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## CONNECTED TRANSACTIONS

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Our Group has entered into a number of transactions with parties who will become our connected persons upon the completion of [REDACTED]. The transactions disclosed in this section will continue following the [REDACTED] thus constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules upon the [REDACTED] of our Shares on the Stock Exchange.

### NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

#### 1. Tenant Management Services

On December 22, 2020, we entered into a tenant management services framework agreement (the "**Tenant Management Services Framework Agreement**") with Mr. Huang, pursuant to which our Group agreed to provide (i) operational management services, including but not limited to commercial property operational management and property management services to stores and cinemas owned or operated by associates of Mr. Huang ("**Mr. Huang's Companies**") and located in the shopping centers managed by our Group; and (ii) management services in respect of common area of shopping centers managed by our Group to Mr. Huang's Companies for marketing and promotion activities (the "**Tenant Management Services**"). The Tenant Management Services Framework Agreement has a term commencing from the [REDACTED] to December 31, 2022.

Mr. Huang's Companies started to open stores and cinemas in shopping centers we managed in 2018 and became tenants of such shopping centers since then. Meanwhile, Mr. Huang's Companies did not purchase management services in respect of common area of shopping centers we managed for marketing and promotion activities from our Group in 2017. For the two years ended December 31, 2019 and the nine months ended September 30, 2020, the total fees payable by Mr. Huang's Companies to our Group for the Tenant Management Services amounted to RMB3.4 million, RMB5.6 million and RMB6.9 million, respectively.

The fees to be paid by Mr. Huang's Companies under the Tenant Management Services Framework Agreement are determined after arm's length negotiations taking into account the prevailing market price of similar services in the open market and the historical fee rate during the Track Record Period. Our development and research department would review and compare the service fee charged for the Tenant Management Services and those offered to the independent tenants and approve it.

The service fees for the provision of management services are charged based on the GFA of stores and cinema under our management and the monthly service fee per square meter. While the service fees for the marketing and promotion activities in the common area of shopping centers under our management are charged taking into account the size and location of common area to be used, daily or monthly service fee and the service period.

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Our Directors estimated that the maximum annual amounts of service fee payable by Mr. Huang's Companies in relation to the Tenant Management Services for the two years ending December 31, 2022 will not exceed RMB11.6 million and RMB18.5 million, respectively.

In arriving at the above annual caps of Tenant Management Services, our Directors have considered the following factors which are considered to be reasonable and justifiable in the circumstances:

- the historical transaction amounts and growth trend during the Track Record Period;
- the estimated transaction amounts in relation to the Tenant Management Services to be recognized for the two years ending December 31, 2022 based on the existing contracts;
- our estimation of the total GFA of stores and cinemas to be managed by our Group for the two years ending December 31, 2022, which are approximately 13,100 sq.m. and 22,100 sq.m., based on the existing management contracts entered into with the relevant tenants and the development plan of properties to be developed by Mr. Huang's Companies; and
- the estimated increased number of shopping centers to be opened under our management for the two years ending December 31, 2022.

Mr. Huang is our Ultimate Controlling Shareholder and is therefore a connected person of our Company under the Listing Rules. Accordingly, the transactions under the Tenant Management Services Framework Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon [REDACTED].

As each of the applicable percentage ratios under the Listing Rules in respect of the annual caps for the Tenant Management Services Framework Agreement are expected to be more than 0.1% but less than 5% on an annual basis, such transactions constitute continuing connected transactions for our Company which are subject to the reporting, annual review, announcement requirements but exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## CONNECTED TRANSACTIONS

### 2. Commercial Property Operational Services

On December 22, 2020, we entered into a commercial property operational services framework agreement (the “**Commercial Property Operational Services Framework Agreement**”) with Mr. Huang, pursuant to which our Group agreed to provide to Mr. Huang’s Companies commercial property operational services with respect to shopping centers and commercial complexes owned by Mr. Huang’s Companies, including but not limited to (i) site selection consultancy, land sourcing assistance, construction consultancy, positioning, layout design and tenant sourcing services prior to the opening of such properties; (ii) operational management services after the opening of such properties; and (iii) licensing our trademarks which will be used in the commercial properties managed by us (the “**Commercial Property Operational Services**”) with a term commencing from the [REDACTED] to December 31, 2022.

For each of the three years ended December 31, 2019 and the nine months ended September 30, 2020, the total amount of fees payable by Mr. Huang’s Companies for the Commercial Property Operational Services provided by our Group amounted to approximately RMB63.3 million, RMB63.8 million, RMB89.5 million and RMB83.8 million, respectively. The increase in the total amount of fees payable by Mr. Huang’s Companies for the Commercial Property Operational Services in 2019 was primarily attributable to the opening of Shenzhen Galaxy WORLD • COCO Park (深圳星河WORLD • COCO Park) in September 2018 and increase of service fee for land sourcing assistance.

The breakdown of transaction amounts of Commercial Property Operational Services for the three years ended December 31, 2019 and the nine months ended September 30, 2020 is set out below.

	For the year ended December 31,			For the nine months ended
	2017	2018	2019	September 30, 2020
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Positioning, construction consultancy and tenant sourcing services	8,302	–	19,605	32,686
Operational management services	54,962	63,844	69,906	51,160
<b>Revenue from Commercial Property Operational Services</b>	<b>63,264</b>	<b>63,844</b>	<b>89,511</b>	<b>83,846</b>

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The service fees to be charged by our Group for the Commercial Property Operational Services shall be determined after arm's length negotiations with reference to (i) the positioning, location and size of the properties, (ii) the anticipated operational cost (including labor costs) for providing such services, and (iii) the price offered by us to independent property owners for similar services. Our development and research department would review and approve the service fee charged for the Commercial Property Operational Services.

In respect of the land sourcing assistance and the construction consultancy services, monthly service fees are charged for the provision of such services. In respect of the positioning, layout design, and tenancy sourcing services, the service fees are estimated based on the total GFA of properties newly obtained or developed by Mr. Huang's Companies, where the services are provided and the service fee per square meter. In respect of the operational management services, the service fees are estimated taking into account the average GFA of properties under our management and the monthly service fees per square meter.

Our Directors estimate that the maximum annual fee payable by Mr. Huang's Companies under the Commercial Property Operational Services Framework Agreement for each of the two years ending December 31, 2022 will not exceed RMB138.3 million and RMB155.5 million, respectively. For details, please refer to the table below.

	<b>For the year ending December 31,</b>	
	<b>2021</b>	<b>2022</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Positioning, construction consultancy and tenant sourcing services	49,057	61,947
Operational management services	89,219	93,586
<b>Estimated revenue from Commercial Property Operational Services</b>	<b><u>138,276</u></b>	<b><u>155,533</u></b>

In arriving at the above annual caps of Commercial Property Operational Services, our Directors have considered the following factors which are considered to be reasonable and justifiable in the circumstances:

- the historical transaction amounts and growth trend during the Track Record Period;
- the existing four contracts in respect of the land sourcing assistance services;
- the GFA of shopping centers and commercial complexes developed by Mr. Huang's Companies under our management during the Track Record Period;

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- our estimation of the GFA of the commercial properties developed or owned by Mr. Huang's Companies which yet to open and manage by us for the two years ending December 31, 2022, which is approximately 0.7 million sq.m. and 0.8 million sq.m., respectively. Our estimation of the GFA of the commercial properties developed or owned by Mr. Huang's Companies have commenced operation and under our management for the two years ending December 31, 2022, which is approximately 0.8 million sq.m. and 0.9 million sq.m., respectively;
- our estimation of the GFA of shopping centers and commercial complexes to be developed by Mr. Huang's Companies for the two years ending December 31, 2022 pursuant to the development plan of Mr. Huang's Companies and the opening time of such commercial properties, which are approximately 0.2 million sq.m. and 0.3 million sq.m., respectively, where the market positioning and design services will be provided by our Group;
- our estimation of the GFA of shopping centers and commercial complexes to be developed by Mr. Huang's Companies for the two years ending December 31, 2022 pursuant to the development plan of Mr. Huang's Companies and the opening time of such commercial properties, which are approximately 0.06 million sq.m. and 0.2 million sq.m., respectively, where the tenant sourcing services will be provided by our Group; and
- our estimation of the total GFA of commercial properties developed by Mr. Huang's Companies to be managed by our Group for the two years ending December 31, 2022 pursuant to the existing contracts, development plan of Mr. Huang's Companies and the opening time of such commercial properties, which are approximately 0.7 million sq.m. and 0.8 million sq.m., respectively, where operational management services will be provided by our Group.

Mr. Huang is our Ultimate Controlling Shareholder and is therefore a connected person of our Company under the Listing Rules. Accordingly, the transactions under the Commercial Property Operational Services Framework Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon [REDACTED].

As each of the applicable percentage ratios under the Listing Rules in respect of the annual caps in relation to the Commercial Property Operational Services is expected to be more than 5% on an annual basis, the transactions under the Commercial Property Operational Services Framework Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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### 3. Master Services Procurement

On December 22, 2020, we entered into a master services procurement agreement (the "Master Services Procurement Agreement") with Mr. Huang, pursuant to which our Group agreed to engage Mr. Huang's Companies to provide services, including but not limited to (i) property management services such as security services for properties managed or operated by our Group provided by Galaxy Smart Living Group; (ii) catering services to employees of our Group as our Group's employee benefits provided by Galaxy Smart Living Group; and (iii) hotel accommodation services to our Group for our employees or our clients during their business trips provided by Galaxy Holding and its associates (the "Purchased Services"). The Master Services Procurement Agreement has a term commencing from the [REDACTED] to December 31, 2022.

The historical transaction amounts under the Purchased Services during the Track Record Period are set forth in the table below.

	For the year ended December 31,			For the nine months ended
	2017	2018	2019	September 30,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2020 <i>RMB'000</i>
Property management services	41,107	45,722	57,799	41,765
Catering and hotel accommodation services	458	1,514	2,769	1,661
<b>Total</b>	<b>41,565</b>	<b>47,236</b>	<b>60,568</b>	<b>43,426</b>

The fees to be paid by our Group under the Master Services Procurement Agreement are determined after arm's length negotiations taking into account the prevailing market price of similar services in the open market and the historical fee rate during the Track Record Period. The service fees of each of the Purchased Services would be reviewed and approved by our procurement department or operational department and shall be no less favorable than those quoted by Independent Third Parties.

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In respect of property management services, the fees are estimated based on the prevailing market price, the anticipated labor cost and the commission for the services and taking into account the total GFA of properties under our management. In respect of catering services and hotel accommodation services, the fees are charged based on the number of employees or business partners who are provided with such services and the average cost per person.

Galaxy Smart Living Group will cease providing property management services to shopping centers after March 31, 2021. However, in respect of the provision of basic property management to public area outside certain shopping centers under our management, we do not have the right to select or dismiss the property management service provider which was engaged by the property owners. Hence, we will pay property management fees to Galaxy Smart Living Group for its basic property management services provided to the shared public area outside certain shopping centers under our management after we cease to purchase its property management services in the shopping centers after March 31, 2021. Our Directors estimated that the maximum annual amounts of service fee payable by our Group in relation to the Purchased Services for the two years ending December 31, 2022 will not exceed RMB26.4 million and RMB23.6 million, respectively. Please refer to the table below for an estimated breakdown of such annual caps.

	<b>For the years ending December 31,</b>	
	<b>2021</b>	<b>2022</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Property management services	23,392	20,362
Catering and hotel accommodation services	3,053	3,205
<b>Total</b>	<b>26,445</b>	<b>23,567</b>

In arriving at the above annual caps, our Directors have considered the following factors which are considered to be reasonable and justiciable in the circumstances:

- the historical transaction amounts and growth trend during the Track Record Period;
- the estimated transaction amounts in relation to the Purchased Services to be recognized for the two years ending December 31, 2022 based on the existing contracts;

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- the estimated increase in the transaction amounts of catering services and hotel accommodation services for the two years ending December 31, 2022 of around 5% per annum based on the estimated demand of such services for the business development of our Group; and
- our estimation of the aggregate GFA of shared public area outside the shopping malls under our Group's management where the property management services will be purchased for the two years ending December 31, 2022.

Mr. Huang is our Ultimate Controlling Shareholder and is therefore a connected person of our Company under the Listing Rules. Accordingly, the transactions under the Master Services Procurement Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon [REDACTED].

As each of the applicable percentage ratios under the Listing Rules in respect of the annual caps for the Master Services Procurement Agreement are expected to be more than 5% on an annual basis, such transactions constitute continuing connected transactions for our Company which are subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### APPLICATION FOR WAIVER

Since both the Tenant Management Services Framework Agreement and the Commercial Property Operational Services Framework Agreement were entered into between our Group and Mr. Huang and the transactions are similar in nature, the transactions contemplated under the two agreements will be aggregated and treated as if they were one transaction pursuant to Rules 14A.82(1) and 14A.83 of the Listing Rules. Accordingly, the annual caps in respect of transactions contemplated under the Tenant Management Services Framework Agreement and the Commercial Property Operational Services Framework Agreement are aggregated, and such aggregated amount is used when calculating the relevant percentage ratios under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios under the Listing Rules in respect of the annual caps for the amounts payable by Mr. Huang's Companies to our Group under the Tenant Management Services Framework Agreement and the Commercial Property Operational Services Framework Agreement, on an annual basis and as aggregated, is expected to be more than 5%, the transactions contemplated thereunder are subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.



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In respect of the continuing connected transactions described in this section, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange [has granted], waivers exempting us from strict compliance with the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "Non-exempt Continuing Connected Transactions" in this section, subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above).

### **DIRECTORS' VIEWS**

Our Directors (including our independent non-executive Directors) consider that all the continuing connected transactions described under the sub-section entitled "Non-exempt Continuing Connected Transactions" have been and will be carried out: (i) in the ordinary and usual course of our business; (ii) on normal commercial terms or better; and (iii) in accordance with the respective terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Our Directors (including our independent non-executive Directors) are also of the view that the annual caps of the continuing connected transactions under the sub-section entitled "Non-exempt Continuing Connected Transactions" in this section are fair and reasonable and are in the interests of our Shareholders as a whole.

### **JOINT SPONSORS' VIEW**

The Joint Sponsors are of the view (i) that the continuing connected transactions described the sub-section entitled "Non-exempt Continuing Connected Transactions" have been and will be entered into in the ordinary and usual course of our business, on normal commercial terms or better, that are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and (ii) that the proposed annual caps (where applicable) of such continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.