2024
- Services : The Group will provide to the CCRE Group and its associates the following property consultation and management services:
- (a) **Consultation services:** including (i) pre-delivery consultancy services, including but not limited to provide advices throughout the process of project development (from both property development and end-user perspectives) at the planning and design stage, the engineering construction stage, the marketing stage, the inspection stage and the delivery stage; and (ii) early stage initiation services, including but not limited to providing staff trainings before the delivery of the properties and the initiation service before the completion of property projects;

LETTER FROM THE BOARD

- (b) **Marketing centre management services:** overall management services in respect of the various marketing centres of the CCRE Group and its associates set up for the sales and promotion of the property projects, including operation, administration and management, security and maintenance, concierge, cleaning, gardening and other ancillary services;
- (c) **Vacant properties management services:** management services (including patrolling) of vacant properties of the CCRE Group and its associates which are available for sale, including residential units and parking lots;
- (d) **Self-owned properties management services:** property management services provided for the office buildings and other properties owned by the CCRE Group and its associates which are used for their business operations; and
- (e) **Properties pre-delivery inspection services:** post-completion and pre-delivery property examination and checking services provided for newly completed properties of the CCRE Group and its associates.

Service fees : The fees to be charged by the Group for the Property Consultation and Management Services consist of:

- (a) **Consultation services:** determined with reference to the nature and size of the property and the scope of the consultation services. The price ranges between RMB1 to RMB8 per sq.m.

LETTER FROM THE BOARD

- (b) *Marketing centre management services*: charged based on the operating costs (including staff salaries, staff benefits, administration and management costs), the applicable tax of approximately 6.72% related to the marketing centre management services, plus a mark-up of 10% to 20% depending on factors including the nature, type and location of the property projects, the location and size of the marketing centre and the nature, schedule and complexity of the marketing activities.
- (c) *Vacant properties management services*: charged in accordance with the management fee standard for residential property or parking lot in the district where the vacant property is located. The price ranges between RMB0.6 to RMB20 per month per sq.m..
- (d) *Self-owned properties management services*: determined with reference to the expected costs and prevailing market prices for comparable services. The price ranges between RMB0.6 to RMB20 per month per sq.m..
- (e) *Properties pre-delivery inspection services*: determined with reference to the size of the property, expected costs and prevailing market prices for comparable services. The price ranges between RMB6 to RMB8 per sq.m..

Pricing basis : The fees to be charged by the Group for provision of the Property Consultation and Management Services are determined on arm's length basis with reference to the (i) nature, category and location of the properties; (ii) gross floor area of the properties; (iii) anticipated operation costs, including primarily staff costs and administration costs; and (iv) prevailing market prices for comparable services. With respect to each project, the relevant members and associates of CCRE and the Group will further enter into individual separate agreement that prescribes the specific terms and conditions of each project.

LETTER FROM THE BOARD

Save for the renewed term, the provisions of the Renewed Property Consultation and Management Services Framework Agreement are substantially the same as that of the Property Consultation and Management Services Framework Agreement.

Historical transaction amounts

The table below sets out the historical transaction amounts paid to the Group by the CCRE Group and its associates under the Property Consultation and Management Services Framework Agreement during the year/period stated in the table below:

	For the year ended 31 December 2019 <i>RMB'000</i>	For the year ended 31 December 2020 <i>RMB'000</i>	For the nine months ended 30 September 2021 <i>RMB'000</i> (unaudited)
Historical transaction amount	159,800	194,400	161,840

The Directors confirm that the transaction amounts from 1 January 2021 to the date of this announcement are within the annual cap for 2021 under the Property Consultation and Management Services Framework Agreement.

Annual caps

The table below sets out the proposed annual caps of the service fees payable to the Group by the CCRE Group and its associates under the Renewed Property Consultation and Management Services Framework Agreement for each of the three years ending 31 December 2024:

	For the year ending 31 December		
	2022 <i>RMB'000</i>	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>
Annual cap	300,000	375,000	480,000

The proposed annual caps under the Renewed Property Consultation and Management Services Framework Agreement represent a 25.0% and 28.0% year-on-year increase for 2022 to 2023 and 2023 to 2024, respectively. Such proposed annual caps have been determined after taking into account the following factors:

- the historical transaction amounts and volume of Property Consultation and Management Services we provided during the years ended 31 December 2019 and 2020 and the nine months ended 30 September 2021;

LETTER FROM THE BOARD

- the total contracted GFA of approximately 90.37 million sq.m. for properties developed by the CCRE Group and its associates or joint ventures as of 30 September 2021;
- the anticipated growth in the estimated transaction amounts for Property Consultation and Management Services for the three years ending 31 December 2024, taking into account the expected increase in number of property projects to be released by the CCRE Group and its associates in various cities;
- the expected annual growth rates of 30%, 33% and 34% in the GFA to be delivered with respect to the CCRE Group's vacant properties, and pre-delivery/early stage properties that would require the Group's consultation and inspection services for the years ending 31 December 2022, 2023 and 2024, respectively, with reference to the 34% CAGR of GFA delivered by the CCRE Group over the past five years;
- the expected annual growth rate of 10% in the number of the marketing centres for property sales of the CCRE Group for each of the three years ending 31 December 2024, with reference to the 34% CAGR of GFA delivered by the CCRE Group over the past five years; and
- the number of separate agreements entered into and expected to be entered into pursuant to the Property Consultation and Management Services Framework Agreement and the Renewed Property Consultation and Management Services Framework Agreement.

3. SUPPLEMENTAL INTELLIGENT TECHNOLOGY SERVICES FRAMEWORK AGREEMENT

The principal terms of the Supplemental Intelligent Technology Services Framework Agreement are as follows:

Date	:	11 November 2021
Parties	:	(1) The Company (as service provider) (2) CCRE (as service user)
Term	:	The term will be extended to 31 December 2023

LETTER FROM THE BOARD

- Services : Same as under the Intelligent Technology Services Framework Agreement, the Group shall continue to provide the following intelligent technology services to the CCRE Group and its associates:
- (a) ***Engineering installation services for intelligent products and sales service for products***: installation, repair and maintenance services necessary for the establishment of intelligence communities video surveillance system, indoor fresh air system, intelligent home system, exterior wall insulation and floor heating system;
 - (b) ***Software development services***: customised system integration and development services based on customer needs, such as the visual management platform, operation and management platform, and data analysis platform, for assisting customers in their decision-making process and daily operations; and
 - (c) ***Consultation services***: customised consultation to properties including residential properties and commercial properties.
- Service fees : The fees to be charged by the Group for the Intelligent Technology Services consist of:
- (a) ***Engineering installation services for intelligent products and sales service for products***: determined with reference to the equipment materials, installation costs, enterprise management fees, profit and tax. Depending on the configuration standard of the specific project, the integrated average unit price ranges between RMB30 to RMB100 per sq.m..

LETTER FROM THE BOARD

- (b) *Software development services*: depending on the project content and the development content (such as with reference to the difficulty and complexity of the relevant software development, technical specifics of a project and items developed, the implementation schedule/timetable, the number of developer staff required, etc.), the price ranges between RMB20,000 to RMB4,000,000 per project.
- (c) *Consultation services*: depending on the GFA and nature of the project, the unit price for residential consultation services ranges between RMB2 to RMB3 per sq.m., and the unit price for office consultation services ranges between RMB2.5 to RMB3.5 per sq.m..

Pricing basis : Same as under the Intelligent Technology Services Framework Agreement, the fees to be charged by the Group for provision of the intelligent technology services shall continue to be determined on arm's length basis with reference to (i) prices of the intelligent technology products; (ii) anticipated operation costs taking into account factors including, among others, equipment materials, installation costs, enterprise management fees; (iii) specific software requirement; (iv) GFA and nature of the property projects; and (v) prevailing market prices for comparable services. The fees are charged at fixed lump-sum fees taking into account the above factors, which are payable by instalments with reference to stage of completion of the works specified under each agreement. With respect to each project, the relevant members and associates of CCRE and members of the Group will further enter into individual separate agreement that prescribes the specific terms and conditions of each project, including the service scope and service fee applicable to the particular property project.

LETTER FROM THE BOARD

Annual caps : The Original Annual Caps of RMB360.0 million and RMB380.0 million for the years ending 31 December 2021 and 2022 will be increased to the Proposed Revised Annual Caps of RMB500.0 million, RMB700.0 million and RMB1,000.0 million for the years ending 31 December 2021, 2022 and 2023, respectively.

Save for the Proposed Revised Annual Caps and extension of term, the terms of the Supplemental Intelligent Technology Services Framework Agreement are the same as those of the Intelligent Technology Services Framework Agreement, further details of which are set out in the Prospectus and the Company's circular dated 23 November 2020.

Historical transaction amounts

The table below sets out the historical transaction amounts paid to the Group by the CCRE Group and its associates under the Intelligent Technology Services Framework Agreement during the year/period stated in the table below:

	For the year ended 31 December 2019 RMB'000	For the year ended 31 December 2020 RMB'000	For the nine months ended 30 September 2021 RMB'000 (unaudited)
Historical transaction amount	140,700	328,500	303,620

The Directors confirm that the transaction amounts from 1 January 2021 to the date of this announcement are within the Original Annual Cap for 2021 under the Intelligent Technology Services Framework Agreement.

Annual caps

The table below sets out the Original Annual Caps and the Proposed Revised Annual Caps of the fees payable to the Group by the CCRE Group and its associates for the Intelligent Technology Services under the Intelligent Technology Services Framework Agreement:

	Original Annual Caps		Proposed Revised Annual Caps		
	2021 RMB'000	2022 RMB'000	For the year ending 31 December		
			2021 RMB'000	2022 RMB'000	2023 RMB'000
Annual cap	360,000	380,000	500,000	700,000	1,000,000

LETTER FROM THE BOARD

The Proposed Revised Annual Caps under the Supplemental Intelligent Technology Services Framework Agreement represent a 38.9% and 84.2% increase from the Original Annual Caps for 2021 and 2022, and a 40.0% and 42.9% year-on-year increase for 2021 to 2022 and 2022 to 2023, respectively. Such Proposed Revised Annual Caps have been determined after taking into account the following factors:

- the historical transaction amount and volume of the intelligent technology services provided by the Group during the years ended 31 December 2019 and 2020 and the nine months ended 30 September 2021;
- the Group has been carrying out around 475 separate intelligent technology services agreements which in total amount to RMB823.9 million in 2021. The services fees of intelligent technology services under such agreements are confirmed and settled based on the completed work volume of each project and it is anticipated that the completed work volume in 2021 shall in total amount to RMB497.7 million;
- the increase in demand and budget on the Group's intelligent technology services by the CCRE Group and its associates driven by the rapid penetration of smart home solutions into the property development industry and their strategy to differentiate their properties with technological elements for improvement in quality of life;
- the CCRE Group and its associates have decided to assign more property projects to the Group (instead of other service providers) for provision of intelligent technology services having considered the successful delivery of a number of property projects utilising the Group's intelligent technology services at satisfactory quality;
- the increase in demand for the Group's intelligent technology services, taking into account the expected annual growth rates of 35% and 38% in number of property projects to be delivered by the CCRE Group and its associates that would require such services for the years ending 31 December 2022 and 2023, respectively, with reference to the 34% CAGR of GFA delivered by the Group over the past five years; and
- the number of separate agreements entered and to be entered into pursuant to the Intelligent Technology Services Framework Agreement and the Supplemental Intelligent Technology Services Framework Agreement.

LETTER FROM THE BOARD

4. REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW FRAMEWORK AGREEMENTS

The Directors have been carefully monitoring the historical transaction amounts of, and the estimated demand for, the continuing connected transactions of the Group. The Directors consider that entering into the New Framework Agreements would be conducive to the Group's revenue growth, increasing the Group's total revenue and boosting profits as a result, which is in line with the Group's strategic development needs in the following aspects:

- (a) the Renewed Property Consultation and Management Services Framework Agreement would: (i) further consolidate its leading position in central China as a property management service provider; and (ii) boost the revenue of the Group's business segment of property management services and value-added services; and
- (b) the Supplemental Intelligent Technology Services Framework Agreement would: (i) enable the Group to capture the opportunities and benefit from the latest property market trend with increasing adoption of smart home solutions requiring the Group's intelligent technology services; (ii) further consolidate its market position as an intelligent technological solutions provider for property developers subsequent to the Group's successful expansion into this segment after the acquisition of Aiou Electronic in December 2018; and (iii) boost the revenue of the Group's business segment of property management services and value-added services.

The Directors (excluding Mr. Wang Jun and Ms. Wu Lam Li, who were required to abstain from voting on the relevant Board Resolutions, and also the independent non-executive Directors who will form their view after taking into account the advice of the Independent Financial Adviser) are of the view that: (i) the continuing connected transactions described above have been and will be entered into in the ordinary and usual course of business of the Group and on normal commercial terms or better; and (ii) the terms of the continuing connected transactions (including the relevant annual caps) are fair, reasonable and in the interests of the Group and Shareholders as a whole.

5. THE GROUP'S INDEPENDENT BUSINESS OPERATION WITHOUT UNDUE RELIANCE ON THE CCRE GROUP

Based on the unaudited financial information for the nine months ended 30 September 2021, the total revenue of the Group increased by approximately 45.1% as compared to the nine months ended 30 September 2020, whereas the revenue generated from the CCRE Group and its associates or joint ventures as a percentage of the total revenue decreased from approximately 41.4% for the nine months ended 30 September 2020 to approximately 38.1% for the nine months ended 30 September 2021. The Directors consider that the Proposed Revised Annual Caps would not significantly increase the percentage of the Group's revenue generated from the CCRE Group and its associates or joint ventures during the years ending 31 December 2021, 2022 and 2023.

LETTER FROM THE BOARD

Notwithstanding the New Framework Agreements (including the Proposed Revised Annual Caps), the Board is of the view that the Group will remain capable of carrying out its business operation independently and not placing undue reliance on the CCRE Group due to the reasons set out below:

- (i) the majority of the revenue of the Group for each of the three years ended 31 December 2020 and the nine months ended 30 September 2021 was generated from Independent Third Parties. For each of the three years ended 31 December 2020 and the nine months ended 30 September 2021, the Group's revenue derived from the CCRE Group and its associates or joint ventures accounted for approximately 19.5%, 42.5%, 44.9% and 38.1% of the Group's total revenue during the respective years/period;
- (ii) it is expected that the majority of the revenue of the Group for the year ending 31 December 2021 is to be derived from Independent Third Parties and the Company anticipates that the revenue derived from the CCRE Group and its associates or joint ventures would remain at less than 45.0% of the Company's total revenue for the year ending 31 December 2021;
- (iii) the business, operation, finance and management of the Group is independent from the CCRE Group because (a) the Company possesses a Board and senior management team that function independently of the CCRE Group; (b) the Group secures projects from the CCRE Group in an impartial manner and has entered into the Framework Agreements, the New Framework Agreements and all other agreements governing the connected transactions with the CCRE Group and its associates on arm's length basis; and (c) the business operation of the Group does not rely on any financial support from CCRE Group or other members of the CCRE Group;
- (iv) whilst the Proposed Revised Annual Caps would be conducive to the Group's revenue growth, in the unlikely event that the Proposed Revised Annual Caps are not approved by Independent Shareholders at the EGM and that the Group is to conduct the connected transactions contemplated under the Framework Agreements on the basis of the Original Annual Caps, the Group would still be able to achieve robust revenue growth for the year ending 31 December 2021 compared to the year ended 31 December 2020;
- (v) whilst the Board considers that the Group could benefit from the mutual and complementary relationship with the CCRE Group, the Group has also made continuous efforts to broaden its customer base and source of revenue through providing services to and collaborating with more third-party property developers and has implemented a number of incentive measures to encourage its employees to obtain service contracts for property developments owned/developed by Independent Third Parties (the "**External Projects**") in respect of all the business segments with particular focus on property management services. As of 31 December 2018, 31 December 2019, 31 December 2020, 30 June 2021 and 30 September 2021, the Group's GFA under management for properties of the

LETTER FROM THE BOARD

Independent Third Party property developers was 4.2 million sq.m., 17.7 million sq.m., 45.1 million sq.m., 55.4 million sq.m. and 63.9 million sq.m., accounting for 16.3%, 31.1%, 45.1%, 48.2% and 51.1% of the Group's total GFA under management as at the respective dates. As illustrated above, the Group's GFA under management for properties of the Independent Third Party property developers experienced an overall increasing trend in the past few years;

- (vi) the Company has been and will continue to implement its business strategy to expand its business scale through strategic investments, cooperation and acquisitions, which is expected to result in dilution of revenue generated from the CCRE Group and its associates or joint ventures in the future. For example, as disclosed in the Company's announcement dated 28 December 2020, the Company acquired 51% equity interests in Taihua Jinye Life Services Co., Ltd.* (泰華錦業生活服務有限公司). Therefore, due to the reasons set out in paragraph (v) above and this paragraph (vi), the Board maintains the expectation that the percentage of total revenue to be generated from properties developed by the CCRE Group will decrease in the long run; and
- (vii) the Group's Jianye + (建業+) platform operated under its lifestyle services has been experiencing vigorous growth in terms of significant increase in the number of registered users as well as the average spending per user, resulting in increase in revenue in the Group's lifestyle services, which was among the key reasons for the substantial growth of 47.4% in the revenue of the Group during the six months ended 30 June 2021 compared to the six months ended 30 June 2020. The registered users for the Group's Jianye + (建業+) platform increased from approximately 2.8 million as at 30 June 2020 to approximately 4.7 million as at 30 June 2021 and further to approximately 5.2 million as at 30 September 2021. Given that the customers of the Group's Jianye + (建業+) platform are Independent Third Parties, the growth in revenue of the Group's lifestyle services is expected to increase the Group's revenue generated from the Independent Third Parties in the future.

Having considered the above, the Board is of the view that, despite the Company entered into the New Framework Agreements with CCRE, the Company is able to carry out an independent business operation without undue reliance on the CCRE Group.

6. INTERNAL CONTROL MEASURES

In order to ensure the individual transactions will be conducted in accordance with the principal terms of the New Framework Agreements and on normal commercial terms, the Group has adopted the following measures:

- (1) the finance department of the Group, will be responsible for regular monitoring of the continuing connected transactions contemplated under the New Framework Agreements to ensure that the Proposed Revised Annual Caps will not be exceeded, in particular, the Group will cease to enter into any new individual agreement if such will cause the total contractual income to exceed the Proposed Revised Annual Caps for that financial year;

LETTER FROM THE BOARD

- (2) the implementation of individual agreements will be supervised and monitored by the respective heads of the operation department, marketing department, finance department and management of the Group to ensure that the individual agreements are in line with the pricing policy and principal terms of the respective New Framework Agreements;
- (3) the heads of the operation department of the Group will continuously monitor the price level charged by the Group to Independent Third Parties customers for providing comparable services (where applicable), as well as take into account the prevailing fee level in the market and the market conditions based on the management team's industry knowledge, for the purpose of considering if the price charged for a specific transaction is fair and reasonable and is in accordance with the pricing policy;
- (4) the auditors of the Company shall conduct annual reviews on pricing and the Proposed Revised Annual Caps to ensure that the transaction amounts are within the Proposed Revised Annual Caps and that the transactions are conducted on the principal terms of the respective New Framework Agreements; and
- (5) the independent non-executive Directors would continue to conduct regular review and assessment on the transactions contemplated under the New Framework Agreements on a half-yearly basis to ensure that such transactions are conducted on normal commercial terms and are in the ordinary and usual course of business of the Group, and the terms and conditions thereof are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

7. DIRECTORS' INTEREST IN THE CONTINUING CONNECTED TRANSACTIONS

As at the date of this announcement, CCRE is indirectly owned as to more than 30% by Mr. Wu. Mr. Wu is a controlling shareholder and a connected person of the Company. Accordingly, CCRE is an associate of Mr. Wu and thus a connected person of the Company under Rule 14A.07(4) of the Listing Rules. As (i) Ms. Wu Lam Li is the wife of Mr. Wu, and (ii) Mr. Wang Jun is an executive director of CCRE, as Directors, they have abstained from voting on the Board resolutions regarding the relevant New Framework Agreements to avoid any conflict of interest. Save for the above, none of the Directors has any material interest in any of the transactions contemplated under the New Framework Agreements and is required to abstain from voting on the Board resolutions to approve the same.

8. INFORMATION OF THE PARTIES

The Group is principally engaged in (i) provision of property management services and related value-added services; (ii) provision of lifestyle services; and (iii) provision of commercial property management and consultation services in the PRC.

The CCRE Group is principally engaged in real estate development and sales in Henan Province, the PRC.

LETTER FROM THE BOARD

9. LISTING RULES IMPLICATIONS

As at the date of this announcement, CCRE is indirectly owned as to more than 30% by Mr. Wu. Mr. Wu is a controlling shareholder and a connected person of the Company. Accordingly, CCRE is an associate of Mr. Wu and thus a connected person of the Company under Rule 14A.07(4) of the Listing Rules. The transactions contemplated under the New Framework Agreements therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transactions contemplated under each of the New Framework Agreements exceeds 5%, the transactions contemplated under each of the New Framework Agreements are subject to the annual review, reporting, announcement, circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

10. INDEPENDENT BOARD COMMITTEE

In compliance with the Listing Rules, the Independent Board Committee has been established to consider the terms of the New Framework Agreements, the transactions contemplated thereunder and the Proposed Revised Annual Caps, and to advise the Independent Shareholders as to whether they are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole and to give its recommendation as to the voting in respect of the resolution to be proposed at the EGM for approving the New Framework Agreements, the transactions contemplated thereunder and the Proposed Revised Annual Caps, after taking into account the recommendation of the Independent Financial Adviser. In this connection, the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders regarding the terms of the New Framework Agreements, the transactions contemplated thereunder and the Proposed Revised Annual Caps. The text of the letter from the Independent Board Committee is set out on pages 23 to 24 of this circular and the text of the letter from the Independent Financial Adviser containing its advice is out on pages 25 to 52 of this circular.

11. THE EGM

The EGM of the Company will be held at Room 7706, 77/F, International Commerce Centre, No. 1 Austin Road West, Kowloon, Hong Kong on 28 December 2021 at 10:00, during which resolutions will be proposed to the Independent Shareholders to consider and, if thought fit, pass resolutions to approve each of the New Framework Agreements, the transactions contemplated thereunder and the Proposed Revised Annual Caps.

The notice of the EGM is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is enclosed. Whether or not the Independent Shareholders are able to attend the EGM, the Independent Shareholders are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours

LETTER FROM THE BOARD

before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Independent Shareholders from attending and voting in person at the EGM or any adjournment thereof should the Independent Shareholders so wish.

Shareholders with a material interest in the New Framework Agreements and the transactions contemplated thereunder are required to abstain from voting on the relevant resolution(s) at the EGM. As at the Latest Practicable Date, Mr. Wu (through Enjoy Start, a company directly wholly-owned by him) held 848,092,944 Shares, representing approximately 66.82% of the share capital of the Company. Mr. Wu and Enjoy Bright control or are entitled to exercise control over the voting right in respect of their Shares. The CCRE Group is indirectly owned as to more than 30% by Mr. Wu. As such, Mr. Wu is regarded as being interested in the transactions contemplated under the New Framework Agreements. Therefore, Mr. Wu and (through Enjoy Start) will abstain from voting at the EGM. Save as disclosed, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no other Shareholder is required to abstain from voting on the resolution(s) to be proposed in respect of the aforesaid matters.

12. CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the EGM to be held on 28 December 2021, the register of members of the Company will be closed from 23 December 2021 to 28 December 2021 (both days inclusive), during which period no transfer of shares in the Company can be registered. In order to qualify for attending the EGM, all properly completed share transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 22 December 2021.

13. RECOMMENDATION

The Directors, including the independent non-executive Directors whose views are set out in the section headed "Letter from the Independent Board Committee" in this circular after considering the advice from the Independent Financial Adviser, are of the view that the New Framework Agreements, the transactions contemplated thereunder and the Proposed Revised Annual Caps have been entered into on normal commercial terms that are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Accordingly, the Board (including the Independent Board Committee) recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the New Framework Agreements, the transactions contemplated thereunder and the Proposed Revised Annual Caps.

LETTER FROM THE BOARD

14. ADDITIONAL INFORMATION

Your attention is drawn to (i) the letter from the Independent Board Committee as set out on pages 23 to 24 of this circular which contains its recommendation to the Shareholders as to voting at the EGM in relation to the New Framework Agreements, the transactions contemplated thereunder and the Proposed Revised Annual Caps; and (ii) the letter from the Independent Financial Adviser as set out on pages 25 to 52 of this circular which contains its advice to the Independent Board Committee and the Shareholders in relation to the New Framework Agreements, the transactions contemplated thereunder and the Proposed Revised Annual Caps.

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

Yours faithfully,
By Order of the Board of
Central China New Life Limited
Wang Jun
Chairman

* *For identification purposes only*



建業新生活有限公司
Central China New Life Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9983)

9 December 2021

To the Independent Shareholders

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS
(1) PROPOSED RENEWAL OF PROPERTY CONSULTATION AND
MANAGEMENT SERVICES FRAMEWORK AGREEMENT
(2) PROPOSED AMENDMENTS OF ANNUAL CAPS AND TERMS OF
INTELLIGENT TECHNOLOGY SERVICES FRAMEWORK AGREEMENT

We refer to the circular of the Company dated 9 December 2021 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the New Framework Agreements, the transactions contemplated thereunder and the Proposed Revised Annual Caps are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and whether they are in the interest of the Company and the Shareholders as a whole and to recommend whether or not the Independent Shareholders should vote for the resolution to be proposed at the EGM to approve the New Framework Agreements, the transactions contemplated thereunder and the Proposed Revised Annual Caps. The appointment of Red Sun Capital Limited as the Independent Financial Adviser to advise you and us in this regard has been approved by us. Details of its advice, together with the principal factors and reasons it has taken into consideration in arriving at such advice, are set out on pages 25 to 52 of the Circular.

Your attention is also drawn to the “Letter from the Board” in the Circular and other information set out in the appendices thereto.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the New Framework Agreements, the transactions contemplated thereunder and the Proposed Revised Annual Caps and taking into account the independent advice from Red Sun Capital Limited, the Independent Financial Adviser, in particular the principal factors, reasons and recommendation as set out in its letter, we are of the opinion that the terms of the New Framework Agreements, the transactions contemplated thereunder and the Proposed Revised Annual Caps have been entered into on normal commercial terms that are fair and reasonable, are entered into and to be conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the New Framework Agreements, the transactions contemplated thereunder and the Proposed Revised Annual Caps.

Yours faithfully,

For and on behalf of the Independent Board Committee
Mr. Leong Chong Ms. Luo Laura Ying Ms. Xin Zhu
Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of the letter of advice from Red Sun Capital Limited to the Independent Board Committee and the Shareholders in relation to the Continuing Connected Transactions, including the respective annual caps, prepared for the purpose of incorporation in this circular.



紅日資本有限公司
RED SUN CAPITAL LIMITED

Unit 3303, 33/F, West Tower, Shun Tak Centre,
168–200 Connaught Road Central, Hong Kong

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

9 December 2021

*To: The independent board of committee and the independent shareholders of
Central China New Life Limited*

CONTINUING CONNECTED TRANSACTIONS

(1) PROPOSED RENEWAL OF PROPERTY CONSULTATION AND MANAGEMENT SERVICES FRAMEWORK AGREEMENT

(2) PROPOSED AMENDMENTS OF ANNUAL CAPS AND TERMS OF INTELLIGENT TECHNOLOGY SERVICES FRAMEWORK AGREEMENT

I. INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Shareholders with regard to the continuing connected transactions in connection with the New Framework Agreements, namely the Renewed Property Consultation and Management Services Framework Agreement and the Supplemental Intelligent Technology Services Framework Agreement, and the transactions respectively contemplated thereunder (together the “**Continuing Connected Transactions**”) and the respective annual caps. Details of the New Framework Agreements with CCRE are set out in the letter from the Board (the “**Letter from the Board**”) of the circular to the Shareholders dated 9 December 2021 (the “**Circular**”). Unless otherwise stated, terms defined in the Circular have the same meanings in this letter.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Reference is made to (i) the Prospectus in relation to the Property Consultation and Management Services Framework Agreement; and (ii) the Prospectus and the Company's circular dated 23 November 2020 in relation to the Intelligent Technology Services Framework Agreement. As the Property Consultation and Management Services Framework Agreement is due to expire on 31 December 2021 and in view of the growth in demand for the Group's services under the Intelligent Technology Services Framework Agreement as a result of the growth in business of the CCRE Group and its associates, the Board expects that the Original Annual Caps under the Intelligent Technology Services Framework Agreement will be insufficient for the years ending 31 December 2021 and 2022, on 11 November 2021 (after trading hours), the Board has entered into the New Framework Agreements with CCRE and proposed the respective annual caps for the Continuing Connected Transactions.

The Renewed Property Consultation and Management Services Framework Agreement will take effect on the Effective Date or 1 January 2022 and expire on 31 December 2024. The Supplemental Intelligent Technology Services Framework Agreement, which included, the amendment of the Original Annual Caps under the Intelligent Technology Services Framework Agreement to the Proposed Revised Annual Caps under the Supplemental Intelligent Technology Services Framework Agreement, shall be for a term expiring on 31 December 2023.

Save as disclosed in the Letter from the Board, the terms of the Renewed Property Consultation and Management Services Framework Agreement and the Supplemental Intelligent Technology Services Framework Agreement shall remain the same as those of the Property Consultation and Management Services Framework Agreement and the Intelligent Technology Services Framework Agreement. Further details of the terms of each of the New Framework Agreements are set out in the Letter from the Board. The New Framework Agreements are conditional upon the approval of the Independent Shareholders at the EGM.

As at the Latest Practicable Date, CCRE was indirectly owned as to more than 30% by Mr. Wu. Mr. Wu is a controlling Shareholder and a connected person of the Company. Accordingly, CCRE is an associate of Mr. Wu and thus a connected person of the Company under Rule 14A.07(4) of the Listing Rules. The transactions contemplated under each of the New Framework Agreements therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transactions contemplated under each of the New Framework Agreements exceeds 5%, the transactions contemplated under each of the New Framework Agreements are subject to the annual review, reporting, announcement, circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Shareholders with a material interest in the New Framework Agreements and the transactions contemplated thereunder are required to abstain from voting on the relevant resolution(s) at the EGM. As at the Latest Practicable Date, Mr. Wu (through Enjoy Start, a company directly wholly-owned by him) held 848,092,944 Shares, representing

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

approximately 66.82% of the share capital of the Company. Mr. Wu and Enjoy Bright control or are entitled to exercise control over the voting right in respect of their Shares. The CCRE Group is indirectly owned as to more than 30% by Mr. Wu. As such, Mr. Wu is regarded as being interested in the transactions contemplated under the New Framework Agreements. Therefore, Mr. Wu and (through Enjoy Start) will abstain from voting at the EGM. Save as disclosed, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no other Shareholder is required to abstain from voting on the resolution(s) to be proposed in respect of the aforesaid matters.

II. THE INDEPENDENT BOARD COMMITTEE

The Board consists of seven Directors, namely Mr. Wang Jun (Chairman) and Mr. Wang Qian as executive Directors, Mr. Wu Lam Li and Ms. Min Huidong as non-executive Directors, Mr. Leong Chong, Ms. Luo Laura Ying and Ms. Xin Zhu as independent non-executive Directors.

The Independent Board Committee comprising all of the independent non-executive Directors, namely Mr. Leong Chong, Ms. Luo Laura Ying and Ms. Xin Zhu, has been established to advise the Independent Shareholders as to whether the terms of the New Framework Agreements (including the respective proposed annual caps) are (i) fair and reasonable; (ii) on normal commercial terms and in the ordinary and usual course of business of the Group; and (iii) in the interests of the Company and its Shareholders as a whole.

We have been appointed to advise the Independent Board Committee and the Independent Shareholders in these respects and to give our opinion in relation to the Continuing Connected Transactions, including the respective proposed annual caps for the Independent Board Committee's consideration when making their recommendation to the Independent Shareholders.

III. OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Company, the CCRE Group and their respective shareholders, directors or chief executives, or any of their respective associates and accordingly, are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the Continuing Connected Transactions. In the previous two years, save for our appointment as the independent financial adviser in connection with certain continuing connected transactions and the respective proposed annual caps, details of which are set out in the circular of the Company dated 23 November 2020, we have not acted as an independent financial adviser to the independent board committee and the independent shareholders of the Company for any other transaction.

Apart from the normal advisory fee paid or payable to us in connection with our appointment as the Independent Financial Adviser, no arrangement exists whereby we have received or will receive any fees or benefits from the Company that could reasonably be regarded as relevant in assessing our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

IV. BASIS AND ASSUMPTIONS OF THE ADVICE

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

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

V. BACKGROUND INFORMATION OF THE CONTINUING CONNECTED TRANSACTIONS

In formulating our opinion on the Continuing Connected Transactions, we have taken into consideration the following factors and reasons:

1. Background information of the Group

As disclosed in the Letter from the Board, the Group is principally engaged in (i) provision of property management services and related value-added services; (ii) provision of lifestyle services; and (iii) provision of commercial property management and consultation services in the PRC.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the summary of the Group’s (i) audited consolidated statements of profit or loss and comprehensive income and consolidated statements of financial position for the years ended 31 December 2019 and 2020 as set out in the annual report of the Group for the year ended 31 December 2020 (the “**2020 Annual Report**”); and (ii) unaudited consolidated financial results of the Group for the six months ended 30 June 2020 and 2021 as set out in the interim report of the Group for the six months ended 30 June 2021 (the “**2021 Interim Report**”):

Summary of consolidated statements of profit or loss and comprehensive income

	For the year ended		For the six months ended	
	31 December		30 June	
	2019	2020	2020	2021
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Revenue				
— Property management and value-added services	1,341.1	2,198.5	843.8	1,286.1
— Lifestyle services	308.6	366.4	172.8	206.0
— Commercial property management and consultation services	104.7	89.6	44.6	71.7
	<u>1,754.4</u>	<u>2,654.5</u>	<u>1,061.2</u>	<u>1,563.8</u>
Total Revenue	<u>1,754.4</u>	<u>2,654.5</u>	<u>1,061.2</u>	<u>1,563.8</u>
Profit before tax	307.5	556.9	240.4	344.4
Profit attributable to owners of the Company	234.0	426.6	183.8	260.2

For the six months ended 30 June 2021 compared to the six months ended 30 June 2020

For the six months ended 30 June 2021, the revenue increased by approximately RMB502.6 million or approximately 47.4%, from approximately RMB1,061.2 million for the six months ended 30 June 2020 to approximately RMB1,563.8 million for the six months ended 30 June 2021.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As set out in the 2021 Interim Report, revenue from property management services increased to approximately RMB1,286.1 million for the six months ended 30 June 2021 from approximately RMB843.8 million for the corresponding period of 2020, representing a period-on-period increase of approximately 52.4%. The increase was mainly attributable to (i) the gross floor area under management of the Group increased from approximately 70.1 million sq.m. as at 30 June 2020 to approximately 115.0 million sq.m. as at 30 June 2021, resulting in an increase of revenue from property management services; and (ii) the increase of business volume for value-added services such as agency services and intelligent communities, resulting in an increase in revenue from value-added services.

In addition, revenue from lifestyle services also increased to approximately RMB206.0 million for the six months ended 30 June 2021 from approximately RMB172.8 million for the corresponding period of 2020, representing an increase of approximately 19.2% as compared with the corresponding period in the prior year. The increase was mainly attributable to the increase in registered users for Jianye + (建業+) platform from approximately 2.8 million as at 30 June 2020 to approximately 4.7 million as at 30 June 2021. Furthermore, revenue from commercial property management and consultation services increased to approximately RMB71.7 million for the six months ended 30 June 2021 from approximately RMB44.6 million for the corresponding period of 2020, representing a period-on-period increase of approximately 60.8% as compared with the corresponding period in the prior year. The increase was mainly attributable to the increase of revenue from the cultural tourism complex management.

It is also noted that profit attributable to owners of the Company increased by approximately RMB76.4 million or approximately 41.6%, from approximately RMB183.8 million for the six months ended 30 June 2020 to approximately RMB260.2 million for the six months ended 30 June 2021. Such increase was mainly attributable to the increase in revenue as analysed above as well as the cost structure as detailed in the 2021 Interim Report.

For the year ended 31 December 2020 compared to the year ended 31 December 2019

For the year ended 31 December 2020, the revenue of the Group increased by approximately RMB900.1 million or approximately 51.3%, from approximately RMB1,754.4 million for the year ended 31 December 2019 to approximately RMB2,654.5 million for the year ended 31 December 2020.

As disclosed in the 2020 Annual Report, revenue from property management and value-added services increased from approximately RMB1,341.1 million for the year ended 31 December 2019 to approximately RMB2,198.5 million for the year ended 31 December 2020. Such increase was mainly due to the increase in gross floor area under management increased from approximately 57.0 million sq.m. as at 31 December 2019 to approximately 100.0 million sq.m. as at 31 December 2020. Besides, the revenue from lifestyle services increased from

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

approximately RMB308.6 million for the year ended 31 December 2019 to approximately RMB366.4 million for the year ended 31 December 2020. Such increase was mainly attributable to the increase of registered users on Jianye + (建業+) platform with the growth in user consumption. However, revenue from commercial property management and consultation services decreased from approximately RMB104.7 million for the year ended 31 December 2019 to approximately RMB89.6 million for the year ended 31 December 2020. Such decrease was mainly attributable to the development limitation of hotel management and cultural tourism complex management business under the COVID-19 pandemic and resulting in a decrease in revenue.

It was noted that profit attributable to owners of the Company increased by approximately RMB192.6 million or approximately 82.3%, from approximately RMB234.0 million for the year ended 31 December 2019 to approximately RMB426.6 million for the year ended 31 December 2020. Such increase was mainly attributable to the increase in revenue and a relatively stable gross profit margin.

Summary of consolidated statement of financial position

	As at 31 December		As at
	2019	2020	30 June
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	(Audited)	(Audited)	(Unaudited)
Total assets	1,463.4	4,250.0	4,510.7
— Intangible assets	73.0	87.7	256.0
— Trade and other receivables and prepayments	767.3	1,328.5	1,459.4
— Cash and cash equivalent	584.8	2,217.8	2,611.7
Total liabilities	1,081.8	1,532.6	1,679.0
— Trade and other payables	654.3	937.3	977.1
— Contract liabilities	370.0	474.3	535.4
— Current income tax liabilities	50.7	95.9	108.5
Total equity attributable to owners of the Company	369.4	2,691.3	2,761.3

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Financial position of the Group as at 30 June 2021 compared to 31 December 2020

The Group's total assets increased by approximately RMB260.7 million or approximately 6.1% from approximately RMB4,250.0 million as at 31 December 2020 to approximately RMB4,510.7 million as at 30 June 2021. Such increase was primarily attributable to the increase in cash and cash equivalent from approximately RMB2,217.8 million as at 31 December 2020 to approximately RMB2,611.7 million as at 30 June 2021. As at 30 June 2021, assets of the Group mainly comprised of cash and cash equivalent of approximately RMB2,611.7 million, trade and other receivables and prepayments of approximately RMB1,459.4 million and intangible assets of approximately RMB256.0 million, which accounted for approximately 57.9%, 32.4% and 5.7% of the total assets, respectively.

The Group's total liabilities increased by approximately RMB146.4 million or approximately 9.6%, from approximately RMB1,532.6 million as at 31 December 2020 to approximately RMB1,679.0 million as at 30 June 2021. Such increase was mainly attributable to (i) the increase in trade and other payables of approximately RMB39.8 million from approximately RMB937.3 million as at 31 December 2020 to approximately RMB977.1 million as at 30 June 2021; and (ii) the increase in contract liabilities of approximately RMB61.1 million from approximately RMB474.3 million as at 31 December 2020 to approximately RMB535.4 million as at 30 June 2021. As at 30 June 2021, liabilities of the Group mainly comprised of trade and other payables of approximately RMB977.1 million, contract liabilities of approximately RMB535.4 million and current income tax liabilities of approximately RMB108.5 million, which accounted for approximately 58.2%, 31.9% and 6.5% of the total liabilities, respectively.

Financial position of the Group as at 31 December 2020 compared to 31 December 2019

The Group's total assets increased by approximately RMB2,786.6 million or approximately 190.4% from approximately RMB1,463.4 million as at 31 December 2019 to approximately RMB4,250.0 million as at 31 December 2020. Such increase was primarily attributable to the increase in cash and cash equivalent from approximately RMB584.8 million as at 31 December 2019 to approximately RMB2,217.8 million as at 31 December 2020. As at 31 December 2020, assets of the Group mainly comprised of cash and cash equivalent of approximately RMB2,217.8 million, trade and other receivables and prepayments of approximately RMB1,328.5 million and intangible assets of approximately RMB87.7 million, which accounted for approximately 52.2%, 31.3% and 2.1%, of the total assets, respectively.

The Group's total liabilities increased by approximately RMB450.8 million or approximately 41.7%, from approximately RMB1,081.8 million as at 31 December 2019 to approximately RMB1,532.6 million as at 31 December 2020. Such increase was mainly attributable to the increase in trade and other payables of approximately RMB283.0 million from approximately RMB654.3 million as at 31 December 2019 to approximately RMB937.3 million as at 31 December 2020. As at 31 December 2020, liabilities of the Group mainly comprised of trade and other payables of approximately RMB937.3 million, contract liabilities of approximately RMB474.3 million and current income tax liabilities of approximately RMB95.9 million, which accounted for approximately 61.2%, 30.9% and 6.3% of the total liabilities, respectively.

2. Background information on the CCRE Group

As set out in the Letter from the Board, the CCRE Group is principally engaged in real estate development and sales in Henan Province, the PRC. CCRE is a company listed on the Main Board of the Stock Exchange and a connected person of the Company.

3. Background information on the property management industry in the PRC

As set out on the website of the National Bureau of Statistics of the PRC (<http://data.stats.gov.cn>), year-on-year growth in gross domestic product (“GDP”) for the PRC in 2020 was approximately 2.3% (2019: 6.0%) as the economy was temporarily and adversely affected by the coronavirus outbreak. However the PRC economy has since continued to recover and recorded a period-on-period growth in GDP of approximately 9.8% for the nine months ended 30 September 2021 compared to the correspondence period in the prior year, based on preliminary data published by the National Bureau of Statistics of China.

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

overall economic development of the PRC. In view of the above, it is expected that the continuous increase in urbanisation rate in the PRC and the recovery of the PRC economy shall continue to drive the growth for the PRC real estate and related industries in the long term.

We understand from the Management that the main business of the Group is based in the Henan Province, the PRC, hence additional background information published by Henan Province Bureau of Statistics (<http://tjj.henan.gov.cn>) has been set out hereunder for information purposes. The total population and urban population as of November 2020 were approximately 99.4 million and 44.3 million, respectively, based on such data, it was calculated that the urbanisation rate of Henan Province as of November 2020 was approximately 44.6%. In addition, the annual per capita disposable income of residents in Henan was approximately RMB24,810.1, representing an increase of approximately 3.8% over 2019. In terms of permanent residence in Henan, the per capita disposable income of urban residents was approximately RMB34,750.3, representing an increase of approximately 1.6%. On the other hand, the investment in real estate development throughout 2020 was approximately RMB778.2 billion, representing an increase of approximately 4.3% over the corresponding prior year. Among the total investment in real estate sector, residential investment was approximately RMB645.3 billion, representing an increase of approximately 6.6%.

VI. PRINCIPAL FACTORS AND REASONS CONSIDERED

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

We understand from the Company that the Continuing Connected Transactions contemplated under the New Framework Agreements are a furtherance of the Group's existing business and will subject to terms of the subject framework agreement, including without limitation, the pricing policy set out thereunder to ensure that the terms of the transactions with the CCRE Group and its associates are conducted on normal commercial terms and the relevant annual caps are to facilitate the effective execution of the Continuing Connected Transactions.

As disclosed in the Letter from the Board, the Directors have been carefully monitoring the historical transaction amounts of, and the estimated demand for, the continuing connected transactions of the Group. The Directors consider that entering into the New Framework Agreements would be conducive to the Group's revenue growth, increasing the Group's total revenue and boosting profits as a result, which is in line with the Group's strategic development needs in the following aspects:

- (a) the Renewed Property Consultation and Management Services Framework Agreement would: (i) further consolidate its leading position in central China as a property management service provider; and (ii) boost the revenue of the Group's business segment of property management services and value-added services; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (b) the Supplemental Intelligent Technology Services Framework Agreement would: (i) enable the Group to capture the opportunities and benefit from the latest property market trend with increasing adoption of smart home solutions requiring the Group's intelligent technology services; (ii) further consolidate its market position as an intelligent technological solutions provider for property developers subsequent to the Group's successful expansion into this segment after the acquisition of Aiou Electronic in December 2018; and (iii) boost the revenue of the Group's business segment of property management services and value-added services.

Given the continuous business expansion experienced by the Group, the Directors consider that the Proposed Revised Annual Caps would not significantly increase the percentage of the Group's revenue generated from the CCRE Group and its associates or joint ventures during the years ending 31 December 2021, 2022 and 2023.

Having considered the following factors, among others, (i) the proposed annual caps are a limit of which the Continuing Connected Transactions can be transacted without the need to seek additional Shareholders' approval, however, the actual transaction amount between the Group and the members of the CCRE Group may or may not reach the respective maximum amount for the respective year; (ii) the Continuing Connected Transactions shall be conducted in the ordinary and usual course of business of the Group; (iii) the Management advised that the Group manages its business and customers as a whole and does not prioritise its resources to provide services to the CCRE Group; (iv) the Company seeks business expansion opportunities from both Independent Third Parties and connected parties and assess such opportunities based on their merit as a whole; (v) as set out in the Letter from the Board, the gross floor area under management for Independent Third Parties reached approximately 63.9 million sq.m. as of 30 September 2021 as compared with approximately 55.4 million sq.m. as of 30 June 2021, which accounted for approximately 51.1% of the total gross floor area under management by the Group as at 30 September 2021 as compared with approximately 48.2% as of 30 June 2021; (vi) the Group's growing business with a revenue growth at a CAGR of approximately 54.9% from 2017 to 2020 and its development since its listing on the Stock Exchange; and (vii) the Group's business has experienced significant growth as evidenced by year-on-year revenue growth of approximately 51.3% for the year ended 31 December 2020 and period-on-period revenue growth of approximately 47.4% for the six months ended 30 June 2021, the Management considered that the proposed annual caps would not result in undue reliance of the Group on the CCRE Group that would materially and adversely affect the Group. Nonetheless, we understand from the Management that the Company shall continue to monitor and manage the overall situation from time to time and act accordingly as the Group has the right but not the obligation to provide the relevant services to the CCRE Group under the New Framework Agreements.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered that, (i) the Renewed Property Consultation and Management Services Framework Agreement would further consolidate the Group's market position as a property management service provider in central China and boost the revenue of the Group's relevant segment; (ii) the Supplemental Intelligent Technology Services Framework Agreement would enable the Group to capture the opportunities and benefit from the increasing trend in adoption of smart home solutions; (iii) the services demand in the past as well as the revenue of the Group experienced notable growth of approximately 45.1% for the nine months ended 30 September 2021 as compared to the corresponding period in the prior year; (iv) the Group is a property management service provider offering a comprehensive portfolio of quality services to its customers in the PRC; (v) the Continuing Connected Transactions are a furtherance of the Group's principal businesses; (vi) the proposed annual caps, if approved, would facilitate the Continuing Connected Transactions to be conducted in an effective and efficient manner without the need for the Company to seek Shareholders' approval on a transaction-by-transaction basis; and (vii) the Group has the right but not the obligation to provide the relevant services to the CCRE Group, which shall be on terms determined in accordance with the respective pricing policies, we concur with the Directors' view that the Continuing Connected Transactions are in the interests of the Company as a whole.

2. Principal terms of the New Framework Agreements

A summary of the principal terms of the New Framework Agreements, which is based on the Letter from the Board is set out below:

A. Renewed Property Consultation and Management Services Framework Agreement

Date	:	11 November 2021
Parties	:	(1) The Company (replacing Henan Central China New Life as the former signing party under the Property Consultation and Management Services Framework Agreement) (as service provider) (2) CCRE (as service user)
Term	:	The term will commence on 1 January 2022 and expire on 31 December 2024

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Services : The Group will provide to the CCRE Group and its associates the following property consultation and management services:

- (a) **Consultation services:** including (i) pre-delivery consultancy services, including but not limited to provide advices throughout the process of project development (from both property development and end-user perspectives) at the planning and design stage, the engineering construction stage, the marketing stage, the inspection stage and the delivery stage; and (ii) early stage initiation services, including but not limited to providing staff trainings before the delivery of the properties and the initiation service before the completion of property projects;
- (b) **Marketing centre management services:** overall management services in respect of the various marketing centres of the CCRE Group and its associates set up for the sales and promotion of the property projects, including operation, administration and management, security and maintenance, concierge, cleaning, gardening and other ancillary services;
- (c) **Vacant properties management services:** management services (including patrolling) of vacant properties of the CCRE Group and its associates which are available for sale, including residential units and parking lots;
- (d) **Self-owned properties management services:** property management services provided for the office buildings and other properties owned by the CCRE Group and its associates which are used for their business operations; and
- (e) **Properties pre-delivery inspection services:** post-completion and pre-delivery property examination and checking services provided for newly completed properties of the CCRE Group and its associates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Service fee : The fees to be charged by the Group for the Property Consultation and Management Services consist of:

- (a) **Consultation services:** determined with reference to the nature and size of the property and the scope of the consultation services. The price ranges between RMB1 to RMB8 per sq.m.
- (b) **Marketing centre management services:** charged based on the operating costs (including staff salaries, staff benefits, administration and management costs), the applicable tax of approximately 6.72% related to the marketing centre management services, plus a mark-up of 10% to 20% depending on factors including the nature, type and location of the property projects, the location and size of the marketing centre and the nature, schedule and complexity of the marketing activities.
- (c) **Vacant properties management services:** charged in accordance with the management fee standard for residential property or parking lot in the district where the vacant property is located. The price ranges between RMB0.6 to RMB20 per month per sq.m.
- (d) **Self-owned properties management services:** determined with reference to the expected costs and prevailing market prices for comparable services. The price ranges between RMB0.6 to RMB20 per month per sq.m.
- (e) **Properties pre-delivery inspection services:** determined with reference to the size of the property, expected costs and prevailing market prices for comparable services. The price ranges between RMB6 to RMB8 per sq.m.

B. The Supplemental Intelligent Technology Services Framework Agreement

Date : 11 November 2021

Parties : (1) The Company (as service provider)
(2) CCRE (as service user)

Term : The term will be extended to 31 December 2023

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Services : Same as under the Intelligent Technology Services Framework Agreement, the Group shall continue to provide the following intelligent technology services to the CCRE Group and its associates:

- (a) ***Engineering installation services for intelligent products and sales service for products***: installation, repair and maintenance services necessary for the establishment of intelligence communities video surveillance system, indoor fresh air system, intelligent home system, exterior wall insulation and floor heating system;
- (b) ***Software development services***: customised system integration and development services based on customer needs, such as the visual management platform, operation and management platform, and data analysis platform, for assisting customers in their decision-making process and daily operations; and
- (c) ***Consultation services***: customised consultation to properties including residential properties and commercial properties.

Service fee : The fees to be charged by the Group for the Intelligent Technology Services consist of:

- (a) ***Engineering installation services for intelligent products and sales service for products***: determined with reference to the equipment materials, installation costs, enterprise management fees, profit and tax. Depending on the configuration standard of the specific project, the integrated average unit price ranges between RMB30 to RMB100 per sq.m.
- (b) ***Software development services***: depending on the project content and the development content (such as with reference to the difficulty and complexity of the relevant software development, technical specifics of a project and items developed, the implementation schedule/timetable, the number of developer staff required, etc.), the price ranges between RMB20,000 to RMB4,000,000 per project.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (c) *Consultation services*: depending on the GFA and nature of the project, the unit price for residential consultation services ranges between RMB2 to RMB3 per sq.m., and the unit price for office consultation services ranges between RMB2.5 to RMB3.5 per sq.m..

Pricing Policy

During the term of the New Framework Agreements, the Group shall from time to time enter into the individual agreements with the CCRE Group for the provision of relevant services in accordance with the terms of the New Framework Agreements. We understand from the Management that the Group adopts the following pricing policy to ensure that the terms offered to the CCRE Group and its associates under the New Framework Agreements are on normal commercial terms and shall not be less favourable to the Group than terms offered by the Group to Independent Third Parties as follows:

- (a) the fees to be charged by the Group for the provision of Property Consultation and Management Services are determined on arm's length basis with reference to the (i) nature, category and location of the properties; (ii) GFA of the properties; (iii) anticipated operational costs, including primarily staff costs and administration costs; and (iv) prevailing market prices for comparable services; and
- (b) for intelligent technology services provided by the Group to the CCRE Group and its associates, same as under the Intelligent Technology Services Framework Agreement, the fees to be charged by the Group for provision of the intelligent technology services shall continue to be determined on arm's length basis with reference to (i) prices of the intelligent technology products; (ii) anticipated operation costs taking into account factors including, among others, equipment materials, installation costs, enterprise management fees; (iii) specific software requirement; (iv) GFA and nature of the property projects; and (v) prevailing market prices for comparable services. The fees are charged at fixed lump-sum fees taking into account the above factors, which are payable by instalments with reference to stage of completion of the works specified under each agreement.

For further details of the New Framework Agreements, please refer to the Letter from the Board.

3. **Our analysis on the New Framework Agreements and work performed on the internal control procedures**

3.1 Renewed Property Consultation and Management Services Framework Agreement

As set out in the Letter from the Board, the services under the Renewed Property Consultation and Management Services Framework Agreement primarily comprise of the following services, consultation services, marketing centre management services, vacant properties management services, self-owned properties management services and properties pre-delivery inspection services (i.e. the Property Consultation and Management Services).

In respect of the Property Consultation and Management Services, we understand from the Management that (i) for consultation services, the fees was charged on a standard rate with reference to the GFA of each project for consultation services; (ii) for marketing centre management services, the Group would consider factors such as (a) types and number of staffs to be involved; and (b) nature, category and location of the property projects when determining the service fee; (iii) for vacant properties management services, the Group would consider factors such as (a) the nature of the property project, namely whether it is residential or commercial property; (b) the location of each of the residential or commercial projects; (c) the anticipated operational costs (including staff costs, administration and management costs); (d) the GFA of the property when determining the service fee; (iv) for self-owned properties management services, the Group would consider factors such as (a) anticipated operational cost (including staff costs); (b) prevailing market rate; and (c) the market prices of similar services providers when determining the service fee; and (v) for the properties pre-delivery inspection services, the Group would consider factors such as (a) anticipated operational cost (including staff costs); (b) total GFA needed for inspection; and (c) the market prices of similar services providers when determining the service fees.

In this connection, we have obtained and reviewed a total of 14 sampled transactions, which were selected on a random basis, included transactions between the Group and each of (i) the Independent Third Parties (the “**I3P Samples**”); and (ii) members of the CCRE Group (the “**Connected Samples**”) for each type of the Property Consultation and Management Services. Based on the transaction documents obtained, we noted that the rate of relevant service fees charged under the Connected Samples were in line with and/or not less favourable than those under the comparable I3P Samples. We also noted that the sampled transactions complied with the relevant stated internal control procedures, including but not limited to, approval from relevant managerial personnel. Furthermore, we have also considered that (i) the independent non-executive Directors have reviewed and confirmed that the continuing connected transactions under the framework agreements compiled with Rule 14A.55 of the Listing Rules, as set out in the 2020 Annual Report; (ii) the Company’s auditor has issued its unqualified letter in respect of the continuing connected transactions

in accordance with Rule 14A.56 of the Listing Rules, as set out in the 2020 Annual Report; and (iii) during our review of the sampled transactions, there were no indication of non-compliance of the relevant pricing policies and internal control procedures, we consider the sample size to be sufficient for the purpose of accessing the relevant internal control procedures of the Company which governed the transactions under the Property Consultation and Management Services Framework Agreement. Furthermore, we also obtained internal control review report of the Group dated 5 July 2021 as well as the supporting documents, for the six months ended 30 June 2021 in connection with its internal half year review (the “**Half Year Internal Control Review**”) of terms of connected transactions conducted with CCRE Group conducted during the aforesaid period. We noted that the Half Year Internal Control Review was conducted on a sample basis covering various types of transactions under the Property Consultation and Management Services. The findings from the Half Year Internal Control Review set out that the relevant service fees from the sampled transactions with CCRE Group (i.e. the connected party) were in line with service fees charged by the Group to Independent Third Parties, and in compliance with the subject pricing policies as set out in the property consultation and management services framework agreement (as supplemented by the supplemental agreement dated 28 October 2019). The Half Year Internal Control Review was reviewed and signed by a representative from each of the accounting department* (財務管理部) and the operations department* (運營管理部) as well as the general manager* (總經理), respectively.

Based on our work and analysis performed and as set out above, the service fees of the sampled transactions with the CCRE Group reviewed were in line with the service fees charged under the comparable I3P Samples, we are of the view that the transactions contemplated under the Renewed Property Consultation and Management Services Framework Agreement in accordance with the relevant internal control procedures are fair and reasonable.

3.2 The Supplemental Intelligent Technology Services Framework Agreement

As set out in the Letter from the Board, the services under the Supplemental Intelligent Technology Services Framework Agreement primarily comprise of the following services, engineering installation services for intelligent products and sales service for products, software development services and consultation services (i.e. the Intelligent Technology Services).

In respect of the Intelligent Technology Services, we understand from the Management that when determining the relevant service fees, the following will be considered, (i) for the engineering installation services for intelligent products and sales service for products, where applicable, the Group will refer to the Standard Pricing List (defined hereafter), prices of intelligent technology products, anticipated operation costs, prevailing market prices for comparable services when determining the rate of the service fee charged to its customers; and (ii) for the software development services and consultation services, factors such as,

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

where applicable, anticipated operation costs, specific software requirement, GFA and nature of the property projects and prevailing market prices for comparable services.

In this connection, we have obtained and reviewed a total of not less than 10 sampled transactions included transactions between the Group and each of (i) the Independent Third Parties (i.e. the I3P Samples); and (ii) members of the CCRE Group (i.e. the Connected Samples) for each type of the Intelligent Technology Services. We noted that the relevant sampled transactions complied with the stated internal control procedures, including but not limited to, approval from relevant managerial personnel. In addition, we have also considered that, (i) the independent non-executive Directors have reviewed and confirmed that the continuing connected transactions under the framework agreements compiled with Rule 14A.55 of the Listing Rules, as set out in the 2020 Annual Report; (ii) the Company's auditor has issued its unqualified letter in respect of the continuing connected transaction, in accordance with Rule 14A.56 of the Listing Rules, as set out in the 2020 Annual Report; and (iii) during our review of the sampled transactions, there were no indication of non-compliance of the relevant pricing policies and internal control procedures, we consider the sample size to be sufficient for the purpose of accessing the relevant internal control procedures of the Company, which governed the transactions under the Intelligent Technology Services Framework Agreement.

For the provision of engineering installation services for intelligent products and sales service for products under the intelligent technology service, we obtained sampled transactions, which were selected on a random basis, and compared the service fees of the Connected Samples against the service fees charged to the Independent Third Parties for similar types of intelligent technology services provided. Moreover, we also understand from the Management that both I3P Samples and Connected Samples were charged in accordance with a standard pricing list maintained by the Group, which applies to engineering installation services provided to both Independent Third Parties and connected parties (the "**Standard Pricing List**"). We have obtained and reviewed the Standard Pricing List and noted that the Standard Pricing List sets out the price for the supply and installation of different intelligent household devices, such pricing is determined with reference to the market information collected by the Group. As per the Standard Pricing List and the relevant samples reviewed by us, the Group charged the prescribed amount for the supply and installation of the relevant types of intelligent household devices. As advised by the Management, the operation department would monitor and update the Standard Pricing List if there is significant price change based on the then prevailing market information on the applicable supply and installation services.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the software development services and consultation services under the Intelligent Technology Services, we have obtained samples of software development services and consultation services provided to independent third party and connected customers, respectively. In general, the operation department provides lump-sum fee quotation for software development services and consultation services after taken into account anticipated operation costs, specific software requirement, GFA and nature of the property projects and prevailing market prices for comparable services.

Based on our work and analysis performed and as set out above, the service fees of the sampled transactions with the CCRE Group reviewed were in line with the service fees charged under the comparable I3P Samples, we are of the view that the transactions contemplated under the Intelligent Technology Framework Agreement are fair and reasonable.

In addition, we have discussed and understood from the Management that the auditor of the Company will also conduct an annual review on the pricing terms and the annual caps under the New Framework Agreements. We further understand from the Management that the finance department of the Group will monitor the actual transaction amounts contemplated under the New Framework Agreements and report to the Management if the aggregate transaction amount under the annual caps is close to its limit. The Management has also confirmed that the transactions between the Group and the CCRE Group under the New Framework Agreements have been in compliance with the relevant internal control procedures.

4. Rationale for determining the annual cap in connection with the New Framework Agreements

4.1 Proposed annual caps for the Property Consultation and Management Services Framework Agreement (the "PCMS Annual Caps")

The historical transaction amounts paid to the Group by CCRE under the Property Consultation and Management Services Framework Agreement during the year/period is set out below:

	For the year ended 31 December 2019 RMB'000	For the year ended 31 December 2020 RMB'000	For the nine months ended 30 September 2021 RMB'000 (unaudited)
Historical transaction amount	159,800	194,400	161,840

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The table below sets out the proposed annual caps of the service fees payable to the Group by CCRE under the Property Consultation and Management Services Framework Agreement for each of the three years ending 31 December 2024:

	For the year ending 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
PCMS Annual Caps	300,000	375,000	480,000
	(the “ 2022	(the “ 2023	(the “ 2024
	PCMS	PCMS	PCMS
	Annual	Annual	Annual
	Cap”)	Cap”)	Cap”)

Basis for determining the PCMS Annual Caps

As set out in the Letter from the Board, the PCMS Annual Caps for the years ending 31 December 2022, 2023 and 2024 were determined after taking into account (i) the historical transaction amounts and volume of Property Consultation and Management Services we provided during the years ended 31 December 2019 and 2020 and the nine months ended 30 September 2021; (ii) the total contracted GFA of approximately 90.37 million sq.m for properties developed by the CCRE Group and its associates or joint ventures as of 30 September 2021; (iii) the anticipated growth in the estimated transaction amounts for Property Consultation and Management Services for the three years ending 31 December 2024, taking into account the expected increase in number of property projects to be released by the CCRE Group and its associates in various cities; (iv) the expected annual growth rates of 30%, 33% and 34% in the GFA to be delivered with respect to the CCRE Group’s vacant properties, and pre-delivery/early stage properties that would require the Group’s consultation and inspection services for the years ending 31 December 2022, 2023 and 2024, respectively, with reference to the 34% CAGR of GFA delivered by the CCRE Group over the past five years; (v) the expected annual growth rate of 10% in the number of the marketing centres for property sales of the CCRE Group for each of the three years ending 31 December 2024, with reference to the 34% CAGR of GFA delivered by the CCRE Group over the past five years; and (vi) the number of separate agreements entered into and expected to be entered into pursuant to the Property Consultation and Management Services Framework Agreement and the Renewed Property Consultation and Management Services Framework Agreement. For further details of the relevant figures for the respective property consultation and management services, please refer to the Letter from the Board.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Our analysis on the PCMS Annual Caps

According to the above table setting out the historical transaction amounts under the Property Consultation and Management Services Framework Agreement, the historical transaction for the year ended 31 December 2019 and 2020 represented a year-on-year growth of approximately 21.7%. Based on the transaction amount for the nine months ended 30 September 2021 of approximately RMB161.8 million and information available, barring unforeseen circumstances, the 2022 PCMS Annual Cap of RMB300.0 million is expected to represent a year-on-year increase of approximately 25.0% as compared to the Management's estimated transaction amount for the year ending 31 December 2021.

Having considered the historical growth rate of the relevant transaction amounts, the 2023 PCMS Annual Cap and 2024 PCMS Annual Cap, which represent a year-on-year increase of approximately 25.0% and 28.0%, respectively, appears to be broadly in line with the historical growth rate. Nonetheless, we have conducted further analysis hereunder.

As advised by the Management, the estimated demand of services to be provided by the Group is mainly linked with the progress and development of the relevant property projects of the CCRE Group at the relevant time. In this connection, we have conducted background research on the business and operation of the CCRE Group. With reference to the 2020 annual report and 2021 interim report of the CCRE Group, the revenue of the CCRE Group (i) increased by approximately 40.8% for the year ended 31 December 2020 as compared to those for the year ended 31 December 2019; and (ii) increased by approximately 56.4% for the six months ended 30 June 2021 compared to the six months ended 30 June 2020. We also noted that the Group's revenue (i) increased by approximately 51.3% for the year ended 31 December 2020 as compared to those for the year ended 31 December 2019; and (ii) increased by approximately 47.4% for the six months ended 30 June 2021 compared to the six months ended 30 June 2020.

To further assess the reasonableness of the proposed annual caps of the Renewed Property Consultation and Management Services Framework Agreement, we have obtained and reviewed a project schedule prepared by the Management in relation to the projects on hand, which may require relevant consultation and management services to be provided by the Group. We noted that (i) there are over 700 vacant properties with a GFA of approximately 245,000 sq.m. and over 11,000 parking lots; (ii) the Group is expected to continue the provision of its management services for over 100 marketing centres of the CCRE Group into 2022; (iii) the estimated GFA of property projects under development or to be developed by the CCRE Group amounted to approximately 28 million sq.m., a significant portion of which may require consultation services to be provided by the Group, for the year ending 31 December 2022; and (iv) the estimated GFA of property projects

under development or to be developed by the CCRE Group, which may require properties pre-delivery inspection services to be provided by the Group, amounted to approximately 9.5 million sq.m. for the year ending 31 December 2022. Based on the project schedule as mentioned above, the aggregate contract sum of the contracts on hand already accounted for approximately 73.4% of the 2022 PCMS Annual Cap, and such does not include any new CCRE group projects that requires Property Consultation and Management Services during the three years ending 31 December 2022, 2023 and 2024 which may become available subsequently and was not included in the above project schedule.

Having considered that (i) the estimated demand of services to be provided by the Group under the Renewed Property Consultation and Management Services Framework Agreement mainly correlates to the progress and development of the relevant property projects of the CCRE Group at the relevant time; (ii) the historical revenue growth of both the CCRE Group and the Group as mentioned above; (iii) the historical growth rate of the relevant transaction amounts between 2019 to 2020, the Management's estimated transaction amount for the year ending 31 December 2021, the growth rate for the 2023 PCMS Annual Cap and 2024 PCMS Annual Cap is considered to be broadly in line with the relevant historical growth rate; (iv) the projects on hand from CCRE Group as set out in the project schedule; and (v) the Group has the right but not the obligation to provide the relevant services to the CCRE Group under the Renewed Property Consultation and Management Services Framework Agreement, we consider the basis for determining the proposed annual caps under the Renewed Property Consultation and Management Services Framework Agreement to be fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4.2 Proposed Revised Annual Caps for the Intelligent Technology Services Framework Agreement

The historical transaction amounts paid to the Group by the CCRE Group and its associates under the Intelligent Technology Services Framework Agreement during the year/period is set out below:

	For the year ended 31 December 2019 RMB'000	For the year ended 31 December 2020 RMB'000	For the nine months ended 30 September 2021 RMB'000 (unaudited)
Historical transaction amount	140,700	328,500	303,620

The table below sets out the Original Annual Caps and the Proposed Revised Annual Caps under the Intelligent Technology Services Framework Agreement and the Supplemental Intelligent Technology Services Framework Agreement, respectively:

	Original Annual Caps		Proposed Revised Annual Caps		
	For the years ending 31 December				
	2021	2022	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
The Intelligent Technology Services Framework Agreement and the Supplemental Intelligent Technology Services Framework Agreement	360,000	380,000	500,000 (the “ 2021 ITS Annual Cap ”)	700,000 (the “ 2022 ITS Annual Cap ”)	1,000,000 (the “ 2023 ITS Annual Cap ”)

Basis for determining the Proposed Revised Annual Caps

As set out in the Letter from the Board, the Proposed Revised Annual Caps of the Supplemental Intelligent Technology Services Framework Agreement for the year ending 31 December 2021 was determined after taking into account (i) the historical transaction amount and volume of the intelligent technology services provided by the Group during the years ended 31 December 2019 and 2020 and the nine months ended 30 September 2021; (ii) the Group has been carrying out around 475 separate intelligent technology services agreements, which in total, amount to approximately RMB823.9 million in 2021. The services fees of intelligent technology services under such agreements are confirmed and settled based on the completed work volume of each project and it is anticipated that the completed work

volume in 2021 shall amount to approximately RMB497.7 million in total; (iii) the increase in demand and budget on the Group's intelligent technology services by the CCRE Group and its associates driven by the rapid penetration of smart home solutions into the property development industry and their strategy to differentiate their properties with technological elements for improvement in quality of life; (iv) the CCRE Group and its associates have decided to assign more property projects to the Group (instead of other service providers) for provision of intelligent technology services having considered the successful delivery of a number of property projects utilising the Group's intelligent technology services at satisfactory quality; (v) the increase in demand for the Group's intelligent technology services, taking into account the expected annual growth rates of 35% and 38% in number of property projects to be delivered by the CCRE Group and its associates that would require such services for the years ending 31 December 2022 and 2023, respectively, with reference to the 34% CAGR of GFA delivered by the Group over the past five years; and (vi) the number of separate agreements entered and to be entered into pursuant to the Intelligent Technology Services Framework Agreement and the Supplemental Intelligent Technology Services Framework Agreement.

Our analysis on the Proposed Revised Annual Caps

In assessing the reasonableness of the Proposed Revised Annual Caps of the Supplemental Intelligent Technology Services Framework Agreement, we have obtained a schedule from the Management setting out that the existing agreements entered into with the CCRE Group as of 30 September 2021, comprising over 450 projects, which included projects in progress and to be commenced, with an aggregate contract sum of approximately RMB823.9 million (the "**Intelligent Technology Project Schedule**"). We further noted that the Management has considered the scope and progress of these projects based on the work schedule and/or agreement with the CCRE Group. In this connection, we have obtained the respective work schedule of the top five projects by contract sum, which ranged from approximately RMB12 million to RMB31.5 million, as set out in the Intelligent Technology Project Schedule, reviewed and discussed with the Management on the relevant assumptions and calculations, such as, the scope of works and size in respect of the projects set out in the project schedule, the expected development progress of the projects. We also noted from the Management that in general, the operations department will prepare a work schedule for each project based on the project information and agreement, of which the corresponding details of the Intelligent Technology Project Schedule are based. Based on the Intelligent Technology Project Schedule prepared by the Management, we considered the basis of the 2021 ITS Annual Cap to be reasonable.

In connection with the Proposed Revised Annual Caps for the years ending 31 December 2022 and 2023, we noted that such annual caps represent a year-on-year increase of approximately 40.0% from 2021 to 2022 and 42.9% from 2022 to 2023, respectively. We understand from the Management that the Group expected the level of demand of services from the CCRE Group to increase for the years ending 31 December 2022 and 2023 as compared to the year ending 31 December 2021 given the continued business expansion experienced by the CCRE Group as illustrated by the year-on-year increase in CCRE Group's revenue for the year ended 31 December 2020 of approximately 40.8% and period-on-period increase in CCRE Group's revenue for the six months ended 30 June 2021 of approximately 56.4%. In addition, we have further obtained and reviewed a schedule prepared by the Management in relation to the potential projects which are under negotiation and noted that there are over 300 potential projects with aggregate potential contract sum of approximately RMB318.3 million, together with the contracts on hand of approximately RMB823.9 million, which included projects in progress and to be commenced, part of which is expected to be carried out and/or continue into the year ending 31 December 2022 or beyond. In this connection, we have obtained, where applicable, the preliminary project related correspondence and/or documents for the top five potential projects by contract sum in potential projects list, which ranged from approximately RMB6.2 million to RMB20 million in estimated contract sum, reviewed and discussed with the Management on the relevant assumptions and calculations, such as, estimated scope of works and size of the potential projects. Given certain of the potential projects are at the preliminary stages, we noted from the Management that the scale and scope of work of a potential project may change from time to time as the project progresses, nonetheless the operations department will update the relevant information periodically. On this basis, the aggregate contract sum of the contracts on hand and potential projects is higher than the 2022 ITS Annual Cap and the 2023 ITS Annual Cap respectively, and such does not include any new CCRE group projects that requires Intelligent Technology Services during the three years ending 31 December 2021, 2022 and 2023 which may become available subsequently and was not included in the above project schedule.

In addition, we also noted that due to the CCRE Group's unexpected growth in demand of the Group's Intelligent Technology Services during the year ended 31 December 2020, the Group had already revised the annual caps for the year ended/ending 31 December 2020, 2021 and 2022 towards the end of 2020 with a view to facilitate the continuation of the Group's provision of Intelligent Technology Services to CCRE Group, subject to terms under the subject framework agreement, which shall be conducted on terms in accordance with the stated pricing policy. Furthermore, attributable to further demand growth exceeding the Management's original expectation, the Management had to yet again revise the annual caps for the year ending 31 December 2021 and 2022 under the Supplemental Intelligent Technology

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Services Framework Agreement. On this basis, the historical annual growth rate had exceeded the Management's expectation due to unforeseen circumstances for more than one occasion, this supports that there are factors beyond the Group's control and the annual growth rate is inherently difficult to accurately estimate due to the nature of the business.

We further noted that as set out in the published interim report of CCRE Group for the six months ended 30 June 2021, as at 30 June 2021, the CCRE Group had property projects across not less than eighteen PRC cities, 180 projects under development with a GFA of approximately 32.7 million sq.m. and the CCRE Group also owned land reserves with a GFA of approximately 56.21 million sq.m, it is expected that some or all of these property projects during its development stage may require intelligent technological services which the Group may provide from time to time subject to terms in accordance with the pricing policy.

Having considered, (i) the historical amounts of the Intelligent Technology Services for the nine months ended 30 September 2021; (ii) the recent significant growth in revenue of the Group generated from the provision of property management and other value-added services of approximately 63.9% and 52.4% during the year ended 31 December 2020 and the six months ended 30 June 2021, respectively, of which the Intelligent Technology Services formed part; (iii) the existing agreements entered into with the CCRE Group as of 30 September 2021, comprising over 450 projects, which included projects in progress and to be commenced, with an aggregate contract sum of approximately RMB823.9 million and that the Management has identified over 300 additional potential projects from the CCRE Group with aggregate potential contract sum of approximately RMB318.3 million; (iv) the Intelligent Technology Services to be provided by the Group is subject to the progress and completion of the property projects of the CCRE Group, which is beyond the Group's control; (v) due to the CCRE Group's unexpected growth in demand of the Group's Intelligent Technology Services during the year ended 31 December 2020 as well as the year ending 31 December 2021, the Company had to revise the subject annual caps towards the end of 2020 and further revise the subject annual caps for a second time in two years to facilitate the continuation of the provision of Intelligent Technology Services by the Group; (vi) the CCRE Group's portfolio of property development projects as well as its land reserves for future development; and (vii) the Group has the right but not the obligation to provide the relevant services to the CCRE Group under the Supplemental Intelligent Technology Services Framework Agreement, we consider the basis for determining the Proposed Revised Annual Caps under the Supplemental Intelligent Technology Services Framework Agreement to be fair and reasonable.

VII. RECOMMENDATION

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

- (i) the reasons for and benefits of the New Framework Agreements;
- (ii) the provision of services under the New Framework Agreements is a furtherance and continuance of the Group's existing principal businesses;
- (iii) based on our work performed, the sampled transactions under the respective subject framework agreements were conducted in accordance with its pricing policies and internal control procedures; and
- (iv) the value of, and the basis for determining, the respective annual caps are reasonable as discussed in this letter above,

we are of the view that the New Framework Agreements with CCRE, are in the ordinary and usual course of business of the Group and on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and the terms of which, including the proposed annual caps, are fair and reasonable so far as the Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, that the Independent Shareholders to vote in favour of the ordinary resolutions to approve the New Framework Agreements (including the respective annual caps) at the EGM.

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

Mr. Lewis Lai is a licensed person registered with the SFC and a responsible officer of Red Sun Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has around 15 years of experience in the corporate finance industry.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in the shares, underlying shares or debentures of the Company or its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive 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 (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules ("Model Code") to be notified to the Company and the Stock Exchange, were as follows:

Long position in the Shares

Name of Director or chief Executive	Capacity and nature of interest	Number of share options held	Number of Shares held	Approximate percentage of the interest in the Company's issued share capital ⁽⁴⁾
Mr. Wang Jun ⁽¹⁾	Interest in a controlled corporation	—	45,398,000	3.58%
Ms. Min Huidong	Beneficial owner	2,520,000 ⁽²⁾	3,780,000	0.50%
Mr. Wang Qian	Beneficial owner	9,338,000 ⁽²⁾	—	0.74%
Ms. Wu Lam Li ⁽³⁾	Interest of spouse	—	848,092,944	66.82%

Notes:

- The 45,398,000 Shares were registered in the name and were beneficially owned by Leap United, a company wholly-owned by Mr. Wang Jun. Accordingly, he is deemed to be interested in the same Shares as Leap United by virtue of the SFO.
- Such interest in the Shares is held pursuant to the share options granted under the share option scheme of the Company adopted on 29 April 2020.

3. The 848,092,944 Shares are beneficially owned by the spouse of Ms. Wu Lam Li (namely, Mr. Wu), therefore Ms. Wu Lam Li is deemed to be interested in the same Shares as her spouse Shares for the purposes of the SFO.
4. The approximate percentage of the interest in the Company's issued share capital is based on a total of 1,269,149,000 Shares of the Company in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders who have an interest and/or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO

So far as in known to the Directors and chief executive of the Company, as at the Latest Practicable Date, the following persons (other than Directors and chief executives of the Company) had, or were deemed or taken to have an interest or short position in the Shares and underlying shares of the Company, which are required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Nature of Interest	Total number of Shares in which the Shareholder is interested	Approximate Percentage
Enjoy Start ^(1, 2)	Beneficial owner	848,092,944	66.82%
Mr. Wu ^(1, 2)	Interest in a controlled corporation	848,092,944	66.82%
Ms. Wu Lam Li ^(1, 2)	Interest of a spouse	848,092,944	66.82%
Gaoling Fund, L.P. ⁽³⁾	Beneficial owner	84,857,000	6.69%
Hillhouse Capital Advisors, Ltd. ⁽³⁾	Interest in a controlled corporation	84,867,000	6.69%

Notes:

1. Enjoy Start is wholly-owned by Mr. Wu. Therefore, Enjoy Start is a controlled corporation of Mr. Wu and Mr. Wu is deemed to be interested in the same number of Shares that Enjoy Start is interested in under the SFO.
2. Ms. Wu Lam Li is the spouse of Mr. Wu and is therefore deemed to be interested in the same number of Shares that Mr. Wu is interested in under the SFO.

3. Hillhouse Capital Advisors, Ltd. (“**Hillhouse Capital**”) is the sole investment manager and general partner of Gaoling Fund, L.P. Hillhouse Capital is deemed to be interested in the 84,857,000 Shares held by Gaoling Fund, L.P.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified of any other person who had interests or short positions in the Shares and underlying Shares, which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered into in the register required to be kept by the Company pursuant to Section 336 of the SFO.

3. DIRECTOR’S INTERESTS

(a) Interests in contract or arrangement

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

(b) Interests in assets

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been, since 31 December 2020, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

(c) Interests in competing business

As at the Latest Practicable Date, none of the Directors or their respective close associates (as defined in the Listing Rules) had an interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them was a controlling Shareholder).

4. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claim of material importance and, so far as the Directors were aware, no litigation or claims of material importance are pending or threatened by or against any member of the Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, any service contract with the Company or any other member(s) of the Group (excluding contracts expiring or which may be terminated by the Company within a year without payment of any compensation (other than statutory compensation)).

6. EXPERT AND CONSENT

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

Name	Qualification
Red Sun 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

The above expert has given and confirmed that it has not withdrawn its written consent to the issue of this circular with the inclusion herein of its statements and/or references to its name in the form and context in which it appears. The above expert has further confirmed that as at the Latest Practicable Date, it was not interested in the share capital of any member of the Group, nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group. It is not interested in any assets which have been, since 31 December 2020 (being the date to which the Company's latest audited financial statements were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

7. NO MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020, being the date to which the latest published audited financial statements of the Group were made up.

8. GENERAL

- (a) The registered office of the Company is at Cricket Square Hutchins Drive P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (b) The principal place of business of the Company in Hong Kong is at Room 7706, 77/F, International Commerce Centre, No. 1 Austin Road West, Kowloon, Hong Kong.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.ccnewlife.com.cn for a period of 14 days from the date of this circular:

- (a) the Renewed Property Consultation and Management Services Framework Agreement;
- (b) the Supplemental Intelligent Technology Services Framework Agreement;

- (c) the letter from the Board as set out in this circular;
- (d) the letter from the Independent Board Committee as set out in this circular;
- (e) the letter from the Independent Financial Adviser as set out in this circular; and
- (f) the written consent from the expert as referred to in the sub-section headed “Expert and Consent” in this Appendix.



建業新生活有限公司
Central China New Life Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9983)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “EGM”) of the shareholders of Central China New Life Limited (the “**Company**”) will be held at Room 7706, 77/F, International Commerce Centre, No. 1 Austin Road West, Kowloon, Hong Kong on Tuesday, 28 December 2021 at 10:00 a.m. for the following purposes. Unless the context requires otherwise, terms used herein shall have the same meanings as those defined in the circular of the Company dated 9 December 2021 (the “**Circular**”).

ORDINARY RESOLUTION

1. To approve the entering into of the New Framework Agreements, the transactions contemplated thereunder and the Proposed Revised Annual Caps as set out in the Circular and to authorize any one Director to do all such acts and things and execute all such documents in connection with the New Framework Agreements, the transactions contemplated thereunder and the Proposed Revised Annual Caps.

By order of the Board
Central China New Life Limited
Wang Jun
Chairman

Hong Kong, 9 December 2021

As at the date of this notice, the Board comprises: (i) Mr. Wang Jun (Chairman) and Mr. Wang Qian as executive Directors; (ii) Ms. Wu Lam Li and Ms. Min Huidong as non-executive Directors; and (iii) Mr. Leong Chong, Ms. Luo Laura Ying and Ms. Xin Zhu as independent non-executive Directors.

NOTICE OF EGM

Notes:

- (a) The register of members of the Company will be closed from 23 December 2021 to 28 December 2021 (both days inclusive), during which period no transfer of shares in the Company can be registered. In order to qualify for attending the EGM, all properly completed share transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 22 December 2021.
- (b) Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote on his or her behalf. A proxy need not be a shareholder of the Company. To be valid, a form of proxy in the prescribed form together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be deposited with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the EGM or any adjourned meeting.
- (c) Completion and return of the form of proxy will not preclude a member of the Company from attending and voting in person at the EGM or any adjournment thereof if he/she so desires and, in such event, the instrument appointing a proxy shall be deemed to have been revoked.
- (d) In the case of joint registered holders of any Shares, any one of such persons may vote at the EGM (or at any adjournment thereof), either personally or by proxy, in respect of such Share(s) as if he or she were solely entitled thereto; but if more than one joint registered holder is present at the EGM, whether in person or by proxy, that one of the joint registered holders whose name stands first on the register of members in respect of the relevant joint holding shall, to the exclusion of other joint holders, be entitled to vote in respect thereof.
- (e) If Typhoon Signal No. 8 or above is expected to be hoisted or a Black Rainstorm Warning Signal is expected to be in force any time after 6:00 a.m. on the date of the EGM, then the EGM will be postponed and the shareholders will be informed of the date, time and venue of the rescheduled Meeting by a supplementary notice posted on the websites of the Company and the Stock Exchange.

The EGM will be held as scheduled when an Amber or Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the EGM under bad weather condition bearing in mind their own situations and if they do so, they are advised to exercise care and caution.