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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

**If you have sold or transferred** all your shares in Jinke Smart Services Group Co., Ltd., you should at once hand this circular, together with the accompanying proxy forms, to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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**Jinke 金科服务**

美好你的生活

**Jinke Smart Services Group Co., Ltd.**

**金科智慧服务集团股份有限公司**

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

**(Stock code: 9666)**

**(1) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;  
(2) PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTOR;  
(3) CONTINUING CONNECTED TRANSACTIONS;  
AND  
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



**红日资本有限公司**

**RED SUN CAPITAL LIMITED**

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

A letter from the Board is set out on pages 5 to 16 of this circular. A letter from the Independent Board Committee is set out on page 17 of this circular. A letter from Independent Financial Adviser and its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 36 of this circular.

A notice convening the EGM to be held at Building A4, East Zone, Jinke Shiniancheng, No. 480, Panxi Road, Shimahe Street, Jiangbei District, Chongqing, PRC on Tuesday, 28 December 2021 at 3:00 p.m. is set out on pages 42 to 43 of this circular. A proxy form for use at the EGM is also enclosed in this circular. Such proxy form for use at the EGM is also published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.jkpsec.cn](http://www.jkpsec.cn)).

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

11 December 2021

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## DEFINITIONS

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

“Articles of Association”	the articles of association of the Company currently in force
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Jinke Smart Services Group Co., Ltd. (金科智慧服務集團股份有限公司), a joint stock company incorporated in the PRC with limited liability and the H Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 9666)
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company (or any adjournment thereof) to be convened and held on Tuesday, 28 December 2021 at 3:00 p.m. for the purpose of considering and, if thought fit, approving, among other things, the Proposed Amendments, the appointment of non-executive Director, the Framework Marketing Service Agreement (including the proposed annual caps therefor) and the transactions contemplated thereunder
“EGM Notice”	the notice convening the EGM set out on pages 42 to 43 of this circular
“Framework Marketing Service Agreement”	the framework marketing service agreement entered into between the Company and Jinke Property on 25 November 2021 and supplemented by the Supplemental Framework Marketing Service Agreement in relation to the provision of marketing services by the Group in respect of the sales of residential properties and car parking spaces by the Jinke Property Group in their development projects
“Group”	the Company and its subsidiaries

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## DEFINITIONS

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“H Share(s)”	the overseas listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong Dollars and listed on the Main Board of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors namely Mr. Cao Guohua, Ms. Yuan Lin and Mr. Chan Chi Fung Leo, to advise the Independent Shareholders in respect of the Framework Marketing Service Agreement (including the proposed annual caps therefor) and the transactions contemplated thereunder
“Independent Financial Adviser”	Red Sun Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong), and appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Framework Marketing Service Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the EGM for the relevant resolution with respect to the Framework Marketing Service Agreement
“Independent Third Party(ies)”	a person, or in the case of a company, the company or its ultimate beneficial owner(s), who is independent of and not connected with the Group and its connected persons and their respective ultimate beneficial owner(s) or their respective associates
“Jinke Property”	Jinke Property Group Co., Ltd.* (金科地產集團股份有限公司), a joint stock company established in the PRC with limited liability, listed on the Shenzhen Stock Exchange (stock code: 000656.SZ) and the controlling shareholder of the Company

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## DEFINITIONS

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“Jinke Property Group”	Jinke Property and its subsidiaries and associates (but excluding the Group)
“Latest Practicable Date”	10 December 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“PRC”	the People’s Republic of China, for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Proposed Amendments”	the proposed amendments to Article 19, Article 85 and Article 98 of the Articles of Association as described in the section headed “Proposed Amendments to the Articles of Association” of this circular
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising the H Shares only
“Shareholder(s)”	holder(s) of Share(s)
“Specific Agreement(s)”	the specific individual agreement(s) that may be entered into between members of the Group and members of the Jinke Property Group in accordance with the principles and terms of the Framework Marketing Service Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company

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## DEFINITIONS

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“Supplemental Framework Marketing Service Agreement”	supplemental framework marketing service agreement entered into between the Company and Jinke Property on 10 December 2021 to revise the annual cap for the month ending 31 December 2021 contemplated under the Framework Marketing Service Agreement
“%”	per cent

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## LETTER FROM THE BOARD

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**Jinke 金科服务**

美 好 你 的 生 活

**Jinke Smart Services Group Co., Ltd.**

**金科智慧服務集團股份有限公司**

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

**(Stock code: 9666)**

*Executive Directors:*

Mr. Xia Shaofei (Chairman)

Mr. Luo Chuansong

Mr. Xu Guofu

*Non-executive Directors:*

Mr. Luo Licheng

Mr. Liang Zhongtai

Mr. Li Nan

*Independent Non-executive Directors:*

Mr. Cao Guohua

Ms. Yuan Lin

Mr. Chan Chi Fung Leo

*Headquarters in the PRC:*

Building A4, East Zone

Jinke Shiniancheng

No. 480, Panxi Road

Shimahe Street

Jiangbei District

Chongqing, PRC

*Registered office in the PRC:*

Jinke Huayuan

Wuhuang Road

Wulidian Street

Jiangbei District

Chongqing, PRC

*Principal place of business in Hong Kong:*

40th Floor

Dah Sing Financial Centre

No. 248 Queen's Road East

Wanchai

Hong Kong

11 December 2021

*To the Shareholders*

Dear Sir/Madam,

**(1) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;**

**(2) PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTOR;**

**(3) CONTINUING CONNECTED TRANSACTION;**

**AND**

**(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

### **1. INTRODUCTION**

References are made to (i) the announcements of the Company dated 19 August 2021 and 29 September 2021 in relation to the Proposed Amendments; (ii) the announcement of the Company dated 7 December 2021 in relation to, *inter alia*, the proposed appointment of Ms. Fu Ting as a non-executive Director; (iii) the announcements of the Company dated 25

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## LETTER FROM THE BOARD

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November 2021 and 10 December 2021 in relation to the Framework Marketing Service Agreement, the Supplemental Framework Marketing Service Agreement and the transactions contemplated thereunder; and (iv) the announcement of the Company dated 10 December 2021 in relation to the postponement of the EGM.

The purpose of this circular is to provide you with, among others, (i) further information in relation to the Proposed Amendments; (ii) further information in relation to the proposed appointment of Ms. Fu Ting as a non-executive Director; (iii) further details of the Framework Marketing Service Agreement, the Supplemental Framework Marketing Service Agreement and the transactions contemplated thereunder (including the proposed annual caps); (iv) a letter of recommendation from the Independent Board Committee in relation to the Framework Marketing Service Agreement and the transactions contemplated thereunder (including the proposed annual caps); (v) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (vi) a notice convening the EGM.

### **2. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

In order to reformulate the structure of the Board which is currently in the form of the three committees of the Board (namely, the audit committee, nomination committee and remuneration committee) to optimize the governance structure of the Company, and in view of the actual situation of the operation and management of the Company, the Board proposed to amend Article 85 and Article 98 of the Articles of Association.

To reflect the change of the share capital structure of the Company resulted from the completion of the conversion of the domestic shares of the Company into H Share for listing on the Stock Exchange which took place on 9 September 2021 in the Articles of Association, the Board further proposed to amend and update Article 19 of the Articles of Association.

The Board is of the view that the Proposed Amendments are in the interests of the Company and the Shareholders as a whole. For details of the Proposed Amendments, please refer to Appendix II to this circular.

The Proposed Amendments comprise amendments to three provisions of the Articles of Association, with the contents of other provisions of the Articles of Association remaining unchanged. The Proposed Amendments will not affect any rights of the existing Shareholders. All existing rights and obligations of the Shareholders shall, after the Proposed Amendments becoming effective, continue to have the same rights and obligations. The Proposed Amendments are subject to the approval by the Shareholders by way of a special resolution at the EGM. The Proposed Amendments shall come into effect upon the passing of the special resolution at the EGM. Prior to the passing of the special resolution at the EGM, the prevailing Articles of Association shall remain valid.



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## LETTER FROM THE BOARD

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The Articles of Association are prepared and written in Chinese without formal English version. As such, any English translation shall be for reference only. In the event of any inconsistency, the Chinese version shall prevail.

### 3. PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTOR

As disclosed in the announcement of the Company dated 7 December 2021, the Board, with the recommendation of the nomination committee of the Company, has resolved to nominate Ms. Fu Ting (“**Ms. Fu**”) as a candidate for the proposed appointment of non-executive Director, subject to the approval by the Shareholders by way of an ordinary resolution at the EGM.

The biographical details of Ms. Fu are set out as follows:

Ms. Fu Ting (付婷), aged 36, is a non-practising certified tax accountant of the China Certified Tax Agents Association (中國註冊稅務師協會), and was accredited the intermediate accountant qualified by the National Accountant Assessment & Certification Center of the Ministry of Finance of the People’s Republic of China (財政部會計資格評價中心). Ms. Fu graduated from Zhongnan University of Economics and Law with a bachelor’s degree in management majoring in accounting in June 2007. From 2007 to 2015, Ms. Fu served in financial managerial positions in various entities in the fields of insurance, capital management and private equity investment, including as the finance manager of China Life Insurance Company Limited (Hubei Branch)\* (中國人壽保險股份有限公司湖北分公司); the senior manager of Sunshine Life Insurance Corporation Limited\* (陽光人壽保險股份有限公司). Since 2015, Ms. Fu has been serving as the chief financial officer of Riverhead Capital Investment Management Co., Ltd.\* (陽光融匯資本投資管理有限公司) (“**Riverhead Capital**”).

As at the Latest Practicable Date, the Company is owned as to 2.63% by Beijing Ronghui Ruiguang Investment Management Center (Limited Partnership)\* (北京融匯瑞光投資管理中心(有限合夥)) (“**Ronghui Ruiguang**”), 2.15% by Beijing Ronghui Yangguang Yongsheng Investment Management Center (Limited Partnership)\* (北京融匯陽光永晟投資管理中心(有限合夥)) (“**Yangguang Yongsheng**”) and 1.40% by Beijing Ronghui Yangguang Xinxing Industries Investment Management Center (Limited Partnership)\* (北京融匯陽光新興產業投資管理中心(有限合夥)) (“**Yangguang Xinxing**”), respectively.

The general partner of Ronghui Ruiguang and Yangguang Yongsheng is Beijing Ronghui Yangguang Ruihai Investment Co., Ltd.\* (北京融匯陽光瑞海投資有限公司) (“**Yangguang Ruihai**”), which is owned as to 40% by Riverhead Capital. The general partner of Yangguang Xinxing is Riverhead Capital. Riverhead Capital is owned as to 20% by Tibet Shengbo Enterprise Management Co., Ltd.\* (西藏晟博企業管理有限公司) (“**Tibet Shengbo**”). Tibet Shengbo is held as to 50% by Ms. Fu. By virtue of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), each of Ronghui Ruiguang, Yangguang Yongsheng and Yangguang Xinxing is not a controlled corporation of Ms. Fu and accordingly, Ms. Fu is not deemed to be interested in the shares of the Company held by Ronghui Ruiguang, Yangguang Yongsheng and Yangguang Xinxing.

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## LETTER FROM THE BOARD

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Since 19 February 2019, Ms. Fu has also been serving as the executive director of Yangguang Ruihai, which is principally engaged in project investment, investment management, asset management and corporate management consulting.

Subject to the approval of the Shareholders by way of an ordinary resolution at the EGM, the Company will enter into a service contract with Ms. Fu. The initial length of service will commence from the date of the EGM and ends when the term of the first session of the Board expires. Pursuant to the service contract, Ms. Fu is entitled to a director's fee of RMB180,000 per annum (before tax), which was determined by the Board on the recommendation of the remuneration committee of the Company with reference to her qualifications, experience, duties and responsibilities, and the prevailing market conditions.

Save as otherwise disclosed, Ms. Fu has confirmed that as at the Latest Practicable Date, (i) she does not hold any other positions with the Company and other members of the Group; (ii) she does not, nor did she in the past three years, hold any directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas; (iii) she does not have any relationships with any Directors, supervisors, senior management, substantial shareholders or controlling shareholders of the Company; and (iv) she does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed above, Ms. Fu has confirmed that, there are no other matters relating to the proposed appointment that are required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and there are no other matters relating to the proposed appointment that need to be brought to the attention of the Shareholders.

#### 4. CONTINUING CONNECTED TRANSACTION

On 25 November 2021 and 10 December 2021, respectively, the Company entered into the Framework Marketing Service Agreement and the Supplemental Framework Marketing Service Agreement with Jinke Property, which sets out the principal terms for the provision of marketing services by the Group to the Jinke Property Group in respect of the sales of residential properties and car parking spaces by the Jinke Property Group in their development projects.

#### **Framework Marketing Service Agreement (as supplemented by the Supplemental Framework Marketing Service Agreement)**

**Date:** 25 November 2021 (after trading hours and as supplemented on 10 December 2021)

**Parties:** (1) the Company; and  
(2) Jinke Property.

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## LETTER FROM THE BOARD

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- Scope of service:** Marketing services in respect of the sales of residential properties and car parking spaces by the Jinke Property Group in their development projects to be provided by the Group to the Jinke Property Group, including but not limited to (i) marketing referral activities through the utilization of the community resources and other sales channel of the Group including customers' referrals; and (ii) other marketing related advertising services, including but not limited to brand image promotion, event promotion, customers' information collection and related installation and maintenance services.
- Term:** The term of the Framework Marketing Service Agreement commences upon obtaining the Independent Shareholders' approval at the EGM and ending on 31 December 2023 (both days inclusive).
- Pricing and other terms:** The parties to the Framework Marketing Service Agreement have agreed as follows:
- (i) the parties shall enter into Specific Agreements which will set out the necessary terms and conditions for the relevant transactions contemplated under the Framework Marketing Service Agreement in the ordinary course of business after arm's length negotiations on normal commercial terms; and
  - (ii) the Specific Agreements shall conform with the principles and provisions set out in the Framework Marketing Service Agreement.

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## LETTER FROM THE BOARD

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**Annual cap:**

Pursuant to the Framework Marketing Service Agreement, it is proposed that the annual caps for the transactions contemplated thereunder for the month ending 31 December 2021 and the two years ending 31 December 2023 for the provision of marketing services are expected not to exceed the following:

	<b>For the month ending 31 December 2021</b>	<b>For the year ending 31 December 2022                      2023</b>	
		<i>(RMB in millions)</i>	
<b>Annual caps</b>	150	900	1,200

The proposed annual caps for the transactions contemplated under the Framework Marketing Service Agreement were determined after considering the following factors:

- (i) no historical amounts are available as at the Latest Practicable Date as the Group has not entered into any transactions in respect of the provision of marketing services for the sales of residential properties and car parking spaces to the Jinke Property Group previously;
- (ii) the number of potential customers readily to be referred by the Group to the Jinke Property Group to acquire the saleable properties units developed by the Jinke Property Group prior to 31 December 2021 and the expected number of saleable property units developed by the Jinke Property Group which require the Group's referral services and which is estimated to be 4,200 units for the month ending 31 December 2021;
- (iii) the expected number of projects under the management of the Group to be engaged to provide marketing related advertising services for the Jinke Property Group, which is estimated to be over 800 projects for the month ending 31 December 2021, over 900 projects for the year ending 31 December 2022 and over 1,000 projects for the year ending 31 December 2023, estimated with reference to the existing 788 projects under management by the Group as at 30 June 2021;

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## LETTER FROM THE BOARD

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- (iv) the expected number of saleable property units developed by the Jinke Property Group according to its future business plan and the historical growth trend of Jinke Property Group which require the Group's referral services and which is estimated to be 24,000 units for the year ending 31 December 2022 and 30,000 units for the year ending 31 December 2023;
- (v) the service fee to be charged for each project or saleable property unit by the Group for the provision of such services, which is determined with reference to the prevailing market condition (taking into consideration the location of the property) and the price charged by the Group when providing similar services to the Independent Third Parties; and
- (vi) the level of difficulty of sales and advertisement of the residential properties and car parking spaces by the Group with reference to the locations of the development projects of the Jinke Property Group involved, and the occupancy rate of the development projects.

### **Pricing Policy**

As a general principle, the prices to be charged by the Group under the Framework Marketing Service Agreement for the provision of marketing services will be determined in accordance with the following pricing principles:

- (i) where there are prices prescribed by the PRC government in relation to the marketing services, such government prescribed prices shall apply to the services provided by the Group. Where there are available or applicable government guiding price standards, the prices charged by the Group shall be within the scope of the government guided prices;
- (ii) where no government-prescribed prices or guiding prices are available or applicable, the price shall be based on the market price of comparable services and the price offered by the Group to the Independent Third Parties for comparable services; and
- (iii) prevailing market price for the similar services for the similar type of properties with similar area and quality in the vicinity generally offered by other independent service providers.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, and to the best knowledge, understanding and belief of the Directors, none of the services provided under the Framework Marketing Service Agreement is subject to any applicable government-prescribed prices or government-guided prices.

In determining the service prices chargeable and terms under the Specific Agreement, the prices and terms offered by the Jinke Property Group will be reviewed and evaluated by the relevant personnel of the finance department and the management of the Group and to be compared against the prices obtained through the monthly regular price research conducted by the Group from the historical transaction with the Independent Third Party(ies). Where the prices and terms of an offer from the Jinke Property Group are not less favorable to the Group than those offered by other Independent Third Party(ies), the Group may enter into Specific Agreement to provide the relevant services to the Jinke Property Group. The Group will keep negotiating with Jinke Property Group to ensure the prices and terms of an offer from the Jinke Property Group are no less favorable to the Group than those available from Independent Third Party(ies) before entering into Specific Agreement.

The Directors consider that the above relevant procedures conducted by the Group in determining the service prices chargeable and terms under the Specific Agreement can ensure the transactions contemplated under the Framework Marketing Service Agreement will be conducted on normal commercial terms and not prejudicial to the interest of the Company and Shareholders.

### **Internal Control Measures**

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

The relevant personnel and management of the Group will review and assess the terms before entering into the Specific Agreements to ensure they are consistent with the principles and provisions set out in the Framework Marketing Service Agreement.

The finance department of the Company will closely monitor the aggregate transaction amounts and notify the management if the aggregate transaction amounts become close to the annual caps. Regular checks will be conducted on an annually basis to review and assess whether the transactions contemplated under the relevant continuing connected transactions are conducted in accordance with the terms of the respective agreements and the price charged for a specific transaction is fair and reasonable and in accordance with the aforesaid pricing policy.

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## LETTER FROM THE BOARD

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The independent non-executive Directors will continue to review the management's annually review reports on the transactions contemplated under the relevant continuing connected transactions and the auditors of the Company will also conduct an annual review on the pricing terms and annual cap thereof.

Accordingly, the Directors consider that the internal control mechanism is effective to ensure that the transactions contemplated under the Framework Marketing Service Agreement have been and will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

### **Reasons for and Benefits of Entering into the Framework Marketing Service Agreement**

The Group has been providing property management and community value-added services, including but not limited to, properties developed by the Jinke Property Group. Such property management and community value-added services include cleaning, order maintenance, greening, repair and maintenance services, home-living services, community management services, home-decoration services and comprehensive living and traveling services and marketing referral and related marketing advertising services. Pursuant to the Framework Marketing Service Agreement, the Group will, through the utilization of its community resources and its other sales channel, actively conduct marketing activities and refer potential buyers to the Jinke Property Group in respect of the sales of residential properties and car parking spaces by the Jinke Property Group in their development projects.

As the Group has been providing the Jinke Property Group with property management services for the properties developed by the Jinke Property Group, the Board believes that the Group could make use of its expertise to assist the Jinke Property Group in their sales and advertisements of residential properties and car park spaces.

The Directors (including the independent non-executive Directors whose views have been expressed in this circular) are of the view that the terms of the Framework Marketing Service Agreement and the transactions contemplated thereunder (including the proposed annual caps thereof) are fair and reasonable, on normal commercial terms and will be conducted in the ordinary course of business of the Group and in the interests of the Company and its Shareholders as a whole.

### **Information on Jinke Property and the Group**

#### ***Jinke Property***

Jinke Property is a joint stock company established in the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 000656.SZ). Jinke Property Group is one of the leading property developers in the PRC and is principally engaged in the development of large scale mixed-use property projects, with extensive presence in the businesses of property management, environmental protection, construction, real estate construction management and commercial.

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## LETTER FROM THE BOARD

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### *The Group*

The Group is primarily engaged in the provision of property management services, value-added services to non-property owners, community value-added services and smart living technology solutions in the PRC.

### **Listing Rules Implications**

As at the Latest Practicable Date, Jinke Property is the controlling shareholder of the Company, holding approximately 52.33% of the issued share capital of the Company. Therefore, Jinke Property is a connected person of the Company under the Listing Rules, and the transactions contemplated under the Framework Marketing Service Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) in respect of the highest amount of the annual caps under the Framework Marketing Service Agreement exceed 5%, the transactions contemplated under the Framework Marketing Service Agreement are subject to the reporting, annual review, announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **Board Approval**

At the Board meeting held to approve the Framework Marketing Service Agreement and the Supplemental Framework Marketing Service Agreement, Mr. Luo Licheng and Mr. Liang Zhongtai who also hold management positions in Jinke Property, have abstained from voting on the relevant board resolutions of the Company. Apart from Mr. Luo Licheng and Mr. Liang Zhongtai, none of the Directors has or is deemed to have a material interest in the Framework Marketing Service Agreement and the Supplemental Framework Marketing Service Agreement and is required to abstain from voting on the relevant Board resolutions approving the Framework Marketing Service Agreement and the Supplemental Framework Marketing Service Agreement.

### **Recommendation of the Independent Board Committee**

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, has been established and considers that (i) the terms of the Framework Marketing Service Agreement (including the proposed annual caps) are on normal commercial terms and are fair and reasonable; and (ii) the transactions contemplated under the Framework Marketing Service Agreement (including the proposed annual caps) are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution in relation to the Framework Marketing Service Agreement (including the proposed annual caps) proposed at the EGM. The text of the letter from the Independent Board Committee is set out on page 17 of this circular.



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## LETTER FROM THE BOARD

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### 5. EGM AND PROXY ARRANGEMENT

The EGM will be held at Building A4, East Zone, Jinke Shiniancheng, No. 480, Panxi Road, Shimahe Street, Jiangbei District, Chongqing, PRC on Tuesday, 28 December 2021 at 3:00 p.m., for the purpose of considering and, if thought fit, passing special resolution or ordinary resolution (as the case may be) to approve the Proposed Amendments, the proposed appointment of Ms. Fu and the Framework Marketing Service Agreement and the transactions contemplated thereunder (including the proposed annual caps). A notice convening the EGM is set out on pages 42 to 43 of this circular. A proxy form for use at the EGM is also enclosed in this circular.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the special resolution in relation to the Proposed Amendments and the ordinary resolution in relation to the proposed appointment of Ms. Fu. As at the Latest Practicable Date, Jinke Property, holding 341,604,375 Shares, representing approximately 52.33% of the issued share capital of the Company, shall abstain from voting at the EGM on the resolution in relation to the Framework Marketing Service Agreement and the transactions contemplated thereunder (including the proposed annual caps). Apart from Jinke Property, none of the other Shareholders has a material interest in the Framework Marketing Service Agreement and the transactions contemplated thereunder (including the proposed annual caps) and is required to abstain from voting on the relevant resolution in the EGM.

If Shareholders intend to appoint a proxy to attend the EGM, Shareholders are required to complete and return the accompanying proxy form in accordance with the instructions printed thereon and return it by personal delivery or by post not less than 24 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). The proxy form should be returned to the Company's H share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. For holders of domestic shares of the Company, the proxy form should be returned to the Company's headquarters in the PRC at Building A4, East Zone, Jinke Shiniancheng, No. 480, Panxi Road, Shimahe Street, Jiangbei District, Chongqing, PRC. Completion and return of the proxy form will not preclude the Shareholders from attending and voting in person at the EGM or at any other adjourned meeting thereof (as the case may be) if they so wish.

### 6. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the chairman of the EGM will exercise his power under the Articles of Association to demand a poll in relation to the proposed resolutions at the EGM.

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## LETTER FROM THE BOARD

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### 7. CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement of the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 21 December 2021 to Tuesday, 28 December 2021 (both dates inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, holders of H Shares whose transfer documents have not been registered are required to deposit all properly completed share transfer forms together with the relevant share certificates to the Company's H share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Monday, 20 December 2021 for registration.

### 8. RECOMMENDATION

The Board considers that the special resolution in relation to the Proposed Amendments and the ordinary resolution in relation to the proposed appointment of Ms. Fu to be proposed at the EGM is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of these resolutions to be proposed at the EGM.

Your attention is drawn to (i) the letter from the Independent Board Committee set out in this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Framework Marketing Service Agreement and the proposed annual caps for the continuing connected transactions contemplated thereunder; and (ii) the letter from the Independent Financial Adviser set out in this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Framework Marketing Service Agreement and the proposed annual caps for the continuing connected transactions contemplated thereunder, as well as the principal factors and reasons taken into account by the Independent Financial Adviser in arriving at its advice. Having taken into account the terms of the Framework Marketing Service Agreement, the information provided in the letter from the Board and the letter from the Independent Financial Adviser, the Independent Board Committee considers that (i) the terms of the Framework Marketing Service Agreement (including the proposed annual caps) are on normal commercial terms and are fair and reasonable; and (ii) the transactions contemplated under the Framework Marketing Service Agreement (including the proposed annual caps) are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favor of the ordinary resolution as set out in the notice of EGM and to be proposed at the EGM for approving the Framework Marketing Service Agreement and the transactions contemplated thereunder and the proposed annual caps.

By order of the Board  
**Jinke Smart Services Group Co., Ltd.**  
**Xia Shaofei**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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**Jinke 金科服务**

美 好 你 的 生 活

**Jinke Smart Services Group Co., Ltd.**

**金科智慧服務集團股份有限公司**

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

**(Stock code: 9666)**

11 December 2021

*To the Independent Shareholders*

Dear Sir/Madam,

### CONTINUING CONNECTED TRANSACTIONS

We refer to the circular issued by the Company to the Shareholders dated 11 December 2021 (the “**Circular**”) which this letter forms a part of. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as the members of the Independent Board Committee to consider the Framework Marketing Service Agreement and to advise you in respect of the Framework Marketing Service Agreement and transactions contemplated thereunder and the proposed annual caps, details of which are set out in the “Letter from the Board” on page 5 to 16 of the Circular. Red Sun Capital Limited has been appointed as the Independent Financial Adviser in this regard.

We wish to draw your attention to the “Letter from the Board” and the “Letter from Independent Financial Adviser” as set out in the Circular. Having considered the principal factors and reasons considered by, and the advice of, the Independent Financial Adviser as set out in their letter of advice, we are of the view that (i) the terms of the Framework Marketing Service Agreement (including the proposed annual caps) are on normal commercial terms and are fair and reasonable; and (ii) the transactions contemplated under the Framework Marketing Service Agreement (including the proposed annual caps) are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend that the Independent Shareholders vote in favour of the ordinary resolution for approving the Framework Marketing Service Agreement and the transactions contemplated thereunder and the proposed annual caps for a term of up to 31 December 2023 at the EGM.

Yours faithfully,

For and on behalf of the Independent Board Committee of  
**Jinke Smart Services Group Co., Ltd.**

**Cao Guohua**  
*Independent*  
*non-executive Director*

**Yuan Lin**  
*Independent*  
*non-executive Director*

**Chan Chi Fung Leo**  
*Independent*  
*non-executive Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and Independent Shareholders in relation to Framework Marketing Service Agreement and the transactions contemplated thereunder (including the proposed annual caps) for inclusion in this circular.*



**红日资本有限公司**  
**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

11 December 2021

*To: The Independent Board Committee and the Independent Shareholders of  
Jinke Smart Services Group Co., Ltd.*

Dear Sirs,

### **CONTINUING CONNECTED TRANSACTIONS UNDER THE FRAMEWORK MARKETING SERVICE AGREEMENT**

#### **I. INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders with regard to the Framework Marketing Service Agreement (as supplemented by the Supplemental Framework Marketing Service Agreement) and the transactions contemplated thereunder (including the proposed annual caps) for the provision of marketing services by the Group to the Jinke Property Group in respect of the sales of residential properties and car parking spaces by the Jinke Property Group in their development projects, details of which are contained in the letter from the Board (the “**Letter from the Board**”) as set out in the circular to the Shareholders dated 11 December 2021 (the “**Circular**”). Unless otherwise specified, terms defined in the Circular have the same meanings in this letter.

As disclosed in the Letter from the Board, as at the Latest Practicable Date, Jinke Property is the controlling shareholder of the Company, holding approximately 52.33% of the issued share capital of the Company. Therefore, Jinke Property is a connected person of the Company under the Listing Rules, and the transactions contemplated under the Framework Marketing Service Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As one or more of the applicable percentage ratios (other than the profits ratio) in respect of the highest amount of the annual caps under the Framework Marketing Service Agreement exceed 5%, the transactions contemplated under the Framework Marketing Service Agreement are subject to the reporting, annual review, announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### II. THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Cao Guohua, Ms. Yuan Lin and Mr. Chan Chi Fung Leo, has been formed to advise the Independent Shareholders on the transactions contemplated under the Framework Marketing Service Agreement (including the proposed annual caps). We have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

Our appointment has been approved by the Independent Board Committee. Our role as the independent financial adviser is to give our recommendation to the Independent Board Committee and the Independent Shareholders as to whether the transactions contemplated under the Framework Marketing Service Agreement (including the proposed annual caps) are in the ordinary and usual course of business and on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole, and how the Independent Shareholders should vote in respect of the relevant resolution to approve the transactions contemplated under Framework Marketing Service Agreement (including the proposed annual caps) at the EGM.

### III. OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Company, Jinke Property Group or any relevant parties in connection with the Framework Marketing Service Agreement and accordingly, are qualified to give independent advice to the Independent Board Committee and the Shareholders regarding the transactions contemplated under the Framework Marketing Service Agreement (including the proposed annual caps).

In the last two years, we have not acted as independent financial adviser to independent board committee and/or independent shareholders of the Group. Apart from normal professional fees paid or payable to us in connection with this appointment as the independent financial adviser in relation to the transactions contemplated under Framework Marketing Service Agreement (including the proposed annual caps), no arrangements exist whereby we have received or will receive any fees or benefits from the Group or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent from the Group pursuant to Rule 13.84 of the Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### IV. BASIS OF OUR ADVICE

In formulating our advice, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Group, the Directors and/or senior management of the Company (the “**Management**”). We have assumed that all information, representations and opinions contained or referred to in the Circular or made, given or provided to us by the Company, the Directors and the Management, for which they are solely and wholly responsible, were true and accurate and complete in all material respects at the time when they were made and continue to be so as at the Latest Practicable Date. We have assumed that all the opinions and representations made by the Directors in the Circular have been reasonably made after due and careful enquiry. The Directors and the Management confirmed that no material facts have been omitted from the information provided and referred to in the Circular.

We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the financial position, business and affairs of the Group, Jinke Property Group or their respective history, experience and track records, or the prospects of the markets in which they respectively operate.

We consider that we have been provided with sufficient information to enable us to reach an informed view and to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Group, the Directors and/or the Management 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.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely for their consideration of the transactions contemplated under Framework Marketing Service Agreement (including the proposed annual caps), and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

### V. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation on the Framework Marketing Service Agreement, we have taken the following principal factors and reasons into consideration:

#### 1. Information of the Group

The Group is primarily engaged in the provision of property management services, value-added services to non-property owners, community value-added services and smart living technology solutions in the PRC.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the summary of the Group's financial information for the years ended 31 December 2019 and 2020 as extracted from the annual report of the Group for the year ended 31 December 2020 (the “**2020 Annual Report**”) and the financial information for the six months ended 30 June 2020 and 2021 as extracted from the interim report of the Group for the six months ended 30 June 2021 (the “**2021 Interim Report**”), respectively:

### *Summary of the consolidated statement of comprehensive income of the Group*

	For the six months ended 30 June		For the year ended 31 December	
	2021	2020	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(audited)	(audited)
<b>Revenue</b>				
<i>Recognised over time</i>				
– Property management services	1,309,579	925,381	2,024,034	1,465,792
– Value-added services to non-property owners	452,989	292,227	720,396	596,391
– Community value-added services	517,607	54,865	174,588	158,139
– Smart living technology solutions	57,030	26,428	47,728	26,871
<i>Recognised at a point in time</i>				
– Value-added services to non-property owners	114,398	–	155,686	–
– Community value-added services	134,137	70,703	236,512	80,464
<b>Total</b>	<u>2,585,740</u>	<u>1,369,604</u>	<u>3,358,944</u>	<u>2,327,657</u>
<b>Profit for the year attributable to owners of the Company</b>	529,813	293,756	617,594	366,452

### *Financial performance for the six months ended 30 June 2020 (the “1H2020”) and the six months ended 30 June 2021 (the “1H2021”)*

As set out in the 2021 Interim Report, the Group' revenue increased by approximately RMB1,216.1 million or 88.8% from approximately RMB1,369.6 million for 1H2020 to approximately RMB2,585.7 million for 1H2021. Such increase was mainly attributable to (i) the increase in revenue from property management services by approximately 41.5% from RMB925.4 million for 1H2020 to RMB1,309.6 million for 1H2021, which was primarily driven by the Group's business expansion, of which the gross floor area (“**GFA**”) under management increased by approximately 44.0% from approximately 129.7 million sq.m. as at 30 June 2020 to approximately 186.8 million sq.m. as at 30 June 2021; (ii) the increase in revenue from value-added services to non-property owners by approximately 94.2% from approximately RMB292.2 million for 1H2020 to approximately RMB567.4 million for 1H2021, which was primarily driven by



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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(a) the increase in sales assistance services provided to property developers as a result of an increase in the number of sales offices; (b) improvements from prior period's COVID-19 impact in PRC; and (c) the breakthrough achieved by the Group in the development of the commercial property sales agency business in the first half of 2021; (iii) the increase in revenue from community value-added services by approximately 418.9% from approximately RMB125.6 million for 1H2020 to approximately RMB651.7 million for 1H2021, which was primarily driven by (a) the increase in scale of the Group's property management business which led to an increase in customer base; and (b) the expansion of the Group's community value-added service offerings to residents; and (iv) the increase in revenue from smart living technology solutions by approximately 115.9% from approximately RMB26.4 million for 1H2020 to approximately RMB57.0 million for 1H2021, which was primarily driven by (a) the increase in smart solutions that the Group developed for Independent Third Parties; and (b) the wider implementation of the Home-Life system\* (生命家系統) in sales offices where the Group provides sales assistance services.

For 1H2021, profit attributable to owners of the Company amounted to approximately RMB529.8 million, representing an increase of approximately 80.3% as compared to approximately RMB293.8 million for 1H2020.

### ***Financial performance for the year ended 31 December 2019 (the "FY2019") and the year ended 31 December 2019 (the "FY2020")***

As set out in the 2020 Annual Report, the Group's revenue increased by approximately RMB1,031.2 million or 44.3% from approximately RMB2,327.7 million for FY2019 to approximately RMB3,358.9 million for FY2020. Such increase was mainly attributable to (i) the increase in revenue from property management services by approximately 38.1% from approximately RMB1,465.8 million for the FY2019 to approximately RMB2,024.0 million for FY2020, which was primarily driven by the Group's business expansion, of which the GFA under management increased by approximately 29.6% from approximately 120.5 million sq.m. as at 31 December 2019 to approximately 156.2 million sq.m. as at 31 December 2020; (ii) the increase in revenue from value-added services to non-property owners by approximately 46.9% from approximately RMB596.4 million for FY2019 to approximately RMB876.1 million for FY2020, which was primarily driven by an increase in sales assistance services provided to property developers as a result of an increase in the number of sales offices; (iii) the increase in revenue from community value-added services by approximately 72.3% from approximately RMB238.6 million for FY2019 to approximately RMB411.1 million for FY2020, which was primarily driven by the increase in scale of the Group's property management business and the expansion of the Group's value-added service offerings to property owners; and (iv) the increase in revenue from smart living technology solutions by approximately 77.3% from approximately RMB26.9 million for FY2019 to approximately RMB47.7 million for FY2020, which was primarily driven by (i) the increase in smart solutions that the Group developed for Independent Third Parties; and (ii) the wider implementation of the Home-Life system\* (生命家系統) in sales offices where the Group provides sales assistance services.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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For FY2020, profit attributable to owners of the Company amounted to approximately RMB617.6 million, representing an increase of approximately 68.5% as compared to approximately RMB366.5 million for FY2019.

### *Summary of the consolidated statement of financial position of the Group*

	<b>As at</b>		
	<b>30 June</b>	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>
Non-current assets	259,483	60,178	1,191,346
Current assets	9,326,428	8,492,065	2,902,547
Non-current liabilities	22,602	4,361	1,148,468
Current liabilities	2,088,203	1,295,419	2,440,430
Net current assets	7,238,225	7,196,646	462,117
Equity attributable to the owners of the Company	7,417,561	7,214,152	482,700

### *Financial position as at 31 December 2020 and 30 June 2021*

Total assets of the Group as at 30 June 2021 primarily comprised of (i) cash and cash equivalents balance, which amounted to approximately RMB6,265.2 million, representing a decrease of approximately 8.4% as compared to approximately RMB6,840.3 million as at 31 December 2020, primarily due to (a) the increase in term deposits, not being part of the cash and cash equivalents balance, of approximately RMB709.1 million during 1H2021; (b) dividend paid to shareholders of approximately RMB326.7 million during 1H2021, and partially offset by the increase in the Group's net operating cash inflows; and (ii) trade and bills and other receivables and prepayments balance, which amounted to approximately RMB2,175.1 million, representing an increase of approximately RMB600.6 million as compared to approximately RMB1,574.5 million as at 31 December 2020, primarily attributable to (a) the increase in prepayments to third parties suppliers; and (b) the increase in trade receivables from third parties.

Total liabilities of the Group as at 30 June 2021 primarily comprised of (i) trade and bill and other payables, which amounted to approximately RMB1,486.2 million, representing an increase of approximately 78.1% as compared to approximately RMB834.4 million as at 31 December 2020, primarily attributable to the increase in trade payables and other payables to third parties; and (ii) contract liabilities balance, which amounted to approximately RMB492.5 million, representing an increase of approximately 27.3% as compared to approximately RMB386.8 million as at 31 December 2020.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Financial position as at 31 December 2019 and 2020*

Total assets cash and cash equivalents of the Group as at 31 December 2020 amounted to approximately RMB6,840.3 million, representing an increase of approximately 20 times as compared to approximately RMB333.1 million as at 31 December 2019, primarily attributable to the Company's successful fund raising exercise in relation to the issuance of H shares on the Stock Exchange on 17 November 2020 (the "**H-share Listing**").

The remaining total assets of the Group as at 31 December 2020 mainly comprised of trade and bills and other receivables and prepayments, which amounted to approximately RMB1,574.5 million, representing a decrease of approximately RMB913.4 million as compared to approximately RMB2,487.9 million as at 31 December 2019, primarily attributable to the decrease in other receivables from related parties.

As at 31 December 2020, total liabilities decreased to approximately RMB1,299.8 million from approximately RMB3,588.9 million. Such decrease was mainly attributable to (i) the decrease in borrowings of approximately RMB1,830.0 million; and (ii) the decrease in trade and bill and other payables of approximately RMB564.0 million which primarily due to the decrease in other payables to related parties.

As at 31 December 2020, the equity attributable to owners of the Company amounted to approximately RMB7,214.2 million, representing an increase of approximately RMB6,731.5 million as compared to approximately RMB482.7 million as at 31 December 2019, which was primarily due to the funds raised from its H-share Listing and the financial performance of the Group for the year ended 31 December 2020.

## **2. Information of Jinke Property Group**

As set out in the Letter from the Board, Jinke Property is a joint stock company established in the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 000656.SZ). Jinke Property is the controlling shareholder of the Company. Jinke Property Group is one of the leading property developers in the PRC and is principally engaged in the development of large scale mixed-use property projects, with extensive presence in the businesses of property management, environmental protection, construction, real estate construction management and commercial.

## **3. Overview of the PRC economy and property sector**

According to information published on the website of the National Bureau of Statistics of the PRC (<http://data.stats.gov.cn>), the PRC recorded year-on-year growth in gross domestic product ("**GDP**") in 2020 of approximately 2.3% (2019: 6.0%). Given the ongoing development and impact of the COVID-19 outbreak, which is expected to be temporary in nature, the growth of GDP of the PRC for 2020 was lower than the growth recorded in 2019. Nonetheless, despite the then short-term challenging environment, the PRC economy achieved

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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positive growth for 2020. 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 prior year period, based on preliminary data published by the National Bureau of Statistics of the PRC.

The PRC government had implemented policies to promote urbanisation in the PRC through to, among others, (i) accelerate the agricultural population urbanisation\* (加快農業轉移人口市民化) by implementing three main strategies, namely further reform of the household registration system\* (深化戶籍制度改革), implementation of the residence permit system\* (實施居住證制度) 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) optimise urbanisation layout\* (優化城鎮化佈局和形態) by implementing three main strategies, namely the acceleration of the construction and advancement of urban agglomeration\* (加快城市群建設發展), enhance the drive of activities by central cities\* (增強中心城市輻射帶動功能) and speeding up of the development of small and medium-sized cities and characteristic towns\* (加快發展中小城市和特色鎮).

In addition, based on publication by the PRC government in relation to the Fourteenth Five Year Plan\* (十四五規劃), the PRC government will focus on enhancing the quality and efficacy of the overall economy with a view to attain sustainable and healthy development through, among others, (i) the improvement of supply chain modernisation\* (提升產業鏈供應鏈現代化水平); (ii) the development of strategic new industries\* (發展戰略性新興產業); (iii) the acceleration of modern service industries development\* (加快發展現代服務業); (iv) the coordination of infrastructure construction advancement\* (統籌推進基礎設施建設); and (v) the acceleration of the development of digitalisation\* (加快數位化發展)<sup>1</sup>.

The development of the PRC property market will continue to be influenced by changes in PRC government policies at a national and regional level, market environment as well as the overall economic development of the PRC. On this basis, it is expected that the increase in urbanisation rate in the PRC and continuous development of the PRC economy shall continue to drive the PRC property-related industries over time.

#### **4. Reasons for and benefits of entering into the Framework Marketing Service Agreement**

As set out in the Letter from the Board, the Group has been providing property management and community value-added services, including but not limited to, properties developed by the Jinke Property Group. Such property management and community value-added services include cleaning, order maintenance, greening, repair and maintenance services, home-living services, community management services, home-decoration services and comprehensive living and traveling services. Pursuant to the Framework Marketing Service Agreement, the Group will, through the utilisation of its community resources and its other

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<sup>1</sup> Publication of the State Council of the PRC titled “中共中央關於制定國民經濟和社會發展第十四個五年規劃和二零三五年遠景目標的建議” (Source: [www.gov.cn/zhengce/2020-11/03/content\\_5556991.htm](http://www.gov.cn/zhengce/2020-11/03/content_5556991.htm))

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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sales channel, actively conduct marketing activities and refer potential buyers to the Jinke Property Group in respect of the sales of residential properties and car parking spaces by the Jinke Property Group in their development projects.

As the Group has been providing the Jinke Property Group with property management services for the properties developed by the Jinke Property Group, the Board believes that the Group could make use of its expertise to assist the Jinke Property Group in their sales and advertisements of residential properties and car park spaces.

Having considered that, (i) the Group is principally engaged in property management and community value-added services; (ii) the Management considered that the transactions contemplated under the Framework Marketing Service Agreement to be a furtherance of the Group's existing businesses; (iii) the revenue to be generated from the provision of marketing services shall broaden the income base of the Group; and (iv) the proposed annual caps, if approved, would facilitate the transactions contemplated under the Framework Marketing Service Agreement for the years ending 31 December 2021, 2022 and 2023 to ensure that they can be carried out in an effective and efficient manner without the need for the Company to seek Shareholders' approval on a transaction-by-transaction basis, we concur with the Directors' view that the transactions contemplated under the Framework Marketing Service Agreement are in the interests of the Company as a whole.

### **5. Principal terms of the Framework Marketing Service Agreement**

Date:	25 November 2021 (after trading hours) and as supplemented on 10 December 2021
Parties:	(i) The Company; and  (ii) Jinke Property.
Scope of service:	Marketing services in respect of the sales of residential properties and car parking spaces by the Jinke Property Group in their development projects to be provided by the Group to the Jinke Property Group, including but not limited to (i) marketing referral activities through the utilisation of the community resources and other sales channel of the Group, including customers' referrals; and (ii) other marketing related advertising services, including but not limited to brand image promotion, event promotion, customer information collection and related installation and maintenance services.
Term:	The term of the Framework Marketing Service Agreement commences upon obtaining the Independent Shareholders' approval at the EGM and ending on 31 December 2023 (both days inclusive).

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Pricing and other terms:      The parties to the Framework Marketing Service Agreement have agreed as follows:

- (i) the parties shall enter into Specific Agreements which will set out the necessary terms and conditions for the relevant transactions contemplated under the Framework Marketing Service Agreement in the ordinary course of business after arm's length negotiations on normal commercial terms; and
- (ii) the Specific Agreements shall conform with the principles and provisions set out in the Framework Marketing Service Agreement.

Annual cap:      Pursuant to the Framework Marketing Service Agreement, it is proposed that the annual caps for the transactions contemplated thereunder for the month ending 31 December 2021 and the two years ending 31 December 2023 for the provision of marketing services are expected not to exceed the following:

	<b>For the month ending 31 December 2021</b>	<b>For the year ending 31 December 2022</b>	<b>2023</b>
<i>(RMB in millions)</i>			
<b>Annual caps</b>	150	900	1,200

The proposed annual caps for the transactions contemplated under the Framework Marketing Service Agreement were determined after considering the following factors:

- (i) no historical amounts are available as at the date of the Latest Practicable Date as the Group has not entered into any transactions in respect of the provision of marketing services for the sales of residential properties and car parking spaces to the Jinke Property Group previously;
- (ii) the number of potential customers readily to be referred by the Group to the Jinke Property Group to acquire the saleable properties units developed by the Jinke Property Group prior to 31 December 2021 and the expected number of saleable property units developed by the Jinke Property Group which require the Group's referral services and which is estimated to be 4,200 units for the month ending 31 December 2021;

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- (iii) the expected number of projects under the management of the Group to be engaged to provide marketing related advertising services for the Jinke Property Group, which is estimated to be over 800 projects for the month ending 31 December 2021, over 900 projects for the year ending 31 December 2022 and over 1,000 projects for the year ending 31 December 2023, estimated with reference to the existing 788 projects under management by the Group as at 30 June 2021;
- (iv) the expected number of saleable property units developed by the Jinke Property Group according to its future business plan and the historical growth trend of Jinke Property Group which require the Group's referral services and which is estimated to be 24,000 units for the year ending 31 December 2022 and 30,000 units for the year ending 31 December 2023;
- (v) the service fee to be charged for each project or saleable property unit by the Group for the provision of such services, which is determined with reference to the prevailing market condition (taking into consideration the location of the property) and the price charged by the Group when providing similar services to the Independent Third Parties; and
- (vi) the level of difficulty of sales and advertisement of the residential properties and car parking spaces by the Group with reference to the locations of the development projects of the Jinke Property Group involved, and the occupancy rate of the development projects.

### **6. Pricing basis and internal procedures of the Group in respect of the Framework Marketing Service Agreement**

As a general principle, the prices to be charged by the Group under the Framework Marketing Service Agreement for the provision of marketing services will be determined in accordance with the following pricing principles:

- (i) where there are prices prescribed by the PRC government in relation to the marketing services, such government prescribed prices shall apply to the services provided by the Group. Where there are available or applicable government guiding price standards, the prices charged by the Group shall be within the scope of the government guided prices;
- (ii) where no government-prescribed prices or guiding prices are available or applicable, the price shall be based on the market price of comparable services and the price offered by the Group to Independent Third Parties for comparable services; and
- (iii) prevailing market price for the similar services for the similar type of properties with similar area and quality in the vicinity generally offered by other independent service providers.

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As at the Latest Practicable Date, and to the best knowledge, understanding and belief of the Directors, none of the services provided under the Framework Marketing Service Agreement is subject to any applicable government-prescribed prices or government-guided prices.

In determining the service prices chargeable and terms under the Specific Agreement, the prices and terms offered by the Jinke Property Group will be reviewed and evaluated by the relevant personnel of the finance department and the management of the Group and to be compared against the prices obtained through the monthly regular price research conducted by the Group from the historical transaction with the Independent Third Party(ies). Where the prices and terms of an offer from the Jinke Property Group are not less favourable to the Group than those offered by other Independent Third Party(ies), the Group may enter into Specific Agreement to provide the relevant services to the Jinke Property Group. The Group will keep negotiating with Jinke Property Group to ensure the prices and terms of an offer from the Jinke Property Group are no less favorable to the Group than those available from Independent Third Party(ies) before entering into Specific Agreement.

In this connection, we have conducted market research, identified and reviewed eight transaction circulars issued under Chapter 14 and/or Chapter 14A of the Listing Rules in relation to the provision of property management and related ancillary services, published in the past 24 months immediately prior to the date of the Announcement, by companies listed on the Stock Exchange, which are principally engaged in the provision of property management and ancillary services in the PRC (the “**Comparable Circulars**”). We consider the Comparable Circulars to be appropriate market reference and sufficient to support our assessment in this connection. We noted that the pricing policy under the Framework Marketing Service Agreement are broadly in line with the pricing policies as stated in the Comparable Circulars. Accordingly, having considered (i) the pricing policy stated that where there are available or applicable government guiding price standards, the prices charged by the Group shall be within the scope of the government guided prices; (ii) where no government-prescribed prices or guiding prices are available or applicable, the price shall be based on the market price of comparable services and the price offered by the Group to Independent Third Parties for comparable services, based on the stated pricing policy; and (iii) the pricing policy under the Framework Marketing Service Agreement are broadly in line with the pricing policies stated in the Comparable Circulars, we are of the view that the pricing basis is fair and reasonable and in the interests of the Company.

As set out in the letter from the Board, the pricing policy for all the continuing connected transactions of the Group will be supervised and monitored by the relevant personnel and management of the Group in charge to ensure the relevant continuing connected transaction is conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its Shareholders as a whole.

The relevant personnel and management of the Group will review and assess the terms before entering into the Specific Agreements to ensure they are consistent with the principles and provisions set out in the Framework Marketing Service Agreement.

The finance department of the Company will closely monitor the aggregate transaction amounts and notify the management if the aggregate transaction amounts become close to the annual caps. Regular checks will be conducted on an annually basis to review and assess whether the transactions contemplated under the relevant continuing connected transactions are conducted in accordance with the terms of the respective agreements and the price charged for a specific transaction is fair and reasonable and in accordance with the aforesaid pricing policy.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The independent non-executive Directors will continue to review the management's annually review reports on the transactions contemplated under the relevant continuing connected transactions and the auditors of the Company will also conduct an annual review on the pricing terms and annual cap thereof.

Accordingly, the Directors consider that the internal control mechanism is effective to ensure that the transactions contemplated under the Framework Marketing Service Agreement have been and will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

### *Our analysis*

We understand from the Management that this is the first time the Group entered into the Framework Marketing Service Agreement with Jinke Property for the provision of the relevant services thereof. In this connection, we have obtained and reviewed relevant internal documents from the Management, including the pricing policies for the transactions under the Framework Marketing Service Agreement, the internal control procedures adopted by the Company for the governing of continuing connected transactions and performed independent research, identified the Comparable Circulars issued by other property management listed companies and reviewed the relevant pricing policies thereof, further details of which are set out in this section above, with a view to assess the reasonableness of the pricing policy for the transactions to be contemplated under the Framework Marketing Service Agreement.

Based on our review of internal documents provided by the Company and as advised by the Management, the internal control procedures governing the transactions contemplated under the Framework Marketing Service Agreement including, among others, (i) the sales department of the Group would compare the price offered by the Jinke Property Group and those obtained by the Group through market research, such as, among others, the historical transactions (with similar scale and service scope) entered into between the Group (as service provider) and Independent Third Parties (as customer), and thereafter determine a price to be offered to the Jinke Property Group which would not be less favourable than the price offered by the Group to the Independent Third Parties under the prevailing market conditions; (ii) the pricing policy for all the continuing connected transactions of the Group will be supervised and monitored by the relevant personnel and management of the Group in charge; (iii) relevant personnel and management of the Group will review and assess the terms before entering into the Specific Agreements; (iv) regular checks will be conducted on an annually basis; (v) independent non-executive Directors will continue to review the management's annually review reports; and (vi) the finance department will closely monitor the aggregate transaction amounts and notify the Management if the aggregate transaction amounts become close to the annual caps. Based on the internal control procedures and documents reviewed by us, our discussion with the Management as well as our independent work performed in relation to the pricing policy and as confirmed by the Management, we considered that the mechanisms of the internal control procedures as set out above are appropriate and that the effective implementation of these internal control policies and procedures would ensure the transactions under the Framework Marketing Service Agreement to be conducted on terms which are fair and reasonable and in the interests of the Company.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 7. Basis for determining the proposed annual caps

*(a) Proposed annual caps for the transactions contemplated under the Framework Marketing Service Agreement*

Pursuant to the Framework Marketing Service Agreement, it is proposed that the annual caps for the transactions contemplated thereunder for the month ending 31 December 2021 and the two years ending 31 December 2023 for the provision of marketing services are expected not to exceed the following:

	<b>For the month ending 31 December 2021 RMB' million</b>	<b>For the year ending 31 December 2022 RMB' million</b>	<b>2023 RMB' million</b>
Annual caps	150 <i>(the "2021 Annual Cap")</i>	900 <i>(the "2022 Annual Cap")</i>	1,200 <i>(the "2023 Annual Cap")</i>

As set out in the Letter from the Board, the above proposed annual caps were determined after taking into account the following:

- (i) no historical amounts are available as at the Latest Practicable Date as the Group has not entered into any transactions in respect of the provision of marketing services for the sales of residential properties and car parking spaces to the Jinke Property Group previously;
- (ii) the number of potential customers readily to be referred by the Group to the Jinke Property Group to acquire the saleable properties units developed by the Jinke Property Group prior to 31 December 2021 and the expected number of saleable property units developed by the Jinke Property Group which require the Group's referral services and which is estimated to be 4,200 units for the month ending 31 December 2021;
- (iii) the expected number of projects under the management of the Group to be engaged to provide marketing related advertising services for the Jinke Property Group, which is estimated to be over 800 projects for the month ending 31 December 2021, over 900 projects for the year ending 31 December 2022 and over 1,000 projects for the year ending 31 December 2023, estimated with reference to the existing 788 projects under management by the Group as at 30 June 2021;

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- (iv) the expected number of saleable property units developed by the Jinke Property Group according to its future business plan and the historical growth trend of Jinke Property Group which require the Group's referral services and which is estimated to be 24,000 units for the year ending 31 December 2022 and 30,000 units for the year ending 31 December 2023;
- (v) the service fee to be charged for each project or saleable property unit by the Group for the provision of such services, which is determined with reference to the prevailing market condition (taking into consideration the location of the property) and the price charged by the Group when providing similar services to the Independent Third Parties; and
- (vi) the level of difficulty of sales and advertisement of the residential properties and car parking spaces by the Group with reference to the locations of the development projects of the Jinke Property Group involved, and the occupancy rate of the development projects.

As at the Latest Practicable Date, and to the best knowledge, understanding and belief of the Directors, none of the services provided under the Framework Marketing Service Agreement is subject to any applicable government-prescribed prices or government-guided prices.

In determining the service prices chargeable and terms under the Specific Agreement, the prices and terms offered by the Jinke Property Group will be reviewed and evaluated by the relevant personnel of the finance department and the management of the Group and to be compared against the prices obtained through the monthly regular price research conducted by the Group from the historical transaction with the Independent Third Party(ies). Where the prices and terms of an offer from the Jinke Property Group are not less favorable to the Group than those offered by other Independent Third Party(ies), the Group may enter into Specific Agreement to provide the relevant services to the Jinke Property Group. The Group will keep negotiating with Jinke Property Group to ensure the prices and terms of an offer from the Jinke Property Group are no less favorable to the Group than those available from Independent Third Party(ies) before entering into Specific Agreement.

***(b) Our analysis and work performed on the proposed annual caps***

We understand from the Management that when determining the proposed annual caps, potential demand for marketing services which primarily consists of marketing referral services and other marketing related advertising services. We have set out below our work and analysis in this connection.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In relation to the marketing referral services, we have obtained a schedule from the Management (the “**Properties Schedule**”), which listed out the residential property units expected to be available from the Jinke Property Group for the Group to sell under the Framework Marketing Service Agreement. We noted from the Properties Schedule that there were 58,200 property units up to 31 December 2023, comprised of 4,200, 24,000 and 30,000 property units for the year ending 31 December 2021, 2022 and 2023, respectively, having considered that the year ending 31 December 2021 is not a full year for the continuing connected transactions while both of the years ending 31 December 2022 and 2023 will be full years for the continuing connected transactions. These property units are across different regions in the PRC, including, among others, the Central China region, South-Western China region and Eastern China region. As advised by the Management, these regions cover, among others, Chongqing province, Jiangsu province, Sichuan province, Zhejiang province, Henan province, Guangxi province and other provinces in the PRC. Further to the above, the Properties Schedule also sets out information such as, among other things, the estimated number of property units available from the Jinke Property Group, the average selling price of those subject property units and the estimated service fee per property unit. Please refer to further analysis performed by us under the section headed “Our view” below.

In this connection, we have reviewed the interim report of Jinke Property for the six months ended 30 June 2021 and noted that the business of Jinke Property Group covers 23 PRC provinces, with primary focus across cities, including Chongqing, Hangzhou, Zhengzhou, Chengdu, Jinan, Hefei, Nanning, Suzhou, Wenzhou, Wuxi. During the 1H2021, the Jinke Property Group recorded an increase in total revenue of approximately 45.1% compared to the corresponding period in the prior year, and that the sales amount contributed by each of the Eastern China region, Chongqing, the Southwestern China region (excluding Chongqing), the Central China region and the Southern China region amounted to approximately 43%, 20%, 12%, 11% and 8%, respectively. Furthermore, as at 30 June 2021, the Jinke Property Group has total saleable resources\* (總可售資源) of approximately 73.1 million sq.m., of which the portion of total saleable resources\* (總可售資源) of Chongqing decreased to approximately 23.7%, and the total saleable resources\* (總可售資源) of the Eastern China region, Southwestern China region (excluding Chongqing), the Central China region, the Southern China region, and the Northern China region accounted for approximately 20.9%, 18.3%, 17.8%, 9.2% and 5.3%, respectively.

In relation to the marketing related advertising services, we have obtained a schedule from the Management (the “**Advertising Schedule**”), which listed out the potential projects of the Jinke Property Group (the “**Advertising Projects**”) available for the Group to provide marketing related advertising services under the Framework Marketing Service Agreement. We noted that the Advertising Schedule was based on the number of Advertising Projects from various locations across the PRC, including the South-Western China region, Central China region and Eastern China region, and as advised by the Management, the Advertising Projects are mainly located in first and second-tier cities in the PRC. We also noted that the Advertising Schedule sets out information such as, among other things, the number of projects available, the location of the subject projects, the advertisement method to be provided, the estimated fee to be charged and the estimated duration for the projects.

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### *Our view*

We noted that the basis of the proposed annual caps for the transactions contemplated under the Framework Marketing Service Agreement was determined with reference to the following price and quantity data, in respect of (a) the marketing referral services, which the Management estimated based on (i) the number of subject property units available from the Jinke Property Group of 58,200 property units up to 31 December 2023, comprised of 4,200, 24,000 and 30,000 property units for the year ending 31 December 2021, 2022 and 2023, respectively; (ii) the average selling price of these subject property units estimated to range from RMB7,000 per sq.m. to RMB15,000 per sq.m.; and (iii) the estimated service fee per property unit of not less than RMB20,000 up to RMB50,000; and (b) the marketing related advertising services, based on (i) 800 projects available up to 31 December 2021, 900 projects available up to 31 December 2022 and 1,000 projects available up to 31 December 2023 from the Jinke Property Group; and (ii) the estimated fee to be charged which ranged from RMB2,000 per month to RMB10,000 per month, based on the type of services and duration of the project.

With a view to assess the reasonableness of the fee estimations under the proposed annual caps, we have performed work to assess the relevant price and quantity information used in deriving the proposed annual caps, including, among others, obtained and reviewed not less than 20 historical contracts, selected on a random basis, with a view to assess the reasonableness of the estimated price applied, for both marketing referral services and the marketing related advertising services, entered between the Group and the Independent Third Parties (the “**Historical I3P Contracts**”) and noted that the estimated service fees for property units of which the Group may provide marketing referral services and the estimated fee to be charged by the Group in relation to the provision of marketing related advertising services are broadly in line with that of the Historical I3P Contracts of similar and comparable nature.

As for assessment on the reasonableness of the estimated quantity used in deriving the proposed annual caps, we conducted analysis on the the number of property units available from the Jinke Property Group. The Management has provided the Properties Schedule which sets out the potential property units under property development projects of Jinke Property Group by different PRC regions, which primarily related to property projects in, among others, the Chongqing province, Sichuan province, Jiangsu province and other provinces in the PRC. In this connection, we have reviewed the interim report of Jinke Property Group for the six months ended 30 June 2021 and noted that the Jinke Property Group has property projects across 23 provinces, municipalities and autonomous regions, (i) with sales amount for the six months ended 30 June 2021 attributable as to approximately 43%, 20%, 12%, 11% and 8% to each of East China region, Chongqing region, Southwest region (excluding Chongqing), Central China region, South China region, respectively; (ii) as at 30 June 2021, the Jinke Property Group has saleable resources\* (可售資源) of approximately 73.1 million sq.m. comprised of approximately 23.7%, 20.9%, 18.3%, 17.8%, and 9.2% to Chongqing, Eastern China region, Southwestern China region (excluding Chongqing), the Central China region, the Southern China region, and the Northern China region, respectively; and (iii) as advised by the Management, the estimated quantity used in deriving the

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proposed annual caps was based on the historical portion of Jinke Property Group's property sales through external agents, and we noted that the rate adopted in deriving the proposed annual caps is less than the historical rate of Jinke Property Group's property sales through external agents. The Group's marketing referral services under the Framework Marketing Service Agreement will form part of the Jinke Property Group's property sales through agents going forward. Based on the information as set out under (i) and (ii) above and considered that such is broadly in line with the region/provinces as set out in the Properties Schedule, the information above which has been extracted from the Jinke Property Group supports the reasonableness of the information set out in the Properties Schedule.

In addition, we also considered (i) the schedule of the EGM and the timing of entering into Specific Agreements is subject to negotiation between the Group and the Jinke Property Group, thus the Management estimated that while a proportion of the marketing services would be provided during the year ending 31 December 2021, certain proportion of such services may be provided during the year ending 31 December 2022 and 2023. We also noted that each of 2022 and 2023 is a complete year under the Framework Marketing Service Agreement compared to a partial year for the provision of relevant services for the year ending 31 December 2021. As such, the Management estimated that comparatively more marketing services would be provided during the years ending 31 December 2022 and 2023.

On this basis, having considered our analysis on the proposed annual caps in respect of both price and quantity, including (i) the estimated service fee per property unit of not less than RMB20,000 up to RMB50,000 to be charged by the Group for the provision of the marketing referral services; (ii) the estimated sales level for the years ending 31 December 2021, 2022 and 2023; (iii) the estimated value of residential properties and/or car parking spaces available from Jinke Property Group; (iv) the service fees to be charged for the provision of different type of marketing related advertisement services by the Group which ranged from RMB2,000 per month to RMB10,000 per month; (v) the estimated number of Advertising Projects available during the years ending 31 December 2021, 2022 and 2023 from Jinke Property Group; (vi) the estimated duration for each Advertising Projects; and (vii) the Group's ongoing business expansion as evidenced by, in particular, the revenue growth recorded by the Group during the 1H2021 and FY2020 of approximately 88.8% and 44.3%, respectively, details of which are set out under the section headed "1. Information of the Group" in this letter above, we concur with the Management that the basis of determining the proposed annual caps for the transactions contemplated under the Framework Marketing Service Agreement for the years ending 31 December 2021, 2022 and 2023 of RMB150 million, RMB900 million and RMB1,200 million respectively, to be fair and reasonable.

Nevertheless, the Shareholders are advised that the proposed annual caps only represent an estimate by the Group based on the information available at the relevant time and is not an indication of the actual revenue to be derived by the Group. In addition, the proposed annual caps would provide the Group with the flexibility but not the obligation to provide marketing services to Jinke Property Group and the Group shall comply with the relevant internal control measures prior to entering into any Specific Agreements.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### VI. RECOMMENDATION

Having considered, among others,

- (i) the reasons for and benefits of the for entering into the Framework Marketing Service Agreement;
- (ii) the transactions contemplated under the Framework Marketing Service Agreement are a furtherance of the Group's business and shall broaden the income base of the Group;
- (iii) the transactions contemplated under the Framework Marketing Service Agreement shall be conducted in the ordinary and usual course of business of the Group and on normal commercial terms, detailed analysis of which have been set out under the sections headed "6. Pricing basis and internal procedures of the Group in respect of the Framework Marketing Service Agreement"; and
- (iv) our work and analysis on the basis for determining the proposed annual caps, details of which are set out in the section headed "7. Basis for determining the proposed annual caps" in this letter above,

we consider that the Framework Marketing Service Agreement and transactions contemplated thereunder are conducted in the ordinary and usual course of business, on normal commercial terms, and the terms of the Framework Marketing Service Agreement (including the proposed annual caps) are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Framework Marketing Service Agreement (including the proposed annual caps).

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.*

\* For identification purposes only

**1. RESPONSIBILITY STATEMENT**

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

**2. DISCLOSURE OF INTERESTS****Directors', Supervisors' and Chief Executive's Interests**

As at the Latest Practicable Date, the interests and short positions of the Directors, Supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code are set out below:

***(I) Interests and Short Position of the Directors, Supervisors and Chief Executive of the Company in the Shares and Underlying Shares of the Company and its Associated Corporations***

*Interests in the Company*

As at the Latest Practicable Date, none of the Directors, Supervisors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company, which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

*Interest in associated corporations of the Company*

Name	Name of associated corporation	Nature of interest	Interest in shares <sup>(1)</sup>	Percentage holding (approx.)
Xu Guofu (徐國富)	Jinke Property	Beneficial owner	1,126,993 (L)	0.02%
Luo Licheng (羅利成)	Jinke Property	Beneficial owner	9,737,909 (L)	0.18%
Yu Yong (余勇)	Jinke Property	Beneficial owner	100 (L)	0.0000019%

*Note:*

(1) The letter "L" denotes the person's long position in the shares.



Save as disclosed above, as at the Latest Practicable Date, none of the Directors, Supervisors and chief executive of the Company had interests or short positions in the shares, underlying shares and debentures of the Company's associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, none of the Directors is a director or employee of a company which has an interest in the Shares and underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### **3. COMPETING BUSINESS**

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors nor their respective close associates had any direct or indirect interests in any business that constitutes or may constitute a competing business of the Company.

### **4. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, no Director had entered into any service contract or letter of appointment with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

### **5. DIRECTORS' INTEREST IN ASSETS/CONTRACTS AND OTHER INTERESTS**

As at the Latest Practicable Date:

- (a) none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2020 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or are proposed to be acquired, disposed of by, or leased to any member of the Group;
- (b) none of the Directors was materially interested, directly or indirectly, in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group; and
- (c) save for Mr. Luo Licheng and Mr. Liang Zhongtai, none of the other Directors is also an employee or director of any substantial shareholder of the Company.



**6. QUALIFICATION OF EXPERT AND CONSENT**

The qualification of the expert who has given an opinion or advice in this circular is as follow:

<b>Name</b>	<b>Qualification</b>
Red Sun Capital Limited	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, the expert mentioned above (i) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or opinion and the references to its names included herein in the form and context in which it is respectively included; (ii) has no direct or indirect shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group; and (iii) has no direct or indirect interests in any assets which have been, since 31 December 2020 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

**7. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors have confirmed that there is no material adverse change in the financial or trading position of the Company since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**8. DOCUMENTS ON DISPLAY**

A copy of each of the following documents will be available on display online on the Stock Exchange's website and on the Company's website from the date of this circular up to and including the date of the EGM:

- (a) the written consent of the Independent Financial Adviser, which was referred to in the section headed "Qualification of Expert and Consent" in this appendix;
- (b) the Framework Marketing Service Agreement; and
- (c) the Supplemental Framework Marketing Service Agreement.

## APPENDIX II      PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The details of the Proposed Amendments are as follows (shown with strikethrough to denote text to be deleted and underline to denote text to be added):

Original Article No.	Original Article*	Amended Article
19.	<p>Prior to the initial public offering of overseas listed foreign shares, the registered capital of the Company was RMB500,000,000 and the total number of shares was 500,000,000, all of which are ordinary shares.</p> <p>Upon the completion of the initial public offering of overseas listed foreign shares and full exercise of the over-allotment option, the registered capital of the Company was RMB652,848,100 and the total number of shares was 652,848,100, and the share capital structure of the Company includes: 652,848,100 ordinary shares, 455,472,500, 44,527,500 and 152,848,100 shares of which are respectively held by the promoters, other domestic shareholders and H shareholders.</p>	<p>Prior to the initial public offering of overseas listed foreign shares, the registered capital of the Company was RMB500,000,000 and the total number of shares was 500,000,000, all of which are ordinary shares.</p> <p>Upon the completion of the initial public offering of overseas listed foreign shares and full exercise of the over-allotment option, the registered capital of the Company was RMB652,848,100 and the total number of shares was 652,848,100, and the share capital structure of the Company includes: 652,848,100 ordinary shares, 455,472,500, 44,527,500 and 152,848,100 shares of which are respectively held by the promoters, other domestic shareholders and H shareholders.</p> <p><u>On 16 August 2021, the China Securities Regulatory Commission approved for the Company to convert 500,000,000 domestic shares into overseas listed shares. On 31 August 2021, the Hong Kong Stock Exchange approved the listing and trading of the aforementioned 500,000,000 converted overseas listed shares. Upon the completion of the conversion on 9 September 2021 and the listing of such converted overseas listed shares on the Main Board of the Hong Kong Stock Exchange on 10 September 2021 by the Company, the registered capital of the Company was RMB652,848,100 and the total number of shares was 652,848,100. The share capital structure of the Company shall be as follows: 652,848,100 ordinary shares, including 0 domestic share and 652,848,100 overseas listed shares.</u></p>

85.	<p>When Convening a class meeting, the Company shall send it shall issue a written notice within the time requirement of the non-class meeting, if the regulations where the Company is listed regulates otherwise, shall prevail.</p> <p>The quorum required for a class meeting (other than an adjourned meeting) to change or abolish the rights of the holders of a class of shares must be at least one-third of the holders of the issued shares of that class.</p>	<p>When Convening a class meeting, the Company <del>shall send it</del> shall issue a written notice within the time requirement of the non-class meeting<del>;</del>.</p> <p><del>if</del><u>If</u> the regulations where the Company is listed <u>apply</u>, those <del>regulates otherwise</del> shall prevail.</p> <p><del>The quorum required for a class meeting (other than an adjourned meeting) to change or abolish the rights of the holders of a class of shares must be at least one-third of the holders of the issued shares of that class.</del></p>
98.	<p>Where necessary, the board of directors may establish relevant special committees such as the audit committee, nomination committee and remuneration committee to provide advice and suggestions for the material decisions of the board of directors and the exercise of duties by the chairman of the board of directors within the scope of authorization of the board of directors. The board of directors shall formulate the composition and duties and of meetings of each of the special committees.</p>	<p>Where necessary, the board of directors may establish relevant special committees such as the audit committee, nomination committee<del>,</del> <u>and</u> remuneration committee <u>and environmental, social and governance committee</u> to provide advice and suggestions for the material decisions of the board of directors and the exercise of duties by the chairman of the board of directors within the scope of authorization of the board of directors. The board of directors shall formulate the composition and duties and of meetings of each of the special committees.</p>

\*      *The version of the Articles as at 16 December 2020.*

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## NOTICE OF EGM

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**Jinke 金科服务**

美好你的生活

**Jinke Smart Services Group Co., Ltd.**

**金科智慧服務集團股份有限公司**

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

**(Stock code: 9666)**

### **NOTICE OF EXTRAORDINARY GENERAL MEETING TO BE HELD ON 28 DECEMBER 2021**

**NOTICE IS HEREBY GIVEN THAT** the 2021 first extraordinary general meeting (the “EGM”) of Jinke Smart Services Group Co., Ltd. (the “**Company**”) will be convened and held at Building A4, East Zone, Jinke Shiniancheng, No. 480, Panxi Road, Shimahe Street, Jiangbei District, Chongqing, PRC on Tuesday, 28 December 2021 at 3:00 p.m. for the purpose of considering and, if thought fit, passing the resolutions set out below as special resolution and ordinary resolution (as the case may be) of the Company. Unless the context requires otherwise, capitalised terms used in this notice and the following resolutions shall have the same meanings as those defined in the circular of the Company dated 11 December 2021.

#### **SPECIAL RESOLUTION**

1. “To consider and approve the Proposed Amendments, and to authorise the Directors to deal with on behalf of the Company the relevant application(s), approval(s), registration(s), filing(s) and other related procedures or issues and to make further amendment(s) (where necessary) pursuant to the requirements of the relevant governmental and/or regulatory authorities arising from the Proposed Amendments.”

#### **ORDINARY RESOLUTION**

2. “To consider and approve the appointment of Ms. Fu Ting as a non-executive Director, and to authorize the Board to fix her remuneration.”
3. “**THAT**
  - (a) the Framework Marketing Service Agreement (as supplemented by the Supplemental Framework Marketing Service Agreement), a copy of which is tabled at the meeting and marked “A” and initialed by the chairman of the meeting for identification purpose, the terms thereof and the continuing connected transactions contemplated thereunder be and are hereby approved, ratified and confirmed;

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## NOTICE OF EGM

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- (b) the proposed annual caps set out in the Framework Marketing Service Agreement (as supplemented by the Supplemental Framework Marketing Service Agreement) be and is hereby approved; and
- (c) any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the Framework Marketing Service Agreement (as supplemented by the Supplemental Framework Marketing Service Agreement).”

By Order of the Board  
**Jinke Smart Services Group Co., Ltd.**  
**Xia Shaofei**  
*Chairman*

Chongqing, 11 December 2021

*Notes:*

1. The resolutions at the EGM will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.jkpsc.cn](http://www.jkpsc.cn)) in accordance with the Listing Rules.
2. All shareholders of the Company are eligible for attending the EGM. Any shareholder of the Company entitled to attend and vote at the EGM convened by the above notice is entitled to appoint a proxy or more than one proxy to attend the EGM and vote instead of him/her. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the proxy form. Every shareholder of the Company present in person or by proxy shall be entitled to one vote for each share held by him/her.
3. In order to be valid, the proxy form together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be completed and returned to (i) the Company’s H share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong (for holders of H shares of the Company); or (ii) or the Company’s headquarters in the PRC at Building A4, East Zone, Jinke Shiniancheng, No. 480, Panxi Road, Shimahe Street, Jiangbei District, Chongqing, PRC (for holders of domestic shares of the Company), not less than 24 hours before the time appointed for the EGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude a shareholder of the Company from attending and voting at the EGM or any adjourned meeting thereof should he/she so wish.
4. For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 21 December 2021 to Tuesday, 28 December 2021 (both dates inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the EGM, holders of H shares of the Company whose transfer documents have not been registered are required to submit the share certificates together with the properly completed share transfer forms to the Company’s H share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong no later than 4:30 p.m. on Monday, 20 December 2021 for registration.
5. The instrument appointing the proxy must be in writing and signed by the appointer or his/her attorney duly authorised in writing, or if the appointer is a legal person, either under a legal person’s seal or signed by its director or an attorney duly authorised in writing.
6. The EGM (or any adjournment thereof) is expected to take no more than half a day. Shareholders of the Company or their proxies attending the EGM (or any adjournment thereof) shall bear their own travelling and accommodation expenses.

*As at the date of this circular, the Board comprises Mr. Xia Shaofei, Mr. Luo Chuansong and Mr. Xu Guofu as executive Directors, Mr. Luo Licheng, Mr. Liang Zhongtai and Mr. Li Nan as non-executive Directors, and Mr. Cao Guohua, Ms. Yuan Lin and Mr. Chan Chi Fung Leo as independent non-executive Directors.*