
CONNECTED TRANSACTIONS

Our Group has entered into a number of agreements with parties who will, upon completion of the [REDACTED], become our connected persons, and the transactions disclosed in this section will constitute continuing connected transactions for our Company under the Listing Rules upon the [REDACTED].

(A) CONTINUING CONNECTED TRANSACTION FULLY EXEMPT FROM THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS’ APPROVAL REQUIREMENTS

1. Trademark Licensing

On [●], a trademark license agreement was entered into between our Company and Xiamen Zhongjun Industrial Co., Ltd. (廈門中駿集團有限公司) (“**Xiamen Zhongjun**”) (the “**Trademark License Agreement**”), pursuant to which Xiamen Zhongjun agreed to irrevocably and unconditionally grant to our Company, and other members of our Group a non-transferable and non-exclusive license to use certain trademarks in the PRC, for a perpetual term commencing from the date of the Trademark License Agreement, on a royalty-free basis. The Trademark License Agreement will terminate upon China SCE Group Holdings ceasing to be our Controlling Shareholder. For a full list and details of the licensed trademarks, see “Appendix IV—Statutory and General Information—B. Further Information about Our Business—2. Intellectual property rights of our Group” to this Document. In addition, Xiamen Zhongjun has undertaken to renew and maintain the registration of the Licensed Trademarks upon expiry during the term of the Trademark License Agreement.

We believe that the entering into of the Trademark License Agreement with a term of more than three years can ensure the stability of our operations, and is beneficial to us and our Shareholders as a whole. The Joint Sponsors are of the view that it is normal business practice for agreements of this type to be of duration of more than three years.

As of the Latest Practicable Date, Xiamen Zhongjun as the registered proprietor of the licensed trademarks was an indirect wholly-owned subsidiary of China SCE Group Holdings, one of our Controlling Shareholders. Each of Xiamen Zhongjun and China SCE Group Holdings is therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Trademark License Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon [REDACTED].

As the right to use the licensed trademarks is granted on a royalty-free basis, the transactions under the Trademark License Agreement will be within the *de minimis* threshold provided under Rule 14A.76 of the Listing Rules and will be exempt from the reporting, annual review, announcement and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

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(B) CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW AND ANNOUNCEMENT REQUIREMENTS BUT EXEMPT FROM THE INDEPENDENT SHAREHOLDERS’ APPROVAL REQUIREMENT

1. *Car Parking Lots and Public Area Leasing*

On [●], our Company entered into a master car parking lots and public area leasing agreement (the “**Master Car Parking Lots and Public Area Leasing Agreement**”) with China SCE Group Holdings, pursuant to which our Group will lease from China SCE Group Holdings and/or its subsidiaries and associates certain car parking lots and public areas situated in commercial properties owned by the China SCE Group and managed by us for subleasing to customers and tenants of such commercial properties (the “**Car Parking Lots and Public Area Leasing**”). The Master Car Parking Lots and Public Area Leasing Agreement has a term commencing from the [REDACTED] until December 31, 2023.

During the years ended December 31, 2018, 2019 and 2020, China SCE Group as the owner of certain car parking lots and public area paid a certain percentage of its income generated from the end users of such car parking lots and public area to our Group, as fees for property management services provided by our Group to the relevant car parking lots and public area. Under such model, the net income received by our Group constituted income generated from a related party, i.e. the China SCE Group, given that the car parking lots and public area were owned by the China SCE Group. For the years ended December 31, 2018, 2019 and 2020, the total amount of fees received by our Group for the management of such car parking lots and public area amounted to approximately RMB15.1 million, RMB21.5 million, and RMB21.4 million, respectively, representing approximately 3.8%, 3.7% and 2.7%, respectively, of our total revenue for the same periods.

With the aim of reducing the amount of our Group’s related/connected transaction with the China SCE Group upon [REDACTED], in particular related/connected income from the China SCE Group, our Group and the China SCE Group have adopted a new arrangement in relation to the car parking lots and public area owned by the China SCE Group from January 1, 2021, pursuant to which our Group leases car parking lots and public area from the China SCE Group and sub-leases such car parking lots and public area to end users. Under such arrangement, our Group will pay certain rental to the China SCE Group which will constitute continuing connected transactions of our Group, while the income generated from end users, being independent third party customers of our Group, will not constitute continuing connected transactions for our Company. In addition, having taken into account the following factors, our Directors are of the view that it is unlikely that our Group will fail to sub-lease to end customers and that the new model is in the interests of our Group:

- (i) the lease expense from the Car Parking Lots and Public Area Leasing is estimated to be approximately RMB7.3 million for the year ending December 31, 2021, as a result of which, even if in the unlikely event that certain car parking spaces and/or public spaces could not be fully sub-leased to end-users, the negative impact on our financials would be minimal; and

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- (ii) the estimated revenue to be generated from the sub-leasing of such car parking lots and public areas for the year ending December 31, 2021, which is estimated based on (a) the historical average daily occupancy hours of approximately 3.3 hours we charged for each car parking lot in 2020; (b) the historical average fees charged by China SCE Group for leasing such car parking lots to end users; (c) the historical average annual rental fee for public area situated in the commercial properties managed by us; (d) the estimated project sizes to be developed by China SCE Group Holdings and/or its subsidiaries and associates and managed by us where we will lease car parking lots and public area for subleasing purpose; and (e) the expected increase in the demand for the car parking lots and public areas situated in the commercial properties in 2021, is expected to exceed the anticipated costs including lease expenses, labor costs and other operational costs.

The amount of rental to be paid by our Group under the Master Car Parking Lots and Public Area Leasing Agreement shall be determined on an arm's length basis with reference to, among others, (i) the prevailing market rental fee of the car parking lots and public area situated in comparable locations and comparable properties; (ii) the occupancy rate of car parking lots leased by our Group from the China SCE Group; and (iii) the number of the car parking lots and the GFA of the public area leased. It is estimated that the maximum amounts of rental payable by our Group in relation to the Car Parking Lots and Public Area Leasing for the three years ending December 31, 2021, 2022 and 2023 will not exceed RMB7.4 million, RMB13.5 million and RMB21.0 million, respectively.

The following factors were considered in arriving at the above annual caps:

- the historical rental paid by end users to the China SCE Group for usage of the relevant car parking lots and public area;
- the existing number of car parking lots and public area under our management as of December 31, 2020 and the expected increase in leased car parking lots and public area taking into account the increasing number of commercial properties to be managed by our Group;
- the estimated rental fee for car parking lots and public area of comparable types and size in comparable locations.

China SCE Group Holdings is a Controlling Shareholder and therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Car Parking Lots and Public Area Leasing Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon [REDACTED].

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Since each of the applicable percentage ratios under the Listing Rules in respect of the annual caps for the Master Car Parking Lots and Public Area Leasing Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Master Car Parking Lots and Public Area Leasing Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

2. *Carpark Sales Services*

On [●], our Company entered into a master carpark sales services agreement (the “**Master Carpark Sales Services Agreement**”) with China SCE Group Holdings, pursuant to which our Group agreed to provide marketing and sales services for unsold car parking spaces of the China SCE Group and its associates (the “**Carpark Sales Services**”). The Master Carpark Sales Services Agreement has a term commencing from the [REDACTED] until December 31, 2023.

There was no historical transaction for the Carpark Sales Services given we only started to provide such services to the China SCE Group and its associates since January 2021. We commenced to provide such services as a result of an assessment of the commercial feasibility and our capacity, having taken into account the following factors: (i) the unsold car parking spaces being situated in properties managed by us and the residents and tenants are accustomed to approaching us for their purchase needs; (ii) we are experienced in transacting with China SCE Group and its associates and have been providing property management services at projects developed by them, which will enable better and more efficient communications when handling such services, in particular given our familiarity with the conditions of the relevant property projects and requirements of the services needed; (iii) we have readily available manpower and sufficient resources based in the relevant property projects which we manage to conduct marketing and sales of the unsold car parking spaces; and (iv) the marketing and sales of unsold car parking spaces is not the business focus of China SCE Group and its associates and they do not retain any on-site manpower or resource for such marketing and sales services after the sales of properties is substantially complete.

It is estimated that the maximum amounts of service fee receivable by our Group in relation to the Carpark Sales Services for the three years ending December 31, 2023 will not exceed RMB42.0 million, RMB46.5 million and RMB48.2 million, respectively. A fee representing a fixed amount for each car parking space sold with the support of the Carpark Sales Services will be charged for the Carpark Sales Services, which will be determined after arm’s length negotiations with reference to the location, condition and salability of the relevant unsold car parking spaces as well as the anticipated operational costs including labor costs. The following factors were considered in arriving at the above annual caps:

- the estimated revenue to be recognized based on existing signed contracts;

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- the estimated number of unsold car parking spaces owned by the China SCE Group and its associates which will require the Carpark Sales Services for the three years ending December 31, 2023, which is estimated based on the historical percentage of unsold car parking spaces in the properties developed by China SCE Group and the expected increase in number of projects and properties under development of the China SCE Group which contributed car parking spaces, which will lead to an increase in demand for the Carpark Sales Services;
- the expected amount of service fee per car parking space sold; and
- the estimated increase in resources to be devoted to our carpark sales services business and the expansion of our sales team through the recruitment of additional experienced sales personnel which will lead to an expected increase in capacity and capabilities in providing the Carpark Sales Services.

China SCE Group Holdings is a Controlling Shareholder and therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Carpark Sales Services Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon [REDACTED].

Since each of the applicable percentage ratios under the Listing Rules in respect of the annual caps for the Master Carpark Sales Services Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Master Carpark Sales Services Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

(C) CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS’ APPROVAL REQUIREMENT

1. Commercial Property Management and Operational Services

On [●], our Company entered into a master commercial property management and operational services agreement (the “**Master Commercial Property Management and Operational Services Agreement**”) with Mr. Wong, pursuant to which our Group agreed to provide to Mr. Wong and his associates, mainly including but not limited to the China SCE Group Holdings and/or its subsidiaries, as well as associates of China SCE Group Holdings, commercial property management and operational services, including but not limited to (i) commercial operational services at the pre-opening stage including (a) market research and positioning, (b) advice on architectural design and (c) tenant sourcing and opening preparation services; and (ii) commercial operation and property management services during the operation stage, such as tenant coaching, basic security and cleaning, repair and maintenance services for tenants as well as marketing and promotion services, tenant management and rent collection

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services (the “**Commercial Property Management and Operational Services**”). The Master Commercial Property Management and Operational Services Agreement has a term commencing from the [REDACTED] until December 31, 2023.

For the three years ended December 31, 2018, 2019 and 2020, the total service fee payable to our Group in respect of the Commercial Property Management and Operational Services amounted to approximately RMB42.4 million, RMB114.2 million and RMB247.5 million, respectively, representing approximately 10.7%, 19.9% and 30.7%, respectively, of our total revenue for the same periods.

The fees to be charged for the Commercial Property Management and Operational Services will be determined after arm’s length negotiations with reference to (i) the size, location and neighborhood profile of the commercial properties; (ii) the scope of the services to be provided; (iii) the anticipated operational costs (including but not limited to labor costs, cost of materials and administrative costs); (iv) the rates generally offered by us to Independent Third Parties in respect of comparable services; and (v) fees for similar services and types of projects in the market.

It is estimated that the maximum amounts of service fee payable to our Group in relation to the Commercial Property Management and Operational Services for the three years ending December 31, 2021, 2022 and 2023 will not exceed RMB441.5 million, RMB522.2 million and RMB642.1 million, respectively. The increase in the annual caps for the Commercial Property Management and Operational Services as compared to the historical transaction amounts for the Track Record Period is mainly due to the expected increase in demand for Commercial Property Management and Operational Services, taking into account (i) the latest operating performance of the China SCE Group; and (ii) the expected GFA to be delivered by the China SCE Group and its associates for the three years ending December 31, 2023 as estimated with reference to our understanding of its future property development plan.

The following factors were considered in arriving at the above annual caps:

- the historical transaction amounts and growth trend during the Track Record Period;
- the estimated revenue to be recognized in relation to the Commercial Property Management and Operational Services provided by us pursuant to existing contracts; and
- in respect of the annual caps for the management services to be provided for commercial properties owned by the China SCE Group, the estimation of the GFA of the commercial properties expected to be developed by the China SCE Group in the relevant periods, estimated based on the land bank of the China SCE Group as of June 30, 2020 as well as the historical GFA of commercial properties developed by the China SCE Group and the related growth rate.

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

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

2. Residential Property Management Services

On [●], our Company entered into a master residential property management services agreement (the “**Master Residential Property Management Services Agreement**”) with China SCE Group Holdings, pursuant to which our Group agreed to provide to China SCE Group Holdings and/or its subsidiaries and/or associates residential property management services, including but not limited to (i) property management services for unsold residential properties units, (ii) pre-delivery services including (a) display units and property sales office management services, and (b) cleaning, gardening and security services; and (iii) pre-delivery inspection (the “**Residential Property Management Services**”). The Master Residential Property Management Services Agreement has a term commencing from the [REDACTED] until December 31, 2023.

For the three years ended December 31, 2018, 2019 and 2020, the total service fee payable to our Group in respect of the Residential Property Management Services amounted to approximately RMB29.6 million, RMB85.4 million and RMB128.6 million, respectively, representing approximately 7.5%, 14.9% and 16.0%, respectively, for the same periods.

The fees to be charged for the Residential Property Management Services will be determined after arm’s length negotiations with reference to (i) the prevailing market price for the relevant services (taking into account the location, size and condition of the property, the scope of services and the anticipated operational costs including but not limited to labor costs, administrative costs and cost of materials); (ii) historical transaction amounts; and (iii) the prices charged or would have been charged by our Group for providing comparable services to Independent Third Parties.

It is estimated that the maximum amounts of service fee payable to our Group in relation to the Residential Property Management Services for the three years ending December 31, 2021, 2022 and 2023 will not exceed RMB181.7 million, RMB257.8 million and RMB312.4 million, respectively. The increase in the annual caps for the Property Management and Related Services as compared to the historical transaction amounts for the Track Record Period is

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mainly due to the expected increase in demand for Residential Property Management Services, taking into account (i) the latest operating performance of the China SCE Group and its associates; and (ii) the expected GFA to be delivered by the China SCE Group and its associates for the three years ending December 31, 2023 as estimated with reference to our understanding of its future property development plan.

The following factors were considered in arriving at the above annual caps:

- the historical transaction amounts and growth trend during the Track Record Period;
- the estimated revenue to be recognized in respect of the Residential Property Management Services provided by us pursuant to existing contracts;
- the estimated GFA of the residential properties expected to be developed and sold by the China SCE Group and its associates in the relevant periods, estimated based on the land bank of the Retained Group and its associates as of June 30, 2020 as well as the GFA of their historical sales and the related growth rate; and
- in respect of the annual caps for the management services to be provided for the unsold residential property units, (i) the aggregate area of the unsold property units for the relevant periods, estimated with reference to (a) the historical average vacancy rate and (b) the expected total GFA under management; and (ii) the estimated management fees to be charged per sq.m.

China SCE Group Holdings is a Controlling Shareholder and therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Residential Property Management Services Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon [REDACTED].

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

(D) Application for Waiver

The transactions described in “—(B) Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements but exempt from Independent Shareholders’ Approval Requirement” in this section constitutes our continuing connected transactions under the Listing Rules, which are subject to the reporting, annual review and announcement requirements but exempt from independent shareholders’ approval requirement of the Listing Rules.

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The transactions described in “—(C) Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement and Independent Shareholders’ Approval Requirements” in this section constitute our continuing connected transactions under the Listing Rules, which are subject to the reporting, annual review, announcement and independent shareholders’ approval requirements of the Listing Rules.

In respect of these continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange [has granted], a waiver exempting from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transaction as disclosed in “—(B) Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement Requirements but Exempt from Independent Shareholders’ Approval Requirement”; and the announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in “—(C) Continuing Connected Transactions Subject to the Reporting, Annual Review, Announcement and Independent Shareholders’ Approval Requirements” 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). Apart from such waivers on the strict compliance with the respective requirements, we will comply with the relevant requirements under Chapter 14A of the Listing Rules.

If any of the terms of the transactions contemplated under the agreements mentioned above are altered or if our Company enters into any new agreement with any connected person in the future, we will fully comply with the relevant requirements under Chapter 14A of the Listing Rules, unless we apply for and separate waiver is obtained from, the Stock Exchange.

(E) Directors’ Views

Our Directors (including our independent non-executive Directors) consider that all the continuing connected transactions described in “—(B) Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement Requirements but Exempt from Independent Shareholders’ Approval Requirement” and “—(C) Continuing Connected Transactions Subject to the Reporting, Annual Review, Announcement and Independent Shareholders’ Approval Requirements” in this section have been and will be carried out: (i) in the ordinary and usual course of our business; (ii) on normal commercial terms; 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 in “—(B) Continuing Connected Transaction Subject to the Reporting, Annual Review and Announcement Requirements but Exempt from Independent Shareholders’ Approval Requirement” and “—(C) Continuing Connected Transactions Subject to the Reporting, Annual Review, Announcement and Independent Shareholders’ Approval Requirements” in this section are fair and reasonable and are in the interests of our Shareholders as a whole.

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(F) Joint Sponsors’ View

Based on the due diligence findings of the Joint Sponsors, information provided by us, confirmation by our Directors (including independent non-executive Directors), discussion with JLL on the prevailing market rate (where available) of the underlying services, and review of the terms of the relevant framework agreements, the Joint Sponsors are of the view (i) that the continuing connected transactions described in “—(B) Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement Requirements but Exempt from Independent Shareholders’ Approval Requirement” and “—(C) Continuing Connected Transactions Subject to the Reporting, Annual Review, Announcement and Independent Shareholders’ Approval Requirements” in this section have been and will be entered into in the ordinary and usual course of our business, on normal commercial terms, 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.