

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt about this circular or as to the action to be taken, you should consult a stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **First Service Holding Limited**, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser(s) or transferee(s).

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**First Service Holding Limited**

**第一服务控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2107)**

**CONTINUING CONNECTED TRANSACTIONS  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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

**ALTUS CAPITAL LIMITED**

A notice convening the EGM of First Service Holding Limited to be held at 3rd Floor, Building 10, Wanguocheng MOMA, No. 1 Xiangheyuan Road, Dongzhimenwai, Dongcheng District, Beijing, PRC on Thursday, January 19, 2023 at 10:00 a.m. is set out on pages 72 to 73 of this circular. A form of proxy for use at the EGM is enclosed. Such form of proxy is also published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.firstservice.hk](http://www.firstservice.hk)). Whether or not you are able to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the EGM (i.e. before 10:00 a.m. on Tuesday, January 17, 2023) or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM (or any adjournment thereof) if they so wish.

**PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING**

Please refer to page 1 of this circular for the measures to be implemented at the EGM for the prevention and control of the spread of the 2019 Novel Coronavirus Disease (COVID-19), including but not limited to:

- compulsory body temperature check;
- compulsory wearing of surgical face mask (there is no available mask at the venue) at the venue of, and throughout, the EGM;
- allocation of designated seats for each attendee at the venue of the EGM; and
- no distribution of gifts and no serving of refreshment, food or drink.

For the safety of attendees at the EGM, the Company reserves the right to deny entry into the EGM venue or require any person to leave the EGM venue, if such person:

- refuses to comply with any of the above precautionary measures;
- has a body temperature of over 37.3 degrees Celsius; or
- has any flu-like symptoms or is otherwise unwell.

**In response to the development of the COVID-19 and regulations or guidelines of relevant competent authorities, the Company will publish further latest arrangements for the EGM at the websites of the Company ([www.firstservice.hk](http://www.firstservice.hk)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) as and when appropriate. The Company wishes to remind Shareholders that they may appoint the chairman of the meeting as their proxy to vote on the relevant resolutions at the EGM as an alternative to attending the EGM in person.**

December 30, 2022

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## PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

In view of the ongoing novel coronavirus (COVID-19) pandemic and recent requirements for prevention and control of its spread, the Company will implement the following precautionary measures at the EGM to protect the health and safety of its Shareholders, staff and other stakeholders who attend the EGM:

- (1) Compulsory body temperature checks will be conducted on each attendee at the entrance of the EGM venue. Any person with a body temperature of over 37.3 degrees Celsius will be denied entry into the EGM venue or be required to leave the EGM venue;
- (2) Any person who has any flu-like symptoms or is otherwise unwell will be denied entry into the EGM venue or be required to leave the EGM venue;
- (3) All attendees are required to wear surgical face mask at the venue of, and throughout, the EGM (including the time when queuing outside the EGM venue for registration and during the EGM), and there is no available mask at the venue;
- (4) Designated seats will be allocated to each attendee to ensure proper social distance and for the convenience of tracking contact; and
- (5) No refreshment, food or drink will be served on attendees, and there will be no gift.

To the extent permitted under law, the Company reserves the right to deny entry into the EGM venue or require any person to leave the EGM venue in order to ensure the health and safety of the attendees at the EGM.

For the health and safety of all stakeholders, the Company wishes to remind Shareholders that physical attendance at the EGM is not necessary for the purpose of exercising their voting rights. As an alternative, Shareholders may submit proxy forms with voting instructions inserted and appoint the chairman of the meeting as their proxy to vote on the relevant resolutions at the EGM. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM or any adjournment thereof, should you so wish. In such event, the submitted proxy form will be deemed to be revoked.

If you are not a registered Shareholder whose Shares are held via banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited, you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of proxy.

In response to the development of the COVID-19 and regulations or guidelines of relevant competent authorities, the Company will publish further latest arrangements for the EGM at the websites of the Company ([www.firstservice.hk](http://www.firstservice.hk)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) as and when appropriate.

## DEFINITIONS

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

“30%-controlled companies”	has the meaning ascribed to it under the Listing Rules
“Articles of Association”	the third amended and restated articles of association of the Company adopted on June 21, 2022 (as amended from time to time)
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“China” or “PRC”	the People’s Republic of China
“Company”	First Service Holding Limited (第一服务控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“continuing connected transaction(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 to be held at 3rd Floor, Building 10, Wanguocheng MOMA, No. 1 Xiangheyuan Road, Dongzhimenwai, Dongcheng District, Beijing, PRC on Thursday, January 19, 2023 at 10:00 a.m. or any adjournment thereof, notice of which is set out on pages 72 to 73 of this circular
“Existing Master Property Management Agreements”	collectively, (1) Modern Land Existing Master Property Management Agreement, (2) Super Land Existing Master Property Management Agreement, (3) First Assets Existing Master Property Management Agreement, and (4) Modern Investment Existing Master Property Management Agreement

## DEFINITIONS

“First Assets”	First MOMA Assets Management (Beijing) Co., Ltd.* (第一摩碼資產管理(北京)有限公司), a company established under the laws of the PRC with limited liability, primarily engaged in investment holding business, which is indirectly owned as to 99.9% by Mr. Zhang Peng, the chairman of the Board and a non-executive Director, and indirectly owned as to 0.1% by Mr. Long Han, a non-executive Director
“First Assets Announcement”	the announcement of the Company dated June 28, 2022 in relation to certain continuing connected transactions entered into between the Group and First Assets
“First Assets Circular”	the circular of the Company dated August 11, 2022 in relation to certain continuing connected transactions entered into between the Group and First Assets
“First Assets Group”	First Assets, its subsidiaries and 30%-controlled companies
“First Assets Existing Master Property Management Agreement”	the master property management agreement dated June 28, 2022 entered into between the Company and First Assets, details of which are set out in the First Assets Announcement and the First Assets Circular
“First Assets New Master Property Management Agreement”	the master property management agreement dated November 17, 2022 entered into between the Company and First Assets
“First Living”	First MOMA Human Environment Technology (Beijing) Co., Ltd.* (第一摩碼人居環境科技(北京)有限公司) (formerly known as First MOMA Human Environment Technology (Beijing) Joint Stock Limited Company* (第一摩碼人居環境科技(北京)股份有限公司)), a limited liability company established in the PRC on December 3, 2014, and an indirect non-wholly owned subsidiary of the Company
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Hao Fung”	Hao Fung Investment Limited (皓峰投資有限公司), a BVI business company incorporated in the BVI with limited liability and is wholly owned by Mr. Zhang Peng
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

## DEFINITIONS

“IFA”	Altus Capital Limited, a corporation licensed under the SFO to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, appointed as independent financial adviser to advise the Independent Board Committee and Independent Shareholders
“Independent Board Committee”	an independent board committee of the Board comprising all independent non-executive Directors, namely Ms. Sun Jing, Mr. Cheng Peng and Mr. Chen Sheng
“Independent Shareholder(s)”	Shareholders other than Mr. Zhang Peng and Mr. Long Han, their associates and parties acting in concert
“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are not the connected persons or associates of the connected persons as defined under the Listing Rules
“Interim Measures of the Price Control of Urban Heat Supply”	the Interim Measures of the Price Control of Urban Heat Supply (《城市供熱價格管理暫行辦法》) promulgated by the National Development and Reform Commission and the Ministry of Construction on June 3, 2007
“Latest Practicable Date”	December 23, 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Han Management”	Long Han Management Limited (龙哈管理有限公司), a BVI business company incorporated in the BVI with limited liability and wholly owned by Mr. Long Han
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules

## DEFINITIONS

“Modern Investment”	Modern Investment Group Co., Ltd.* (當代投資集團有限公司), a company established in the PRC with limited liability on November 10, 1999, is indirectly owned as to 99.9% by Mr. Zhang Peng, the chairman of the Board and a non-executive Director, and indirectly owned as to 0.1% by Mr. Long Han, a non-executive Director
“Modern Investment Group”	Modern Investment, its subsidiaries and 30%-controlled companies
“Modern Investment Existing Master Property Management Agreement”	the master property management agreement dated September 28, 2020 entered into between the Company and Modern Investment, details of which are set out in the Prospectus
“Modern Investment New Master Property Management Agreement”	the master property management agreement dated November 17, 2022 entered into between the Company and Modern Investment
“Modern Land”	Modern Land (China) Co., Limited (當代置業(中國)有限公司) (stock code: 1107), an exempted company with limited liability incorporated in the Cayman Islands on June 28, 2006 and the shares of which are listed on the Main Board of the Stock Exchange, is indirectly owned as to 66.11% by Mr. Zhang Lei
“Modern Land Group”	Modern Land and its subsidiaries
“Modern Land Existing Master Property Management Agreement”	the master property management agreement dated December 4, 2019 entered into between the Company and Modern Land, details of which are set out in the Prospectus
“Modern Land New Master Property Management Agreement”	the master property management agreement dated November 17, 2022 entered into between the Company and Modern Land
“New Master Property Management Agreements”	collectively, (1) Modern Land New Master Property Management Agreement; (2) Super Land New Master Property Management Agreement; (3) First Assets New Master Property Management Agreement; and (4) Modern Investment New Master Property Management Agreement
“Prospectus”	the prospectus of the Company dated October 12, 2020
“RMB”	Renminbi, the lawful currency of the PRC

## DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented from time to time
“Share(s)”	the shares of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Super Land”	Super Land Holdings Limited, a BVI business company incorporated in the BVI with limited liability on October 24, 2006, is indirectly and wholly owned by a discretionary family trust, of which Mr. Zhang Lei, his family members and certain other individuals are beneficiaries
“Super Land Group”	Super Land, its subsidiaries and 30%-controlled companies (excluding the Modern Land Group)
“Super Land Existing Master Property Management Agreement”	the master property management agreement dated September 28, 2020 entered into between the Company and Super Land, details of which are set out in the Prospectus
“Super Land New Master Property Management Agreement”	the master property management agreement dated November 17, 2022 entered into between the Company and Super Land
“%”	per cent
“*”	for identification purpose only

References to time and dates in this circular are to Hong Kong time and dates.

Certain amounts and percentage figures included in this circular have been subject to rounding adjustments. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.



**LETTER FROM THE BOARD**

**First Service Holding Limited**

**第一服务控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2107)**

*Executive Directors:*

Mr. Liu Peiqing (劉培慶)  
Mr. Jia Yan (賈岩)  
Mr. Jin Chungang (金純剛)  
Ms. Zhu Li (朱莉)

*Registered Office:*

PO Box 309  
Ugland House  
Grand Cayman, KY1-1104  
Cayman Islands

*Non-executive Directors:*

Mr. Zhang Peng (張鵬) (*Chairman of the Board*)  
Mr. Long Han (龍晗)

*Headquarters in China:*

3rd Floor, Building 10  
Wanguocheng MOMA  
No. 1 Xiangheyuan Road, Dongzhimenwai  
Dongcheng District  
Beijing, PRC

*Independent Non-executive Directors:*

Ms. Sun Jing (孫靜)  
Mr. Cheng Peng (程鵬)  
Mr. Chen Sheng (陳晟)

*Principal Place of Business in Hong Kong:*

31/F, Tower Two  
Times Square  
1 Matheson Street  
Causeway Bay  
Hong Kong

December 30, 2022

*To the Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the announcement of the Company dated November 17, 2022 in relation to, among other things, the transactions contemplated under the New Master Property Management Agreements, regarding the provision of property management services to the Modern Land Group, Super Land Group, First Assets Group and Modern Investment Group, and the proposed caps in relation thereto.

## LETTER FROM THE BOARD

The purpose of this circular is to give you the notice of the EGM and to provide Shareholders with, among other things, (i) details of the transactions contemplated under the New Master Property Management Agreements and the proposed caps in relation thereto, (ii) a letter from the IFA containing its advice to the Independent Board Committee and the Independent Shareholders on the transactions contemplated under the New Master Property Management Agreements and the proposed caps in relation thereto, (iii) the recommendations of the Independent Board Committee regarding the transactions contemplated under the New Master Property Management Agreements and the proposed caps in relation thereto, (iv) general information of the Company, and (v) a notice for convening the EGM.

### THE NEW MASTER PROPERTY MANAGEMENT AGREEMENTS

The salient terms of the New Master Property Management Agreements are summarized below:

#### 1. Modern Land New Master Property Management Agreement

- Date : November 17, 2022
- Parties : (1) the Company; and  
(2) Modern Land
- Term: : From January 1, 2023 to December 31, 2025 (both dates inclusive), subject to the approval of the Modern Land New Master Property Management Agreement and the annual caps in relation thereto by the Independent Shareholders
- Description of transactions : Pursuant to the Modern Land New Master Property Management Agreement, members of the Group shall provide property management services, energy operation services and value-added services, including parking space management services and sales assistance services to the Modern Land Group.

From time to time, as required during the term of the Modern Land New Master Property Management Agreement, members of the Group will enter into individual property management agreements with members of the Modern Land Group which will set out specific terms and conditions such as the type of management services required, service fees and service period.

## LETTER FROM THE BOARD

Terms and pricing policies : The individual agreements to be entered into between members of the Group and members of Modern Land Group under the Modern Land New Master Property Management Agreement shall be entered into on normal commercial terms. Members of the Group will be engaged by members of the Modern Land Group through tender bidding procedures in accordance with the relevant PRC laws and regulations, with fee quotes set out in the tender documents. The management fees will be determined by the parties having regard to fair market prices and historical management fees. In particular, (i) property management services will be priced by taking into account requirements under applicable laws and regulations, government guidance prices (which will be determined by the price authorities of the people's governments of provinces, autonomous regions and municipalities directly under the Central Government of the PRC in conjunction with the real estate administrative authorities), characteristics, including nature, age, infrastructure features and locations of the properties, the contracted scope of services and expected quality standards, and expected costs, (ii) fees for energy operation services will be determined by forecasting demand and taking into account expected costs and government guidance prices (the price of heat supply shall generally be government-guided or be government-determined in principle, which shall be formulated by the competent pricing department under the provincial (district, municipal) government or authorized municipal or county government of the PRC, pursuant to the Interim Measures of the Price Control of Urban Heat Supply, while taking into account the local authorities' energy unit guidance prices, whereas the prices of central cooling shall be determined by the parties considering the energy station operating costs and related taxes), (iii) sales assistance services will be priced by taking into account the number of staff members on the ground, the unit price based on staff costs and relevant expenses, and the length of time such services are required, (iv) parking space management services will be quoted at a fixed price per month, which will be determined based on local market conditions and prices for similar services provided at nearby locations and (v) fees for other value-added services will generally be determined based on the costs of providing the relevant services. The management fees shall be determined in a fair and reasonable manner and the terms and conditions offered by the Group to the Modern Land Group shall be on an arm's length basis and on normal commercial terms, shall be compliant with the government guidance prices (if applicable), and shall not be less favorable than those of the same type of property management services offered to an Independent Third Party by the Group.

## LETTER FROM THE BOARD

Payment terms : The service fees shall generally be payable within two years after the relevant properties are completed and ready for occupation. After the occupation of the relevant properties, the service fees shall generally be payable monthly, quarterly or annually in arrears, which is similar to the terms offered to other comparable independent third party real estate developer customers of the Company. The service fees shall be settled in RMB.

Historical transaction amounts : The historical service fees paid by members of the Modern Land Group for the transactions under the Modern Land Existing Master Property Management Agreement in 2020, 2021, and the nine months ended September 30, 2022 amounted to RMB111.3 million, RMB107.1 million and RMB13.0 million, respectively.

Caps on future transaction amounts : The annual caps for the Modern Land New Master Property Management Agreement for the years ending December 31, 2023, 2024 and 2025 amount to RMB40.0 million, RMB41.0 million and RMB44.0 million, respectively.

In determining the above annual caps, the Directors have considered (i) the current GFA the Group manages for the Modern Land Group and the current monthly management fees under the property management service contracts already entered into, (ii) the estimated GFA under the property management services projects or contracts that had been identified and expected to be managed by the Group; (iii) the expected GFA that the Group will be engaged by the Modern Land Group to manage, taking into account (a) the estimated additional GFA which would require property management services from the Group under the Modern Land Group's development plan currently available to the Group and (b) prevailing market conditions noting the decrease in both number of projects under management and contracted projects with Modern Land Group during the six months ended June 30, 2022 as compared to June 30, 2021 primarily due to the general downturn of the real estate market in the PRC, and (iv) the expected demand for pre-delivery, sales assistance services, energy operation services and other value-added services by Modern Land Group, taking into account the Group's plan and proposed initiatives to continuously scale up its property management services.

Others : The Modern Land New Master Property Management Agreement is conditional upon the approval by the Independent Shareholders of the Modern Land New Master Property Management Agreement and the caps in relation thereto.

## LETTER FROM THE BOARD

### 2. Super Land New Master Property Management Agreement

- Date : November 17, 2022
- Parties : (1) the Company; and  
(2) Super Land
- Term: : From the later of (i) January 1, 2023 and (ii) date of the approval of the Super Land New Master Property Management Agreement and the annual caps in relation thereto by the Independent Shareholders, to December 31, 2025 (both dates inclusive)
- Description of transactions : Pursuant to the Super Land New Master Property Management Agreement, members of the Group shall provide property management services and value-added services, including parking space management services and sales assistance services to the Super Land Group.

From time to time, as required during the term of the Super Land New Master Property Management Agreement, members of the Group will enter into individual property management agreements with members of the Super Land Group which will set out specific terms and conditions such as the type of management services required, service fees and service period.

## LETTER FROM THE BOARD

Terms and pricing policies : The individual agreements to be entered into between members of the Group and members of Super Land Group under the Super Land New Master Property Management Agreement shall be entered into on normal commercial terms. Members of the Group will be engaged by members of the Super Land Group through standard tender bidding procedures in accordance with the relevant PRC laws and regulations, with fee quotes set out in the tender documents. The management fees will be determined by the parties having regard to fair market prices, historical management fees and costs of management services. In particular, (i) property management services will be priced by taking into account requirements under applicable laws and regulations, government guidance prices (which will be determined by the price authorities of the people's governments of provinces, autonomous regions and municipalities directly under the Central Government of the PRC in conjunction with the real estate administrative authorities), characteristics, including nature, age, infrastructure features and locations of the properties, the contracted scope of services and expected quality standards, and expected costs, (ii) fees for energy operation services will be determined by forecasting demand and taking into account expected costs and government guidance prices (the price of heat supply shall generally be government-guided or be government-determined in principle, which shall be formulated by the competent pricing department under the provincial (district, municipal) government or authorized municipal or county government of the PRC, pursuant to the Interim Measures of the Price Control of Urban Heat Supply, while taking into account the local authorities' energy unit guidance prices, whereas the prices of central cooling shall be determined by the parties considering the energy station operating costs and related taxes), (iii) sales assistance services will be priced by taking into account the number of staff members on the ground, the unit price based on staff costs and relevant expenses, and the length of time such services are required, (iv) parking space management services will be quoted at a fixed price per month, which are determined based on local market conditions and prices for similar services provided at nearby locations and (v) fees for other value-added services will generally be determined based on the costs of providing the relevant services. The management fees shall be determined in a fair and reasonable manner and the terms and conditions offered to the Super Land Group by the Group shall be on an arm's length basis and on normal commercial terms, shall be compliant with the government guidance prices (if applicable), and shall not be less favorable than those of the same type of property management services offered to an Independent Third Party by the Group.

## LETTER FROM THE BOARD

- Payment terms : The service fees shall generally be payable within two years after the relevant properties are completed and ready for occupation. After the occupation of the relevant properties, the service fees shall generally be payable monthly, quarterly or annually in arrears, which is similar to the terms offered to other comparable independent third party real estate developer customers of the Company. The service fees shall be settled in RMB.
- Historical transaction amounts : The historical service fees paid by members of the Super Land Group for the transactions under the Super Land Existing Master Property Management Agreement in 2020, 2021, and the nine months ended September 30, 2022 amounted to RMB37.9 million, RMB19.2 million and RMB7.1 million, respectively.
- Caps on future transaction amounts : The annual caps for the Super Land New Master Property Management Agreement for the years ending December 31, 2023, 2024 and 2025 amount to RMB20.0 million, RMB23.0 million and RMB27.0 million, respectively.

In considering the annual caps for the Super Land New Master Property Management, the Directors have considered (i) the current GFA the Group manages for the Super Land Group and the current management fees under the property management services contracts already entered into, (ii) the estimated GFA under the property management services projects or contracts that had been identified and expected to be managed by the Group, (iii) the expected GFA that the Group will be engaged by the Super Land Group to manage based on its development plan, taking into account the gradual resumption and completion of suspended construction projects, which would create demand for property management services, and the expected increase in contracts and (iv) the expected demand for parking space management services and sales assistance services and other value-added services by the Super Land Group.

- Others : The Super Land New Master Property Management Agreement is conditional upon the approval by the Independent Shareholders of the Super Land New Master Property Management Agreement and the caps in relation thereto.

**LETTER FROM THE BOARD**

**3. First Assets New Master Property Management Agreement**

- Date : November 17, 2022
- Parties : (1) the Company; and  
(2) First Assets
- Term: : From the later of (i) January 1, 2023 and (ii) date of the approval of the First Assets New Master Property Management Agreement and the annual caps in relation thereto by the Independent Shareholders, to December 31, 2025 (both dates inclusive)
- Description of transactions : Pursuant to the First Assets New Master Property Management Agreement, members of the Group agreed to provide property management services, energy operation services and value-added services, including communal area leasing services to members of the First Assets Group.

From time to time, as required during the term of the First Assets New Master Property Management Agreement, members of the Group will enter into individual property management services agreements with members of the First Assets Group which will set out specific terms and conditions such as the type of management services required, service fees and service period.



## LETTER FROM THE BOARD

Terms and pricing policies : The individual agreements to be entered into between members of the Group and members of the First Assets Group under the First Assets New Master Property Management Agreement will be on normal commercial terms. Members of the Group will be engaged by members of the First Assets Group through standard tender bidding procedures in accordance with the relevant PRC laws and regulations, with fee quotes set out in the tender documents. The management fees will be determined by each of the parties having regard to the fair market prices, historical management fees and costs of management services. In particular, (i) property management services will be priced by taking into account requirements under applicable laws and regulations, government guidance prices (which will be determined by the price authorities of the people's governments of provinces, autonomous regions and municipalities directly under the Central Government of the PRC in conjunction with the real estate administrative authorities), characteristics, including nature, age, infrastructure features and locations of the properties, the contracted scope of services and expected quality standards, and expected costs, (ii) fees for energy operation services will be determined by forecasting demand and taking into account expected costs and government guidance prices (the price of heat supply shall generally be government-guided or be government-determined in principle, which shall be formulated by the competent pricing department under the provincial (district, municipal) government or authorized municipal or county government of the PRC, pursuant to the Interim Measures of the Price Control of Urban Heat Supply, while taking into account the local authorities' energy unit guidance prices, whereas the prices of central cooling shall be determined by the parties considering the energy station operating costs and related taxes), (iii) parking space management services will be quoted at a fixed price per month, which are determined based on local market conditions and prices for similar services provided at nearby locations, and (iv) fees for other value-added services will generally be determined based on the costs of providing the relevant services (the price of communal area leasing services shall be determined based on the costs of repair, maintenance (including material costs), insurance, utilities and labor, with reference to the prices for similar services provided at nearby locations). The management fees shall be determined in a fair and reasonable manner and the terms and conditions offered by members of the Group to members of the First Assets Group shall be on an arm's length basis and on normal commercial terms, shall be compliant with the government guidance prices (if applicable), and shall not be less favorable than those of the same type of property management services offered to an Independent Third Party by the Group.

## LETTER FROM THE BOARD

- Payment terms : The service fees shall generally be payable quarterly, semi-annually or annually in advance. The service fees shall be settled in RMB.
- Historical transaction amounts : The historical service fees paid by members of the First Assets Group in 2020, 2021 and the nine months ended September 30, 2022 for the transactions under the Modern Investment Existing Master Property Management Agreement and the First Assets Existing Master Property Management Agreement amounted to RMB11.5 million, RMB8.0 million and RMB3.8 million, respectively. Since the reorganization of Modern Investment on October 25, 2021, the First Assets Group was no longer part of the Modern Investment Group.
- Caps on future transaction amounts : The annual caps for the First Assets New Master Property Management Agreement for the years ending December 31, 2023, 2024 and 2025 amount to RMB4.0 million, RMB4.0 million and RMB4.0 million, respectively.

In determining the above annual caps, the Directors have considered (i) the current GFA that members of the Group manage for members of the First Assets Group and the current monthly management fee under the property management service contracts already entered into, (ii) the estimated GFA under property management services projects or contracts that had been identified and expected to be managed by the Group, (iii) the expected GFA of properties that members of the Group will be engaged by members of the First Assets Group to manage based on its business plan, and (iv) the expected demand for communal area leasing services and other value-added services.

- Others : The First Assets New Master Property Management Agreement is conditional upon the approval by the Independent Shareholders of the First Assets New Master Property Management Agreement and the caps in relation thereto.

**LETTER FROM THE BOARD**

**4. Modern Investment New Master Property Management Agreement**

- Date : November 17, 2022
- Parties : (1) the Company; and  
(2) Modern Investment
- Term: : From the later of (i) January 1, 2023 and (ii) date of the approval of the Modern Investment New Master Property Management Agreement and the annual caps in relation thereto by the Independent Shareholders, to December 31, 2025 (both dates inclusive)
- Description of transactions : Pursuant to the Modern Investment New Master Property Management Agreement, members of the Group shall provide property management services, energy operation services and value-added services, including communal area leasing services to the Modern Investment Group.

From time to time, as required during the term of the Modern Investment New Master Property Management Agreement, members of the Group will enter into individual property management services agreements with members of the Modern Investment Group which will set out specific terms and conditions such as the type of management services required, service fees and service period.

## LETTER FROM THE BOARD

Terms and pricing policies : The individual agreements to be entered into between members of the Group and members of Modern Investment Group under the Modern Investment New Master Property Management Agreement shall be entered into on normal commercial terms. Members of the Group will be engaged by members of the Modern Investment Group through standard tender bidding procedures in accordance with the relevant PRC laws and regulations, with fee quotes set out in the tender documents. The management fees will be determined by the parties having regard to the fair market prices, historical management fees and costs of management services. In particular, (i) property management services will be priced by taking into account requirements under applicable laws and regulations, government guidance prices (which will be determined by the price authorities of the people's governments of provinces, autonomous regions and municipalities directly under the Central Government of the PRC in conjunction with the real estate administrative authorities), characteristics, including nature, age, infrastructure features and locations of the properties, the contracted scope of services and expected quality standards, and expected costs, (ii) fees for energy operation services will be determined by forecasting demand and taking into account expected costs and government guidance prices (the price of heat supply shall generally be government-guided or be government-determined in principle, which shall be formulated by the competent pricing department under the provincial (district, municipal) government or authorized municipal or county government of the PRC, pursuant to the Interim Measures of the Price Control of Urban Heat Supply, while taking into account the local authorities' energy unit guidance prices, whereas the prices of central cooling shall be determined by the parties considering the energy station operating costs and related taxes), (iii) parking space management services will be quoted at a fixed price per month, which are determined based on local market conditions and prices for similar services provided at nearby locations and (iv) fees for other value-added services will generally be determined based on the costs of providing the relevant services (the price of communal area leasing services shall be determined based on the costs of repair, maintenance (including material costs), insurance, utilities and labor, with reference to the prices for similar services provided at nearby locations). The management fees shall be determined in a fair and reasonable manner and the terms and conditions offered to Modern Investment Group by the Group shall be on an arm's length basis and on normal commercial terms, shall be compliant with the government guidance prices (if applicable), and shall not be less favorable than those of the same type of property management services offered to an Independent Third Party by the Group.

## LETTER FROM THE BOARD

Payment terms : The service fees shall generally be payable semi-annually in advance. The service fees shall be settled in RMB.

Historical transaction amounts : The historical service fees paid by members of the Modern Investment Group for the transactions under the Modern Investment Existing Master Property Management Agreement in 2020, 2021, and the nine months ended September 30, 2022 amounted to RMB12.9 million (RMB11.5 million of which was paid to members of the First Assets Group), RMB7.2 million (RMB6.8 million of which was paid to members of the First Assets Group) and RMB1.0 million, respectively. Since the reorganization of Modern Investment on October 25, 2021, the First Assets Group was no longer part of the Modern Investment Group.

Caps on future transaction amounts : The annual caps for the Modern Investment New Master Property Management Agreement for the years ending December 31, 2023, 2024 and 2025 amount to RMB2.0 million, RMB2.0 million and RMB2.0 million, respectively.

In determining the above annual caps, the Directors have considered (i) the current GFA the Group manages for the Modern Investment Group and the current monthly management fee under the property management service contracts already entered into, (ii) the expected GFA of properties that the Group will be engaged by the Modern Investment Group to manage based on its business plan and noting the general downturn of the real estate market in the PRC, and (iii) the expected demand for communal area leasing services and other value-added services.

Others : The Modern Investment New Master Property Management Agreement is conditional upon the approval by the Independent Shareholders of the Modern Investment New Master Property Management Agreement and the caps in relation thereto.

### **Relationship between the Company and the connected persons**

Modern Land is ultimately owned as to 66.11% by Mr. Zhang Lei, a substantial shareholder of the Company. Hence, Modern Land is an associate of Mr. Zhang Lei and a connected person of the Company.

Super Land is ultimately and wholly-owned by a discretionary family trust, of which Mr. Zhang Lei, his family members and certain other individuals are beneficiaries. As Mr. Zhang Lei is a substantial shareholder of the Company, Super Land is an associate of Mr. Zhang Lei and a connected person of the Company.

## LETTER FROM THE BOARD

First Assets is indirectly owned by Mr. Zhang Peng as to 99.9% and Mr. Long Han as to 0.1%. Mr. Zhang Peng is the chairman of the Board and a non-executive Director. Mr. Long Han is a non-executive Director. Hence, First Assets is an associate of Mr. Zhang Peng and a connected person of the Company.

Modern Investment is indirectly owned by Mr. Zhang Peng as to 99.9% and Mr. Long Han as to 0.1%. Mr. Zhang Peng is the chairman of the Board and a non-executive Director. Mr. Long Han is a non-executive Director. Hence, Modern Investment is an associate of Mr. Zhang Peng and a connected person of the Company.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW MASTER PROPERTY MANAGEMENT AGREEMENTS**

The entering into of the New Master Property Management Agreements will enable the Group to leverage on its familiarity with the relevant service specifications and quality requirements from the previous transactions in relation to the Existing Master Property Management Agreements since the Group's Listing and onwards. Furthermore, the New Master Property Management Agreements will continue to allow the Group to provide services in its ordinary and usual course of business at market price and terms and with enhanced stability, contributing towards the Group's efforts in cost control and improving efficiency.

### **INFORMATION OF THE PARTIES**

#### **The Company**

The Company is principally engaged in providing property management services and green living solutions that cover the full property life-cycle in the PRC.

#### **Modern Land**

Modern Land is an exempted company with limited liability incorporated in the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange. It is indirectly owned as to 66.11% by Mr. Zhang Lei. Modern Land is a property developer focusing on the development of green, energy-saving and eco-friendly residences in the PRC.

Modern Land has generally been able to honour its payment obligations in accordance with the terms of the relevant individual agreements previously. However, since 2021, there were delays in settlement of account receivables which, as the Group understands, was primarily due to the adverse impact of a number of factors including the macroeconomic environment, the real estate industry environment and the COVID-19 pandemic.

The Group has continuously communicated with Modern Land to follow up and accelerate the collection process and deployed various means to recover the account receivables, including but not limited to setting off the outstanding sum by the transfer of real properties to the Group (the "**Direct Setting Off**") and the Indirect Setting Off (as defined hereinafter). In cases where (1) service fees were payable by the Modern Land Group to the Group for the services provided to the Modern Land Group and (2) service fees were payable by the Group to the contractor engaged by the Group for the services provided, by the transfer

## LETTER FROM THE BOARD

of properties from the Modern Land Group to the contractor, the accounts receivables from the Modern Land Group to the Group are set off against the accounts payable by the Group to the contractors (the aforesaid set-off is referred to as “**Indirect Setting Off**”).

The amount of account receivable owed by the Modern Land Group as of September 30, 2022 was approximately RMB147.9 million. As of November 30, 2022, approximately RMB15.6 million was subsequently settled in cash, approximately RMB0.6 million was subsequently settled by the Direct Setting Off, and approximately RMB4.0 million was subsequently settled by the Indirect Setting Off. The table below sets out the receivable aging breakdown of the Modern Land Group as of September 30, 2022: —

	Within 1 year <i>(RMB'000)</i>	1 to 2 years <i>(RMB'000)</i>	2 to 3 years <i>(RMB'000)</i>	3 to 4 years <i>(RMB'000)</i>	Total <i>(RMB'000)</i>
Property management services	9,786.05	4,308.44	2,170.87	237.93	16,503.29
Green living solutions	34,532.10	38,642.69	5,165.27	—	78,340.07
Value-added services	<u>13,020.30</u>	<u>35,158.92</u>	<u>4,916.40</u>	<u>—</u>	<u>53,095.62</u>
<b>Total</b>	<u><u>57,338.46</u></u>	<u><u>78,110.06</u></u>	<u><u>12,252.54</u></u>	<u><u>237.93</u></u>	<u><u>147,938.99</u></u>

For further information on Modern Land, please refer to its announcement dated September 30, 2022 in relation to its proposed restructuring and its delay in the publication of Annual results for the year ended December 31, 2021 and interim results for the six months ended June 30, 2022 as disclosed therein. The Company has conducted additional due diligence, including but not limited to reviewing current operational, management and financial arrangement and status of the existing projects between the Group and Modern Land, maintaining continuous communications with Modern Land and having in place risk management procedures to protect the interests of the Group and its shareholders, and the Directors are of the view that it is in the interest of the Company and the Shareholders to enter into the Modern Land New Master Property Management Agreement.

### Super Land

Super Land is a company incorporated in the BVI with limited liability. It is indirectly and wholly-owned by a discretionary family trust, of which Mr. Zhang Lei, his family members and certain other individuals are beneficiaries. Super Land primarily engages in property development, property investment and hotel operation through its holding companies.

Super Land has generally been able to honour its payment obligations in accordance with the terms of the relevant individual agreements previously. However, since 2021, there were delays in settlement of account receivables which, as the Group understands, was primarily due to the adverse impact of a number of factors including the macroeconomic environment, the real estate industry environment and the COVID-19 pandemic.

## LETTER FROM THE BOARD

The Group has continuously communicated with Super Land to follow up and accelerate the collection process and deployed various means to recover the account receivables, including but not limited to means similar to the Indirect Setting Off.

The amount of account receivable owed by the Super Land Group as of September 30, 2022 was approximately RMB59.8 million. As of November 30, 2022, approximately RMB12.3 million was subsequently settled in cash, and approximately RMB3.2 million was subsequently settled by means similar to the Indirect Setting Off. The table below sets out the receivable aging breakdown of the Super Land Group as of September 30, 2022: —

	<b>Within 1 year (RMB'000)</b>	<b>1 to 2 years (RMB'000)</b>	<b>2 to 3 years (RMB'000)</b>	<b>3 to 4 years (RMB'000)</b>	<b>Total (RMB'000)</b>
Property management services	1,444.41	1,152.21	—	—	2,596.63
Green living solutions	17,071.83	6,544.83	1,906.38	—	25,523.03
Value-added services	<u>5,568.01</u>	<u>19,042.74</u>	<u>6,718.30</u>	<u>360.00</u>	<u>31,689.05</u>
<b>Total</b>	<u><u>24,084.25</u></u>	<u><u>26,739.78</u></u>	<u><u>8,624.68</u></u>	<u><u>360.00</u></u>	<u><u>59,808.71</u></u>

### First Assets

First Assets is a limited liability company established under the laws of the PRC and is indirectly owned as to 99.9% by Mr. Zhang Peng, the chairman of the Board and a non-executive Director, and indirectly owned as to 0.1% by Mr. Long Han, a non-executive Director. First Assets is primarily engaged in investment holding business in the PRC.

First Assets has generally been able to honour its payment obligations in accordance with the terms of the relevant individual agreements.

The amount of account receivable owed by the First Assets Group as of September 30, 2022 was approximately RMB5.1 million. As of November 30, 2022, approximately RMB0.2 million was subsequently settled in cash. The table below sets out the receivable aging breakdown of the First Assets Group as of September 30, 2022: —

	<b>Within 1 year (RMB'000)</b>	<b>1 to 2 years (RMB'000)</b>	<b>Total (RMB'000)</b>
Property management services	1,682.43	1,183.00	2,865.43
Green living solutions	1,133.34	862.99	1,996.33
Value-added services	<u>269.68</u>	<u>—</u>	<u>269.68</u>
<b>Total</b>	<u><u>3,085.45</u></u>	<u><u>2,045.99</u></u>	<u><u>5,131.44</u></u>



## LETTER FROM THE BOARD

### Modern Investment

Modern Investment is a company incorporated in the PRC with limited liability. It is indirectly and owned as to 99.9% by Mr. Zhang Peng and indirectly owned as to 0.1% by Mr. Long Han, a non-executive Director. Modern Investment primarily engages in property related ancillary services.

Modern Investment has generally been able to honour its payment obligations in accordance with the terms of the relevant individual agreements.

The amount of account receivable owed by the Modern Investment Group as of September 30, 2022 was approximately RMB0.3 million. As of November 30, 2022, approximately RMB0.2 million was subsequently settled in cash. The table below sets out the receivable aging breakdown of the Modern Investment Group as of September 30, 2022: —

	<b>Within 1 year</b> <i>(RMB'000)</i>	<b>Total</b> <i>(RMB'000)</i>
Property management services	202.67	202.67
Green living solutions	146.65	146.65
Value-added services	<u>—</u>	<u>—</u>
<b>Total</b>	<u><u>349.33</u></u>	<u><u>349.33</u></u>

The Company does not currently expect to experience any material recoverability issue for receivables over one year from Modern Land Group in view of the following:

- (i) The Company has performed additional due diligence work in connection with Modern Land and strengthened its risk management as disclosed in the paragraph headed “INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES” set out in the section headed “LETTER FROM THE BOARD” of this circular.
- (ii) For receivables aged over one year, the Company has in place various measures to recover such receivables, including: (1) sending reminders and chasers to customers, (2) proactive communication with Modern Land to agree on a feasible repayment plan and solutions (such as the Direct Setting Off and the Indirect Setting Off), and (3) instituting legal proceedings against the Modern Land Group to recover outstanding sums. Modern Land has been showing its willingness in cooperating to repay the receivables and exploring different repayment methods with the Group. Relatively smaller amounts were recovered by way of Direct Setting Off and Indirect Setting Off because the Company adopts a cautious approach in conducting Direct Setting Off for risk control, which only commenced in late May 2022, and may gradually increase the scale of such if appropriate. For Indirect Setting Off, the Company requires time to negotiate with third parties and await the completion of the settlement procedures. Therefore, it is expected that more substantial amount will be recovered over time.

## LETTER FROM THE BOARD

- (iii) The Company has well-established business relationships with Modern Land. Modern Land had good track record in the settlement of receivables from Modern Land in the past prior to 2021. The Company has been closely monitoring and communicating with Modern Land to recover the amount and believes that there will be no major recoverability issue.
- (iv) New policies for the real estate industry were promulgated in the PRC in November 2022 to facilitate the stable and healthy development of the real estate market, easing the financing regulations on property developers and individual property purchasers. It is expected that this may foster the recovery of the real estate industry in the PRC over time and the payment status of Modern Land is expected to improve accordingly. In any event, the Company will duly consider the payment status of Modern Land before entering into new individual agreements with it.

### INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

The Company has adopted internal control procedures with a view to ensuring timely compliance with the Listing Rules supervising and monitoring the continuing connected transactions contemplated under the New Master Property Management Agreements and the annual caps related thereto, namely:

- (1) preparing a continuing connected transaction report (the “**CCT Report**”) once every six months on continuing connected transactions which will be submitted internally to such dedicated team within the Group for consideration. The contents of the CCT Report will include (i) the aggregate amount of transactions; and (ii) the status of compliance with the annual caps;
- (2) regularly reminding connected persons that if there is a change in shareholding, which may affect connected transactions of the Company, they must notify the Company in advance to determine whether there are any Listing Rules implications;
- (3) ensuring that the senior management/personnel of relevant member(s) of the Group should report any potential connected transaction or event where the counterparty(ies) or the subject company(ies) of the proposed transaction may in any way relate to any of the substantial shareholders, chief executives or directors (as defined under the Listing Rules) of any member of the Group (including their relatives and related trusts or companies) to the senior management/personnel of the Company in advance in order to ascertain whether there will be any implications under the Listing Rules;
- (4) providing regular special and in-depth training sessions for the Directors, senior management/personnel of relevant member(s) of the Group to remind them, to report transactions which may constitute notifiable and/or connected transactions under the Listing Rules to the Group’s compliance personnel and seek professional advice if necessary;

## LETTER FROM THE BOARD

- (5) for proposed transaction(s) which may constitute new connected transaction(s) of the Group, consulting legal advisers and the Stock Exchange (where necessary) in a timely manner prior to entering into such transaction(s);
- (6) before entering into each individual agreement, the operation department and management of the Company will examine and compare the proposed pricing terms for each individual agreement entered into pursuant to and during the term of the New Master Property Management Agreements with the terms offered to or from other Independent Third Parties, in order to ensure that such pricing terms are determined based on arm's length negotiations between the parties and are fair and reasonable, on normal commercial terms and on terms that are no less favorable to the Group than terms available to or from Independent Third Parties;
- (7) before entering into each individual agreement, the finance department of the Company will (i) review whether the continuing connected transactions have been conducted in accordance with the terms of the New Master Property Management Agreements, and (ii) monitor the amounts under the continuing connected transactions contemplated under the New Master Property Management Agreements to ensure that the annual caps are not exceeded; and
- (8) if it is expected that the transaction amount of any continuing connected transaction under the New Master Property Management Agreements that is or will be incurred in the financial year will reach or exceed the relevant annual cap, the finance department of the Group shall report to the management of the Company and consider the measures to be taken to ensure that the requirements under the Listing Rules are complied with, including obtaining the approval of Independent Shareholders (if required).

The Company will also adopt adequate internal control measures to comply with the Listing Rules requirements with respect to the supervision and monitoring of the annual caps of the transactions contemplated under the New Master Property Management Agreements.

The Company's external auditor will review the continuing connected transaction under the New Master Property Management Agreements annually to check and confirm (among others) whether the pricing terms have been adhered to and whether the annual caps have been exceeded. The independent non-executive Directors will also review the continuing connected transactions under the New Master Property Management Agreements annually to check and confirm whether such continuing connected transactions have been conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, on terms that are fair and reasonable and in the interests of the Group and the Shareholders as a whole, and whether the internal control procedures put in place by the Company are adequate and effective to ensure that such continuing connected transactions are conducted in accordance with the pricing policies.

The Company also has in place risk management procedures before entering into each individual agreement under the New Master Property Management Agreements to safeguard the interest of the Group and its shareholders, which include: (a) the operation team of the relevant member of the Group shall prepare a proposal with principal terms of the proposed

## LETTER FROM THE BOARD

individual agreement, including the service and service fee involved, as well as the proposed GFA, and (b) the finance team of the relevant member of the Group shall prepare a summary of the payment status of each of the Group's subsisting projects with the contracting party, which shall be submitted to the management of the relevant member of the Group (comprising team heads of finance team, operation team and general management team) for review and approval. The responsible Director(s) shall then consider the reports prepared by the operation and finance teams and the relevant professional assessments in relation to the proposed individual agreements for final approval.

### LISTING RULE IMPLICATIONS

As the highest applicable percentage ratios (other than profits ratio) as defined under Rule 14.07 of the Listing Rules in respect of the annual caps under the Modern Land New Master Property Management Agreement, on standalone basis, exceed 5%, such transactions are subject to the reporting, announcement, annual review, circular (including advice from the IFA) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (other than profits ratio) as defined under Rule 14.07 of the Listing Rules in respect of the annual caps of transactions contemplated under (i) the Super Land New Master Property Management Agreement and (ii) the First Assets New Master Property Management Agreement, each on standalone basis, exceed 0.1% but are all less than 5%, such transactions are subject to reporting, annual review and announcement requirements but are exempt from the circular (including the advice from the IFA) and Independent Shareholders' approval requirements pursuant to Rule 14A.76(2)(a) of the Listing Rules.

As all applicable percentage ratios (other than profits ratio) as defined under Rule 14.07 of the Listing Rules in respect of the annual caps of transactions contemplated under the Modern Investment New Master Property Management Agreement, on standalone basis, are all less than 5% and each annual cap amount is less than HK\$3,000,000, such transactions are fully exempt from reporting, annual review, announcement and the Independent Shareholders' approval requirements pursuant to Rule 14A.76(1)(c) of the Listing Rules.

As the transactions contemplated under the New Master Property Management Agreements are of same nature and are entered into by the Group with parties who are connected with or associated with Mr. Zhang Lei, such transactions should be aggregated under Rules 14A.81 and 14A.82(1) of the Listing Rules.

As the highest applicable percentage ratios (other than the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules in respect of the annual caps of transactions contemplated under the New Master Property Management Agreements, on aggregate basis, exceed 5%, such transactions are subject to the reporting, announcement, annual review, circular (including advice from the IFA) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## LETTER FROM THE BOARD

### 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 Monday, January 16, 2023 to Thursday, January 19, 2023 (both days inclusive), during which period no transfer of Shares will be registered. The record date is Thursday, January 19, 2023. To be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates and the duly completed and signed transfer forms must be lodged for registration with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, January 13, 2023.

### THE EGM

The notice of the EGM is set out on pages 72 to 73 of this circular, including the ordinary resolutions to be proposed to seek the Shareholders' consideration and approval for the transactions contemplated under the New Master Property Management Agreements and the proposed caps in relation thereto.

A form of proxy for use at the EGM is enclosed with the notice of the EGM. The form of proxy is also available on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible, but in any event no later than 48 hours before the time appointed for the EGM or any adjournment thereof (i.e. before 10:00 a.m. on Tuesday, January 17, 2023). Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM, should you so wish. In such event, the submitted proxy form will be deemed to be revoked.

The Independent Board Committee, comprising Ms. Sun Jing, Mr. Cheng Peng and Mr. Chen Sheng, has been formed to advise the Independent Shareholders as to whether the New Master Property Management Agreements are entered into in the ordinary and usual course of business of the Group and on normal commercial terms and are in the interests of the Group and the Shareholders as a whole and whether the terms thereof are fair and reasonable and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the IFA, in respect of such matters at the EGM.

As at the Latest Practicable Date, (i) Mr. Zhang Peng directly holds approximately 0.82% of the total number of the issued Shares, (ii) Hao Fung, which is wholly owned by Mr. Zhang Peng, holds approximately 17.08% of the total number of the issued Shares, and (iii) Long Han Management, which is wholly owned by Mr. Long Han, holds approximately 1.05% of the total number of the issued Shares. Mr. Zhang Peng, together with Mr. Zhang Lei, being parties acting in concert, were interested in 513,929,000 Shares, representing approximately 51.39% of the total number of the issued Shares as at the Latest Practicable Date. In accordance with the Listing Rules, Mr. Zhang Peng, Mr. Long Han, their respective associates

## LETTER FROM THE BOARD

and parties acting in concert, including Hao Fung, Long Han Management and Mr. Zhang Lei, will abstain from voting on the ordinary resolutions to approve the New Master Property Management Agreements and the proposed caps in relation thereto at the EGM.

### VOTING BY POLL

Save as disclosed above, to the best of the knowledge and information of the Directors, after having made all reasonable enquiries, no Shareholder has a material interest in the resolutions proposed at the EGM. Accordingly, none of the Independent Shareholders is required to abstain from voting on the resolutions.

Pursuant to Rule 13.39(4) of the Listing Rules and Article 13.5 of the Articles of Association, the resolutions to be proposed at the EGM shall be put to a vote on a poll unless the chairman of the meeting, in good faith, allows a vote by show of hands on a resolution which relates purely to a procedural or administrative matter.

On a poll, every Shareholder present in person or by proxy or, in the case of a Shareholder being a corporation, by a duly authorized representative shall be entitled to one vote for each Share held by him. The Shareholders with more than one vote are not required to cast all their votes or vote in the same way.

### DIRECTORS' VIEWS

The Directors (excluding all the independent non-executive Directors whose views are given after taking into account the advice from the IFA and set out in the letter from the Independent Board Committee on pages 33 to 34 of this circular) are of the view that the transactions contemplated under the New Master Property Management Agreements are and will be entered into in the ordinary and usual course of business of the Group and are and will be on normal commercial terms and the terms thereof and the caps in relation to thereto are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The independent non-executive Directors will form their views in respect of the proposed annual caps for the New Master Property Management Agreements after receiving advice from the IFA.

### Payment Terms Offered to Modern Land Group and Super Land Group

In relation to the payment terms offered to Modern Land Group and Super Land Group, the Company generally offered a payment term of up to six months to its customers including Modern Land Group, Super Land Group and other independent third parties for preliminary property services prior to 2021.

In light of the adverse impact of a number of factors including the macroeconomic environment, the general downturn of the real estate industry in the PRC and the COVID-19 pandemic, the Company has offered similar extensions to its customers, including Modern Land Group, Super Land Group and other independent third party property developers, for a period of up to two years after completion for the payment of preliminary property service fees, noting that such property developers are expected to recoup their investments only after the relevant properties are completed and ready for occupation. The extensions were granted

## LETTER FROM THE BOARD

on a case-by-case basis, based on verbal commercial negotiations and taking into account factors such as the customers' payment history and length of business relationship with the Group.

The entering into individual agreements with property developers for the provision of preliminary property services for buildings in construction will enable the Group to derive long-term business opportunity and income. The Group is likely to continue to provide property management services to the individual property owners after the occupation of the relevant properties. Thus, the GFA under management by the Group will increase, thereby enabling the Group to expand its market share in the property management services industry in the PRC.

Also, as stated the paragraphs headed "THE NEW MASTER PROPERTY MANAGEMENT AGREEMENTS — 1. Modern Land New Master Property Management Agreement" and "THE NEW MASTER PROPERTY MANAGEMENT AGREEMENTS — 2. Super Land New Master Property Management Agreement", respectively, both set out in the section headed "LETTER FROM THE BOARD" of this circular, after the occupation of the properties, the property management service fees shall generally be payable monthly, quarterly or annually depending on the nature and type of services provided. For instance, vacancy fees of the properties are charged on an annual basis, while the fees for services such as sales assistance, preliminary planning and design consultation as well as certain green living solution services are charged quarterly or semi-annually. The said periodic payment terms are no less favourable than those offered by the Group to other independent third parties.

In addition, the Group noted that recently, new policies for the real estate industry were promulgated in the PRC which are expected to facilitate the stable and healthy development of the real estate market. The Company plans to shorten the payment terms should the market condition ameliorates.

Therefore, taking into account in particular the medium to long-term benefits of providing preliminary property services to buildings in construction for the Company's business continuity and sustainability, as well as stable development, the granting of the aforesaid payment terms to Modern Land Group and Super Land Group, which similarly applies to independent third party customers on a case-by-case basis, is a practical approach and is reasonable under the current environment of the property management industry.

Hence, the Directors (excluding all the independent non-executive Directors whose views are given after taking into account the advice from the IFA and set out in the letter from the Independent Board Committee on pages 33 to 34 of this circular) are of the view that, under such circumstances, the payment terms are on normal commercial terms, and are fair and reasonable and in the interest of Shareholders as a whole.

### **Modern Land New Master Property Management Agreement**

In relation to the Modern Land New Master Property Management Agreement, the Directors (excluding all the independent non-executive Directors whose views are given after taking into account the advice from the IFA and set out in the letter from the Independent

## LETTER FROM THE BOARD

Board Committee on pages 33 to 34 of this circular) are of the view that it is in the interest of the Company and the Shareholders to enter into the Modern Land New Master Property Management Agreement taking into account the following: —

1. The provision of preliminary property services for buildings in construction under the Modern Land New Master Property Management Agreement represents long-term business opportunity for the Group in the future. Please refer to the paragraph headed “DIRECTORS’ VIEWS — Payment Terms Offered to Modern Land Group and Super Land Group” set out in the section headed “LETTER FROM THE BOARD” of this circular for further details.
2. Out of the receivables from the Modern Land Group with aging of more than one year, almost half of the amount is related to the provision of green living solution services, which substantially involves relatively large-scale construction projects and the related receivables are expected to be recovered the earliest. As such services are closely linked to the construction process of the relevant projects, the Modern Land Group has the incentive to complete swiftly so that it may commence the sales of the properties to recoup its investment. Therefore, the Company anticipates that a material portion of such receivables will expectedly be reduced.
3. The Company does not currently expect to experience material recoverability issue for receivables over one year from Modern Land Group as disclosed in the Letter from the Board.
4. The Company has in place detailed procedures for risk control before entering into individual agreements with Modern Land, having regard to, among others, the payment status of the Modern Land Group, which will enable the Company to strike a balance between seizing the valuable business opportunities underlying the Modern Land New Master Property Management Agreement and risk management.
5. In deciding whether to enter into the Modern Land New Master Property Management Agreement and in setting the annual caps in relation thereto, the management of the Company has conducted due diligence on Modern Land as a business partner and customer, and discussed with the relevant responsible personnel of Modern Land its operation status and business plans relating to property management services provided under the relevant existing individual agreements.
6. The annual caps under the Modern Land New Master Property Management Agreement have been substantially reduced to safeguard the interest of the shareholders. Any future revision of the annual caps will be subject to approval requirements under the Listing Rules. Thus, Shareholders’ interests will not be prejudiced.



## LETTER FROM THE BOARD

### VOTING BY THE BOARD

Mr. Zhang Peng is the chairman of the Board and a non-executive Director. Mr. Long Han is a non-executive Director. Therefore, Mr. Zhang Peng and Mr. Long Han are required to abstain from voting on the relevant Board resolutions approving the New Master Property Management Agreements.

Save for the above, to the best of knowledge, information and belief of the Directors after having made all reasonable enquiries, no other Director has a material interest in the New Master Property Management Agreements or are required to abstain from voting on the Board resolutions approving the transactions in relation to the New Master Property Management Agreements.

### RECOMMENDATIONS

Altus Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the transactions contemplated under the New Master Property Management Agreements and the proposed caps in relation thereto. A letter from the IFA is set out on pages 35 to 64 of this circular.

The Independent Board Committee, having taken into account the advice of the IFA, considers that the New Master Property Management Agreements have been entered into in the ordinary and usual course of business of the Group, are on normal commercial terms, are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and its Shareholders as a whole, and that the proposed annual caps are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and its Shareholders as a whole. Accordingly, the Independent Board Committee recommends that Independent Shareholders vote in favor of the ordinary resolutions in respect of the New Master Property Management Agreements to be proposed at the EGM to approve the New Master Property Management Agreements and the proposed annual caps, as detailed in the notice of the EGM set out on pages 72 and 73 of this circular. The text of the letter from the Independent Board Committee is set out on pages 33 to 34 of this circular.

The Board (including the independent non-executive Directors whose views have been set out in this circular after taking into consideration the advice of the IFA) is of the view that the transactions contemplated under the New Master Property Management Agreements are and will be entered into in the ordinary and usual course of business of the Group and are and will be on normal commercial terms and the terms thereof and the caps in relation thereto are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors consider that the proposed resolutions to approve the New Master Property Management Agreements and the proposed caps in relation thereto are in the interests of the Group and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favor of the resolutions to be proposed at the EGM.

## LETTER FROM THE BOARD

### FURTHER INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee set out on pages 33 to 34 of this circular, the letter from the IFA to the Independent Board Committee and the Independent Shareholders set out on pages 35 to 64 of this circular, the additional information as set out in the appendix to this circular and the notice of the EGM.

Yours faithfully,  
By order of the Board  
**First Service Holding Limited**  
**Zhang Peng**  
*Chairman*

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

**First Service Holding Limited**

**第一服务控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2107)**

December 30, 2022

*To the Independent Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS**

We refer to the circular dated December 30, 2022 (the “**Circular**”) issued by the Company to its Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed as the Independent Board Committee to consider and to advise the Independent Shareholders on the terms of the transactions contemplated under the New Master Property Management Agreements and the proposed caps in relation thereto as set out in the Circular as to the fairness and reasonableness and to recommend whether or not the Independent Shareholders should approve the transactions contemplated under the New Master Property Management Agreements and the proposed caps in relation thereto as set out in the Circular. Altus Capital Limited has been appointed as the IFA to provide advice and recommendations to the Independent Board Committee and the Independent Shareholders in this regard. Details of the independent advice of the IFA, together with the principal factors and reasons the IFA has taken into consideration, are set out in pages 35 to 64 of the Circular.

We wish to draw your attention to the Letter from the Board and the Letter from the IFA to the Independent Board Committee and the Independent Shareholders which contains its advice to us in respect of the transactions contemplated under the New Master Property Management Agreements and the proposed caps in relation thereto. Your attention is also drawn to the additional information set out in the appendix to the Circular.

Having considered the terms of the transactions contemplated under the New Master Property Management Agreements and the proposed caps in relation thereto, the advice and recommendations of the IFA and the relevant information contained in the Letter from the Board, we are of the view that: (i) the transactions contemplated under the New Master Property Management Agreements (including the payment terms therein) are entered into in the ordinary and usual course of business of the Company, on normal commercial terms, which are fair and reasonable and in the interest of the Company and the Shareholders as a whole; (ii) the proposed annual caps in relation thereto are fair and reasonable and in the interest of the Company and the Shareholders as a whole; and (iii) it is in the interest of the Company and the Shareholders to enter into the Modern Land New Master Property Management Agreement.

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions at the EGM so as to approve the transactions contemplated under the New Master Property Management Agreements and the proposed caps in relation thereto.

Your faithfully,  
The Independent Board Committee of  
**First Service Holding Limited**

**Sun Jing**  
*Independent Non-executive  
Director*

**Cheng Peng**  
*Independent Non-executive  
Director*

**Chen Sheng**  
*Independent Non-executive  
Director*

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*The following is the text of a letter of advice from Altus Capital Limited, the IFA to the Independent Board Committee and the Independent Shareholders on the transactions contemplated under the New Master Property Management Agreements and the proposed caps in relation thereto, which have been prepared for the purpose of incorporation in this circular.*

# ALTUS

Altus Capital Limited  
21 Wing Wo Street  
Central, Hong Kong

December 30, 2022

*To the Independent Board Committee and the Independent Shareholders*

### **First Service Holding Limited**

31/F., Tower Two  
Times Square  
1 Matheson Street  
Causeway Bay  
Hong Kong

Dear Sirs and Madams,

## **CONTINUING CONNECTED TRANSACTIONS**

### **INTRODUCTION**

We refer to our appointment as the IFA to advise the Independent Board Committee and the Independent Shareholders on the transactions contemplated under the New Master Property Management Agreements and the proposed caps in relation thereto. Details of which are set out in the “Letter from the Board” contained in the circular of the Company dated December 30, 2022 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

References are made to the Prospectus, the First Assets Announcement and the First Assets Circular in relation to, among others, the Existing Master Property Management Agreements. The Group has been carrying on transactions pursuant to the Existing Master Property Management Agreements which constitute continuing connected transactions of the Company. Each of the Existing Master Property Management Agreements shall expire on December 31, 2022 and it is expected that the Group will continue to enter into transactions of a similar nature from time to time. In view of the foregoing, on November 17, 2022, the Company has entered into the New Master Property Management Agreements.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### LISTING RULES IMPLICATIONS

As the highest applicable percentage ratios (other than the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules in respect of the annual caps of transactions contemplated under the New Master Property Management Agreements, on aggregate basis, exceed 5%, such transactions are subject to the reporting, announcement, annual review, circular (including advice from the IFA) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of the transactions contemplated under the New Master Property Management Agreements and the proposed caps in relation thereto as set out in the Circular as to the fairness and reasonableness and to recommend whether or not the Independent Shareholders should approve the transactions contemplated under the New Master Property Management Agreements and the proposed caps in relation thereto as set out in the Circular.

### THE INDEPENDENT FINANCIAL ADVISER

As the IFA, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders on the transactions contemplated under the New Master Property Management Agreements and the proposed caps in relation thereto.

We acted as the independent financial adviser for the Company with regards to the continuing connected transaction in relation to the First Assets Master Property Management Agreement, details of which was set out in the First Assets Circular. Save for the aforesaid transaction, we have not acted as the independent financial adviser or financial adviser in relation to any transactions of the Company in the last two years prior to the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on transactions contemplated under the New Master Property Management Agreements and the proposed caps in relation thereto is at market level and not conditional upon successful passing of the resolution, and that our engagement is on normal commercial terms, we are independent of and not associated with the Company, its controlling shareholder(s) or connected person(s).

### BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others, (i) the New Master Property Management Agreements; (ii) the Existing Master Property Management Agreements; (iii) the annual report of the Company for the year ended December 31, 2021 (the “**2021 Annual Report**”); (iv) the interim report of the Company for the six months ended June 30, 2022 (the “**2022 Interim Report**”); and (v) other information as set out in the Circular.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have also relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the “**Management**”). We have assumed that all the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and will continue to be so up to the date of the EGM. The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in the Circular misleading.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading.

We consider that we have been provided with, and have reviewed, sufficient information to reach an informed view and provide a reasonable basis for our opinion. We have not, however, conducted an independent investigation into the business, financial conditions and affairs or future prospects of the Group. The Company will notify the Shareholders of any material change after the latest practicable date and after the despatch of the Circular.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

#### 1. Background

##### *1.1 Principal businesses of the Company, Modern Land, Super Land, First Assets and Modern Investment*

###### *The Company*

The Company is principally engaged in providing property management services and green living solutions that cover the full property life-cycle in the PRC.

###### *Modern Land*

Modern Land is an exempted company with limited liability incorporated in the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange. It is indirectly owned as to 66.11% by Mr. Zhang Lei. Modern Land is a property developer focusing on the development of green, energy-saving and eco-friendly residences in the PRC.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### *Super Land*

Super Land is a company incorporated in the BVI with limited liability. It is indirectly and wholly-owned by a discretionary family trust, of which Mr. Zhang Lei, his family members and certain other individuals are beneficiaries. Super Land primarily engages in property development, property investment and hotel operation through its holding companies.

### *First Assets*

First Assets is a limited liability company established under the laws of the PRC and is indirectly owned as to 99.9% by Mr. Zhang Peng, the chairman of the Board and a non-executive Director, and indirectly owned as to 0.1% by Mr. Long Han, a non-executive Director. First Assets is primarily engaged in investment holding business in the PRC.

### *Modern Investment*

Modern Investment is a company incorporated in the PRC with limited liability. It is indirectly and owned as to 99.9% by Mr. Zhang Peng and indirectly owned as to 0.1% by Mr. Long Han, a non-executive Director. Modern Investment primarily engages in property related ancillary services.

## **1.2 Financial information of the Group**

Set out below is a table summarizing the key financial information of the Group extracted from the 2021 Annual Report and 2022 Interim Report.

### *Extract of consolidated income statement*

	<b>For the year ended</b>		<b>For the six months ended</b>	
	<b>31 December,</b>		<b>30 June,</b>	
	<b>2020</b>	<b>2021</b>	<b>2021</b>	<b>2022</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	775,367	1,119,869	508,764	553,183
<i>Property management services</i>	321,649	611,076	242,447	361,512
<i>Green living solutions</i>	204,608	208,400	122,154	103,790
<i>Value-added services</i>	261,437	312,878	149,947	95,619
<i>Elimination of inter-segment revenue</i>	(12,327)	(12,485)	(5,784)	(7,738)
Gross profit	267,510	335,363	170,842	139,069
Profit for the year	99,603	33,609	71,753	25,145



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the year ended December 31, 2020 vs 2021

Revenue of the Group increased by approximately 44.4% from approximately RMB775.4 million for the year ended December 31, 2020 to approximately RMB1,119.9 million for the year ended December 31, 2021 primarily due to the increase in revenue attributable to provision of property management services.

The Group's property management services consist of cleaning, security, gardening and repair and maintenance services provided to property developers, property owners and residents. Revenue from its property management services increased by approximately 90.0% from approximately RMB321.6 million for the year ended December 31, 2020 to approximately RMB611.1 million for the year ended December 31, 2021. This increase was primarily attributable to the increase in the GFA under management of the Group of approximately 172.9% from 19.1 million sq.m. as of December 31, 2020 to 52.1 million sq.m. as of December 31, 2021, mainly resulting from the significant increase in the number of property management projects sourced from Independent Third Parties, from 52 as of December 31, 2020 to 383 as of December 31, 2021. Percentage of GFA under management from Independent Third Parties to total GFA under management of the Group increased from approximately 37.8% as at December 31, 2020 to approximately 72.7% as at December 31, 2021, demonstrating a decrease in reliance in the Modern Investment Group. The revenue of the Group generated from the Group's green living solutions remained relatively stable at approximately RMB204.6 million for the year ended December 31, 2020 and approximately RMB208.4 million for the year ended December 31, 2021. The revenue of the Group generated from value-added services increased slightly from approximately RMB261.4 million for the year ended December 31, 2020 to approximately RMB312.9 million for the year ended December 31, 2021 mainly due to the increase in GFA under management of the Group as elaborated above.

The Group's gross profit increased from approximately RMB267.5 million for the year ended December 31, 2020 to approximately RMB335.4 million for the year ended December 31, 2021, representing an increase of approximately 25.4%. This was mainly driven by the increase in revenue of the Group. Gross profit margin decreased from approximately 34.5% for the year ended December 31, 2020 to approximately 29.9% for the year ended December 31, 2021. The slight decrease was mainly attributable to an increase in number of property management projects for public properties, which typically have a lower gross profit margin.

The profit of the Group for the year ended December 31, 2021 amounted to approximately RMB33.6 million, which represented a decrease of approximately 66.3% from the profit for the year ended December 31, 2020 of approximately RMB99.6 million. The decrease in profit despite an increase in revenue and gross profit was mainly due to a significant increase in expected credit loss on trade receivables and contract assets from approximately RMB10.2 million for the year ended December 31, 2020 to approximately RMB113.1 million for the year ended December 31, 2021. The increase was primarily due to the recognition of the

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

expected credit loss allowances for certain receivables due from customers from real estate sector as a result of the general downturn of the real estate market in the PRC in the second half of 2021.

For the six months ended June 30, 2021 vs 2022

Revenue of the Group increased by approximately 8.7% from approximately RMB508.8 million for the six months ended June 30, 2021 to approximately RMB553.2 million for the six months ended June 30, 2022 primarily due to the increase in revenue attributable to provision of property management services.

The revenue of the Group generated from its property management services increased by approximately 49.1% from approximately RMB242.4 million for the six months ended June 30, 2021 to approximately RMB361.5 million for the six months ended June 30, 2022. This increase was primarily attributable to the increase in revenue from property management services from Independent Third Parties. Percentage of GFA under management from Independent Third Parties to total GFA under management of the Group remained stable from approximately 76.1 % as at June 30, 2021 to approximately 69.5% as at June 30, 2022. The revenue of the Group generated from the Group's green living solutions decreased slightly from approximately RMB122.2 million for the six months ended June 30, 2021 and approximately RMB103.8 million for six months ended June 30, 2022. The revenue of the Group generated from value-added services decreased from approximately RMB149.9 million for the six months ended June 30, 2021 to approximately RMB95.6 million for the six months ended June 30, 2022 primarily due to the Group discontinued its sales assistance services on a large scale considering the difficulty in cash flow collection and the general downturn of real estate market in China.

As a result, the Group's gross profit decreased from approximately RMB170.8 million for the six months ended June 30, 2021 to approximately RMB139.1 million for the six months ended June 30, 2022, representing a decrease of approximately 18.6%. Gross profit margin decreased from approximately 33.6% for the six months ended June 30, 2021 to approximately 25.1% for the six months ended June 30, 2022, which was primarily due to the decrease in revenue from sales assistance services as mentioned above, which typically has higher gross profit margin.

The profit of the Group for the six months ended June 30, 2022 amounted to approximately RMB25.1 million, which represented a decrease of approximately 65.0% for the six months ended June 30, 2021 of approximately RMB71.8 million. Such decreases were due to the on-going downturn in the real estate market and the decline in the performance of real estate companies.

### ***1.3 Outlook of the Group***

The Group's mission is to provide customers with green, healthy and digitally connected living experiences. To this end, the Group will (i) continue scaling up property management business; (ii) enhance the intelligence of the community information technology; (iii) continue developing and commercialising green technologies; and (iv) attracting and nurturing talents and building a learning organisation.

In particular, for property management business, the Group will continue to strive to expand its market share and enhance its brand awareness. The Group will allocate existing market expansion resources according to management cities, and focus on core cities. Meanwhile, for the existing property service projects, the Group will use current projects under management as radius so as to radiate surrounding areas of at least 5 kilometres and pull incremental resources into the market. In addition, the Group has also added various ways for building channels, fully connecting with its partners to achieve win-win cooperation in future expansion.

In terms of post-investment management, on the one hand, the Group enters and take root in the local markets, radiate outward with projects as the core through the provision of services and relying on the influence of its brand, and establish property service types in big cities; on the other hand, the Group strives to leverage the synergy between businesses and finance, improve comprehensive efficiency, and achieve economies of scale.

### ***1.4 Reasons for and benefits of the New Master Property Management Agreements***

The Group has been carrying out with the Modern Land Group, the Super Land Group, the First Assets Group and the Modern Investment Group (collectively, the “**Connected Parties**”) pursuant to the New Master Property Management Agreements which constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

We have reviewed both the Existing Master Property Management Agreements and the New Master Property Management Agreements, and we noted the terms and pricing policies of the above mentioned agreements are substantially similar. As the Group has established communication channels with the Connected Parties and understands the requirements of the Connected Parties through collaboration in past transactions, it is therefore believed that the continuous cooperation between the Group and the Connected Parties can foster growth of the Group in a cost effective manner. Given the above, the Group will therefore be able to respond to various requests and tailor its property management services more efficiently and responsively than other new customers of the Group, thereby maintaining the Group's costs control and improving efficiency.

Having considered the above reasons, we concur with the Management's view that the entering into of the New Master Property Management Agreements is in the ordinary and usual course of business of the Group, and is fair and reasonable and in the interests of the Company and Shareholders as a whole.

## **2. Modern Land New Master Property Management Agreement**

### **2.1 Key terms**

Pursuant to the Modern Land New Master Property Management Agreement, members of the Group shall provide property management services, energy operation services and value-added services, including parking space management services and sales assistance services to the Modern Land Group. In relation to payment terms, the service fees shall generally be payable within two years after the relevant properties are completed and ready for occupation. After the occupation of the relevant properties, the service fees shall generally be payable monthly, quarterly or annually in arrears, which is similar to the terms offered to other comparable independent third party real estate developer customers of the Company. The service fees shall be settled in RMB. For details of the terms of the Modern Land New Master Property Management Agreement, please refer to the paragraph headed “LETTER FROM THE BOARD — THE NEW MASTER PROPERTY MANAGEMENT AGREEMENTS — 1. Modern Land New Master Property Management Agreement” of the Circular.

### **2.2 Pricing Policy**

From time to time, as required during the term of the Modern Land New Master Property Management Agreement, members of the Group will enter into individual property management agreement with members of the Modern Land Group which will set out specific terms and conditions such as the type of management services required, service fees and service period. We understand that the Group adopts the following pricing policies under the Modern Land New Master Property Management Agreement:

- (a) The individual agreement to be entered into between members of the Group and members of Modern Land Group under the Modern Land New Master Property Management Agreement will be on normal commercial terms.
- (b) Members of the Group will be engaged by members of the Modern Land Group through tender bidding procedures in accordance with the relevant PRC laws and regulations, with fee quotes set out in the tender documents.
- (c) The management fees will be determined by the parties having regard to fair market prices and historical management fees.

In particular, (i) property management services will be priced by taking into account requirements under applicable laws and regulations, government guidance prices (which will be determined by the price authorities of the people’s governments of provinces, autonomous regions and municipalities directly under the Central Government of the PRC in conjunction with the real estate administrative authorities), characteristics, including nature, age, infrastructure features and locations of the properties, the contracted scope of services and expected quality standards, and expected costs; (ii) fees for energy operation services will be determined by forecasting demand and taking into account expected costs and government guidance prices (the price of heat supply shall generally be government-guided or be government-determined in principle, which shall

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

be formulated by the competent pricing department under the provincial (district, municipal) government or authorized municipal or county government of the PRC, pursuant to the Interim Measures of the Price Control of Urban Heat Supply, while taking into account the local authorities' energy unit guidance prices, whereas the prices of central cooling shall be determined by the parties considering the energy station operating costs and related taxes); (iii) sales assistance services will be priced by taking into account the number of staff members on the ground, the unit price based on staff costs and relevant expenses, and the length of time such services are required; (iv) parking space management services will be quoted at a fixed price per month, which will be determined based on local market conditions and prices for similar services provided at nearby locations; and (v) fees for other value-added services will generally be determined based on the costs of providing the relevant services. The management fees shall be determined in a fair and reasonable manner and the terms and conditions offered by the Group to the Modern Land Group shall be on an arm's length basis and on normal commercial terms, shall be compliant with the government guidance prices (if applicable), and shall not be less favorable than those of the same type of property management services offered to an Independent Third Party by the Group.

Accordingly, we have reviewed and compared the major terms, including payment terms and pricing policies of the agreements in respect of the property management services entered into between (i) the Group and the Modern Land Group; and (ii) the Group and the Independent Third Parties. Set out below is the summary of our review.

In assessing the fairness and reasonableness of the pricing policies of the property management services with the Modern Land Group, we have reviewed the pricing policies as described under the paragraph headed "LETTER FROM THE BOARD — THE NEW MASTER PROPERTY MANAGEMENT AGREEMENTS — 1. Modern Land New Master Property Management Agreement" of the Circular, have had discussion with the Management and reviewed the property management agreements entered into between the Group and the Independent Third Parties in relation to comparable property management services. We noticed from such agreements with the Independent Third Parties that the terms set out in the property management agreements with the Modern Land Group are comparable to those set out in the property management agreements with the Independent Third Parties for similar property management services. As such, we are of the view that the transactions contemplated under the Modern Land New Master Property Management Agreement will be on normal commercial terms and will be fair and reasonable. In this regard, we have obtained the full list of transactions between the Group and the Modern Land Group for the two years ended December 31, 2021 and the nine months ended September 30, 2022. We have randomly selected and reviewed six sample walk-through documents (including signed engagement letters and/or payment records) for the property management services entered into with the Modern Land Group and the Independent Third Parties for each of the two years ended December 31, 2021 and the nine months ended September 30, 2022 (18 sample walk-through documents in total). Considering that the samples were randomly selected from the full list of transactions covering each of the two years ended December 31, 2021 and the nine months ended September 30, 2022, we believe the above mentioned sample walk-through documents are fair and representative samples. We noted from the sample walk-through

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

documents (as described above) that the major terms, including payment terms and pricing policy under the Modern Land New Master Property Management Agreement had been consistently adhered to during the two years ended December 31, 2021 and the nine months ended September 30, 2022.

Taking into account the above, we are of the view that the terms (including the pricing policy and mechanism) for the property management services under the Modern Land New Master Property Management Agreement are on normal commercial terms, are fair and reasonable so far as Independent Shareholders are concerned and are in the interest of the Company and Shareholders as a whole.

### 2.3 *The proposed caps*

#### *Review of the existing annual caps and historical transaction amounts*

The table below sets forth the existing annual caps and the historical transaction amounts for the transactions contemplated under the Modern Land Existing Master Property Management Agreement for the two years ended December 31, 2021 and the nine months ended September 30, 2022.

	<b>For the year ended</b>		<b>For the nine</b>
	<b>December 31,</b>		<b>months ended</b>
	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Existing annual caps	115.0	120.0	125.0
Historical transaction amounts	111.3	107.1	13.0
Utilization rate	96.8%	89.3%	10.4%

The Group utilized approximately 96.8%, 89.3% and 10.4% of the existing annual caps for the two years ended December 31, 2021 and the nine months ended September 30, 2022 respectively under the Modern Land Existing Master Property Management Agreement. As explained by the Management, the substantial decrease in historical transaction amounts and utilization rate for the nine months ended September 30, 2022 was mainly due to the general weak real estate market in the PRC during the period which appeared to have yet to bottom-out. This had caused systemic disruptions and immense pressure to both upstream and downstream real-estate related businesses, including property management sector. The Management advised that the real estate market has remained volatile and competition in the property management business has been fierce. In view of the above trend, the Management has therefore proposed lower annual caps for the three years ending December 31, 2025 than the existing annual caps as further elaborated below.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### *Proposed caps*

As stated in the paragraph headed “LETTER FROM THE BOARD — THE NEW MASTER PROPERTY MANAGEMENT AGREEMENTS — 1. Modern Land New Master Property Management Agreement” of the Circular, the proposed caps for the Modern Land New Master Property Management Agreement for the three years ending December 31, 2025 amount to RMB40 million, RMB41 million and RMB44 million respectively.

The proposed caps in respect of the transactions contemplated under the Modern Land New Master Property Management Agreement for the three years ending December 31, 2025 have been determined based on (i) the current GFA the Group manages for the Modern Land Group and the current monthly management fees under the property management service contracts already entered into; (ii) the estimated GFA under the property management services projects or contracts that have been identified and expected to be managed by the Group; (iii) the expected GFA that the Group will be engaged by the Modern Land Group to manage, taking into account (a) the estimated additional GFA which would require property management services from the Group under the Modern Land Group’s development plan currently available to the Group and (b) prevailing market conditions noting the decrease in both number of projects under management and contracted projects with the Modern Land Group during the six months ended June 30, 2022 as compared to June 30, 2021 primarily due to the general downturn of the real estate market in the PRC; and (iv) the expected demand for pre-delivery, sales assistance services, energy operation services and other value-added services by the Modern Land Group, taking into account the Group’s plan and proposed initiatives to continuously scale up its property management services. To assess the fairness and reasonableness of the proposed caps, we have carried out the following work:

#### (i) Current contracts

We have reviewed the full list and breakdown of the current property management contracts the Group had entered into with the Modern Land Group as at the date hereof. In this connection, we have further randomly selected and obtained two sample walk-through documents (i.e. signed engagement letters) for each of the three years ending December 31, 2025. We noted the management fees set out under the sample walk-through documents are in line with the amounts set out in the full list and breakdown mentioned above.

#### (ii) Estimated contracts

We have reviewed the full list and breakdown of the estimated property management contracts that the Group has been identified by the Modern Land Group as its property manager for the three years ending December 31, 2025. In this connection, we have further randomly selected and obtained two sample walk-through documents (i.e. draft project price charts and/or internal correspondences

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between project teams) for each of the three years ending December 31, 2025. We noted the management fees set out under the sample walk-through documents are in line with the amounts set out in the full list and breakdown mentioned above.

(iii) Expected contracts and demand based on business plans

We have reviewed the full list and breakdown of the property management contracts that the Group expects to enter into with the Modern Land Group based on its business plans for the three years ending December 31, 2025. In this connection, we have further discussed with the Management the basis of the expected contracts and demand, and have reviewed the calculations of the expected transaction amounts with the Modern Land Group. In arriving at this list, the Management has considered the possible fluctuations in the Modern Land Group's property development plans due to downturn of the PRC real estate market. This is in line with the disclosures made in the 2022 Interim Report that fluctuations in the prevailing market conditions had caused the GFA under management from the Modern Land Group to decrease by approximately 20.8% as at June 30, 2022. While the reduced proposed caps fairly reflected the above circumstance, the Management also noted that as and when the market improves during the three years ending December 31, 2025, the Modern Land Group may potentially engage the Group for more property management services. Based on the above, we are of the view that the basis of expected contracts and demand are reasonable.

Taking into account the above factors and reasons, and the trend of historical transaction and utilization rate for the two years ended December 31, 2021 and the nine months ended September 30, 2022, we are of the view that the proposed caps with regard to the transactions contemplated under the Modern Land New Master Property Management Agreement are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

### **3. Super Land New Master Property Management Agreement**

#### ***3.1 Key terms***

Pursuant to the Super Land New Master Property Management Agreement, members of the Group shall provide property management services and value-added services, including parking space management services and sales assistance services to the Super Land Group. In relation to payment terms, the service fees shall generally be payable within two years after the relevant properties are completed and ready for occupation. After the occupation of the relevant properties, the service fees shall generally be payable monthly, quarterly or annually in arrears, which is similar to the terms offered to other comparable independent third party real estate developer customers of the Company. The service fees shall be settled in RMB. For details of the terms of the Super Land New Master Property Management Agreement, please refer to the paragraph headed "LETTER FROM THE BOARD — THE NEW MASTER PROPERTY MANAGEMENT AGREEMENTS — 2. Super Land New Master Property Management Agreement" of the Circular.



### ***3.2 Pricing Policy***

From time to time, as required during the term of the Super Land New Master Property Management Agreement, members of the Group will enter into individual property management agreement with members of the Super Land Group which will set out specific terms and conditions such as the type of management services required, service fees and service period. We understand that the Group adopts the following pricing policies under the Super Land New Master Property Management Agreement:

- (a) The individual agreement to be entered into between members of the Group and members of the Super Land Group under the Super Land New Master Property Management Agreement will be on normal commercial terms.
- (b) Members of the Group will be engaged by members of the Super Land Group through standard tender bidding procedures in accordance with the relevant PRC laws and regulations, with fee quotes set out in the tender documents.
- (c) The management fees will be determined by the parties having regard to fair market prices, historical management fees and costs of management services.

In particular, (i) property management services will be priced by taking into account requirements under applicable laws and regulations, government guidance prices (which will be determined by the price authorities of the people's governments of provinces, autonomous regions and municipalities directly under the Central Government of the PRC in conjunction with the real estate administrative authorities), characteristics, including nature, age, infrastructure features and locations of the properties, the contracted scope of services and expected quality standards, and expected costs; (ii) fees for energy operation services will be determined by forecasting demand and taking into account expected costs and government guidance prices (the price of heat supply shall generally be government-guided or be government-determined in principle, which shall be formulated by the competent pricing department under the provincial (district, municipal) government or authorized municipal or county government of the PRC, pursuant to the Interim Measures of the Price Control of Urban Heat Supply, while taking into account the local authorities' energy unit guidance prices, whereas the prices of central cooling shall be determined by the parties considering the energy station operating costs and related taxes); (iii) sales assistance services will be priced by taking into account the number of staff members on the ground, the unit price based on staff costs and relevant expenses, and the length of time such services are required; (iv) parking space management services will be quoted at a fixed price per month, which are determined based on local market conditions and prices for similar services provided at nearby locations; and (v) fees for other value-added services will generally be determined based on the costs of providing the relevant services. The management fees shall be determined in a fair and reasonable manner and the terms and conditions offered to the Super Land Group by the Group shall be on an arm's length basis and on normal commercial terms, shall be compliant with the government guidance prices (if applicable), and shall not be less favorable than those of the same type of property management services offered to an Independent Third Party by the Group.

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Accordingly, we have reviewed and compared the major terms, including payment terms and pricing policies of the agreements in respect of the property management services entered into between (i) the Group and the Super Land Group; and (ii) the Group and the Independent Third Parties. Set out below is the summary of our review.

In assessing the fairness and reasonableness of the pricing policies of the property management services with the Super Land Group, we have reviewed the pricing policies as described under the paragraph headed “LETTER FROM THE BOARD — THE NEW MASTER PROPERTY MANAGEMENT AGREEMENTS — 2. Super Land New Master Property Management Agreement” of the Circular, have had discussion with the Management and reviewed property management agreements entered into between the Group and the Independent Third Parties in relation to comparable property management services. We noticed from such agreements with the Independent Third Parties that the terms set out in the property management agreements with the Super Land Group are comparable to those set out in the property management agreements with the Independent Third Parties for similar property management services. As such, we are of the view that the transactions contemplated under the Super Land New Master Property Management Agreement will be on normal commercial terms and will be fair and reasonable. In this regard, we have obtained the full list of transactions between the Group and the Super Land Group for the two years ended December 31, 2021 and the nine months ended September 30, 2022. We have randomly selected and reviewed six sample walk-through documents (including signed engagement letters and/or payment records) for the property management services entered into with the Super Land Group and the Independent Third Parties for each of the two years ended December 31, 2021 and the nine months ended September 30, 2022 (18 sample walk-through documents in total). Considering that the samples were randomly selected from the full list of transactions covering each of the two years ended December 31, 2021 and the nine months ended September 30, 2022, we believe the above mentioned sample walk-through documents are fair and representative samples. We noted from the sample walk-through documents (as described above) that the major terms, including payment terms and pricing policy under the Super Land New Master Property Management Agreement had been consistently adhered to during the two years ended December 31, 2021 and the nine months ended September 30, 2022.

Taking into account the above, we are of the view that the terms (including pricing policy and mechanism) for the property management services under the Super Land New Master Property Management Agreement are on normal commercial terms, are fair and reasonable so far as Independent Shareholders are concerned and are in the interest of the Company and Shareholders as a whole.

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### 3.3 *The proposed caps*

#### *Review of the existing annual caps and historical transaction amounts*

The table below sets forth the existing annual caps and the historical transaction amounts for the transactions contemplated under the Super Land Existing Master Property Management Agreement for the two years ended December 31, 2021 and the nine months ended September 30, 2022.

	<b>For the year ended</b>		<b>For the nine</b>
	<b>December 31,</b>		<b>months ended</b>
	<b>2020</b>	<b>2021</b>	<b>September 30,</b>
	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Existing annual caps	44.0	50.0	54.0
Historical transaction amounts	37.9	19.2	7.1
Utilization rate	86.1%	38.4%	13.1%

The Group utilized approximately 86.1%, 38.4% and 13.1% of the existing annual caps for the two years ended December 31, 2021 and the nine months ended September 30, 2022 respectively under the Super Land Existing Master Property Management Agreement. As explained by the Management, the substantial decrease in historical transaction amounts and utilization rate for the year ended December 31, 2021 and the nine months ended September 30, 2022 was mainly due to the general weak real estate market in the PRC during the periods which appeared to have yet to bottom-out. This had caused a systemic disruptions and immense pressure to both upstream and downstream real estate-related businesses, including property management sector. The Management advised that the real estate market has remained volatile and competition in the property management business has been fierce. In view of the above trend, the Management has therefore proposed lower annual caps for the three years ending December 31, 2025 than the existing annual caps as further elaborated below.

#### *Proposed caps*

As stated in the paragraph headed “LETTER FROM THE BOARD — THE NEW MASTER PROPERTY MANAGEMENT AGREEMENTS — 2. Super Land New Master Property Management Agreement” of the Circular, the proposed caps for the Modern Land New Master Property Management Agreement for the three years ending December 31, 2025 amount to RMB20 million, RMB23 million and RMB27 million respectively.

The proposed caps in respect of the transactions contemplated under the Super Land New Master Property Management Agreement for the three years ending December 31, 2025 have been determined based on (i) the current GFA the Group manages for the Super Land Group and the current management fees under the

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property management services contracts already entered into; (ii) the estimated GFA under the property management services projects or contracts that have been identified and expected to be managed by the Group; (iii) the expected GFA that the Group will be engaged by the Super Land Group to manage based on its development plan, taking into account the gradual resumption and completion of suspended construction projects, which would create demand for property management services, and the expected increase in contracts; and (iv) the expected demand for parking space management services and sales assistance services and other value-added services by the Super Land Group. To assess the fairness and reasonableness of the proposed caps, we have carried out the following work:

### (i) Current contracts

We have reviewed the full list and breakdown of the current property management contracts the Group had entered into with the Super Land Group as at the date hereof and noted that these contracts will cover the period up to 2023 and/or 2024. In this connection, we have further randomly selected and obtained two sample walk-through documents (i.e. signed engagement letters) for each of the two years ending December 31, 2024. We noted the management fees set out under the sample walk-through documents are in line with the amounts set out in the full list and breakdown mentioned above.

### (ii) Estimated contracts

We have reviewed the full list and breakdown of the estimated property management contracts that the Group has been identified by the Super Land Group as its property manager for the three years ending December 31, 2025. In this connection, we have further randomly selected and obtained two sample walk-through documents (i.e. draft engagement letters and/or draft project price charts) for each of the three years ending December 31, 2025. We noted the management fees set out under the sample walk-through documents are in line with the amounts set out in the full list and breakdown mentioned above.

### (iii) Expected contracts and demand

We have reviewed the full list and breakdown of the expected property management contracts that the Group expects to enter into with the Super Land Group based on its development plan for the three years ending December 31, 2025. In this connection, we have further discussed with the Management the basis of the expected contracts and demand, and have reviewed the calculations of the expected transaction amounts with the Super Land Group. In arriving at this list, the Management has considered the possible fluctuations in the Super Land Group's construction projects temporarily due to the downturn of the PRC real estate market. This is in line with the disclosures made in the 2022 Interim Report that fluctuations in the prevailing market conditions had caused the relevant number of projects under management from the Super Land Group to decrease by approximately 14.3% as at June 30, 2022. While the reduced proposed caps fairly reflected the above circumstance, the Management also noted that as and when the market improves

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during the three years ending December 31, 2025, the Super Land Group may potentially engage the Group for more property management services. Based on the above, we are of the view that the basis of the expected contracts and demand are reasonable.

Taking into accounts the above factors and reasons, and the trend of historical transaction and utilization rate for the two years ended December 31, 2021 and the nine months ended September 30, 2022, we are of the view that the proposed caps with regard to the transactions contemplated under the Super Land New Master Property Management Agreement are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

#### **4. First Assets New Master Property Management Agreement**

##### ***4.1 Key terms***

Pursuant to the First Assets New Master Property Management Agreement, members of the Group shall provide property management services, energy operation services and value-added services, including communal area leasing services to members of the First Assets Group. In relation to payment terms, the service fees shall generally be payable quarterly, semi-annually or annually in advance. The service fees shall be settled in RMB. For details of the terms of the First Assets New Master Property Management Agreement, please refer to the paragraph headed “LETTER FROM THE BOARD — THE NEW MASTER PROPERTY MANAGEMENT AGREEMENTS — 3. First Assets New Master Property Management Agreement” of the Circular.

##### ***4.2 Pricing Policy***

From time to time, as required during the term of the First Assets New Master Property Management Agreement, members of the Group will enter into individual property management services agreement with members of the First Assets Group which will set out specific terms and conditions such as the type of management services required, service fees and service period. We understand that the Group adopts the following pricing policies under the First Assets New Master Property Management Agreement:

- (a) The individual agreement to be entered into between members of the Group and members of the First Assets Group under the First Assets New Master Property Management Agreement will be on normal commercial terms.
- (b) Members of the Group will be engaged by members of the First Assets Group through standard tender bidding procedures in accordance with the relevant PRC laws and regulations, with fee quotes set out in the tender documents.
- (c) The management fees will be determined by each of the parties having regard to the fair market prices, historical management fees and costs of management services.

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In particular, (i) property management services will be priced by taking into account requirements under applicable laws and regulations, government guidance prices (which will be determined by the price authorities of the people's governments of provinces, autonomous regions and municipalities directly under the Central Government of the PRC in conjunction with the real estate administrative authorities), characteristics, including nature, age, infrastructure features and locations of the properties, the contracted scope of services and expected quality standards, and expected costs; (ii) fees for energy operation services will be determined by forecasting demand and taking into account expected costs and government guidance prices (the price of heat supply shall generally be government-guided or be government-determined in principle, which shall be formulated by the competent pricing department under the provincial (district, municipal) government or authorized municipal or county government of the PRC, pursuant to the Interim Measures of the Price Control of Urban Heat Supply, while taking into account the local authorities' energy unit guidance prices, whereas the prices of central cooling shall be determined by the parties considering the energy station operating costs and related taxes); (iii) parking space management services will be quoted at a fixed price per month, which are determined based on local market conditions and prices for similar services provided at nearby locations; and (iv) fees for other value-added services will generally be determined based on the costs of providing the relevant services (the price of communal area leasing services shall be determined based on the costs of repair, maintenance (including material costs), insurance, utilities and labor, with reference to the prices for similar services provided at nearby locations). The management fees shall be determined in a fair and reasonable manner and the terms and conditions offered by members of the Group to members of the First Assets Group shall be on an arm's length basis and on normal commercial terms, shall be compliant with the government guidance prices (if applicable), and shall not be less favorable than those of the same type of property management services offered to an Independent Third Party by the Group.

Accordingly, we have reviewed and compared the major terms, including payment terms and pricing policies of the agreements in respect of the property management services entered into between (i) the Group and the First Assets Group; and (ii) the Group and the Independent Third Parties. Set out below is the summary of our review.

In assessing the fairness and reasonableness of the pricing policies of the property management services with the First Assets Group, we have reviewed the pricing policies as described under the paragraph headed "LETTER FROM THE BOARD — THE NEW MASTER PROPERTY MANAGEMENT AGREEMENTS — 3. First Assets New Master Property Management Agreement" of the Circular, have had discussion with the Management and reviewed property management agreements entered into between the Group and the Independent Third Parties in relation to comparable property management services. We noticed from such agreements with the Independent Third Parties that the terms set out in the property management agreements with the First Assets Group are comparable to those set out in the property management agreements with the Independent Third Parties for similar property management services. As such, we are of the view that the transactions contemplated under the First Assets New Master Property Management Agreement will be on normal commercial terms and will be fair and reasonable. In this

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regard, we have obtained the full list of transactions between the Group and the First Assets Group for the two years ended December 31, 2021 and the nine months ended September 30, 2022. We have randomly selected and reviewed six sample walk-through documents (including signed engagement letters and/or payment records) for the Group's property management services entered into with the First Assets Group and the Independent Third Parties for each of the two years ended December 31, 2021 and the nine months ended September 30, 2022 (18 sample walk-through documents in total). Considering that the samples were randomly selected from the full list of transactions covering each of the two years ended December 31, 2021 and the nine months ended September 30, 2022, we believe the above mentioned sample walk-through documents are fair and representative samples. We noted from the sample walk-through documents (as described above) that the major terms, including payment terms and pricing policy under the First Assets New Master Property Management Agreement had been consistently adhered to during the two years ended December 31, 2021 and the nine months ended September 30, 2022.

Taking into account the above, we are of the view that the terms (including the pricing policy and mechanism) for the property management services under the First Assets New Master Property Management Agreement are on normal commercial terms, are fair and reasonable so far as Independent Shareholders are concerned and are in the interest of the Company and Shareholders as a whole.

### **4.3 The proposed caps**

#### *Review of the existing annual caps and historical transaction amounts*

The table below sets forth the existing annual caps and the historical transaction amounts for the transactions contemplated under the Modern Investment Existing Master Property Management Agreement and the First Assets Existing Master Property Management Agreement for the two years ended December 31, 2021 and the nine months ended September 30, 2022.

	<b>For the year ended December 31,</b>		<b>For the nine months ended</b>
	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Existing annual caps	20.0	23.0	9.0
Historical transaction amounts	12.9 <i>(Note 1)</i>	8.4 <i>(Note 2 &amp; 3)</i>	3.8
Utilization rate	64.5%	36.5%	42.2%

*Note:*

1. RMB11.5 million of which was paid to members of the First Assets Group.

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2. Such amounts included the historical transaction amounts under the Modern Investment Master Property Management Agreement for the 10 months ended October 31, 2021 of approximately RMB7.2 million, and the historical transaction amounts under the Existing First Assets Property Management Agreements for the two months ended December 31, 2021 of approximately RMB1.2 million.
3. RMB6.8 million of which was paid to members of the First Assets Group.

The Group utilized approximately 64.5%, 36.5% and 42.2% of the existing annual caps during the two years ended December 31, 2021 and the nine months ended September 30, 2022 respectively under the Modern Investment Existing Master Property Management Agreement and the First Assets Existing Master Property Management Agreement. Since the reorganization of the Modern Investment Group on October 25, 2021, the First Assets Group was no longer part of the Modern Investment Group. As explained by the Management, the existing annual caps had not been substantially utilized mainly due to the changes of the national policies on the education industry and the outbreak of COVID-19 pandemic since the beginning of 2020 which negatively impacted the businesses of education institutions such as kindergarten schools and tuition centers. The Group has been engaged mainly to manage these types of properties. As a result of the above, the First Assets Group had not engaged the Group for as many property management services as initially expected, which led to the GFA under management by the Group under the First Assets Existing Master Property Management Agreement to be lower than expected. In view of the above trend, the Management has therefore proposed lower annual caps for the three years ending December 31, 2025 than the existing annual caps as further elaborated below.

### *Proposed caps*

As stated in the paragraph headed “LETTER FROM THE BOARD — THE NEW MASTER PROPERTY MANAGEMENT AGREEMENTS — 3. First Assets New Master Property Management Agreement” of the Circular, the proposed caps for the First Assets New Master Property Management Agreement for the three years ending December 31, 2025 amount to RMB4.0 million.

The proposed caps in respect of the transactions contemplated under the First Assets New Master Property Management Agreement for the three years ending December 31, 2025 have been determined based on (i) the current GFA that members of the Group manage for members of the First Assets Group and the current monthly management fees under the property management service contracts already entered into; (ii) the estimated GFA under property management services projects or contracts that have been identified and expected to be managed by the Group; (iii) the expected GFA of properties that members of the Group will be engaged by members of the First Assets Group to manage based on its business



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plan; and (iv) the expected demand for communal area leasing services and other value-added services. To assess the fairness and reasonableness of the proposed annual caps, we have carried out the following work:

(i) Current contracts

We have reviewed the full list and breakdown of the current property management contracts the Group had entered into with the First Assets Group as at the date hereof. In this connection, we have further randomly selected and obtained two sample walk-through documents (i.e. signed engagement letters) for each of the three years ending December 31, 2025. We noted the management fees set out under the sample walk-through documents are in line with the amounts set out in the full list and breakdown mentioned above.

(ii) Estimated contracts

We have reviewed the full list and breakdown of the estimated property management contracts that the Group has been identified by the First Assets Group as its property manager for the three years ending December 31, 2025. In this connection, we have further randomly selected and obtained two sample walk-through documents (i.e. draft engagement letters and/or internal correspondences between project teams) for each of the three years ending December 31, 2025. We noted the management fees set out under the sample walk-through documents are in line with the amounts set out in the full list and breakdown mentioned above.

(iii) Expected contracts and demand based on business plans

We have reviewed the full list and breakdown of the property management contracts that the Group expects to enter into with the First Assets Group based on its business plans for the three years ending December 31, 2025. In this connection, we have further discussed with the Management the basis of the expected contracts and demand, and have reviewed the calculations of the expected transaction amounts with the First Assets Group. In arriving at this list, the Management has considered the changes of the national policies on the education industry and the outbreak of COVID-19 pandemic as explained above, and how they may impact the Group's potential GFA under management from the First Assets Group given that, as explained in the paragraph headed "4.3 The proposed caps" above, the projects developed by the First Assets Group are kindergarten schools and tuition centers. We believe the reduced proposed caps have fairly reflected the impact of the national policies on the education industry and uncertainties surrounding the COVID-19 pandemic outbreak, and hence the basis of the expected contracts and demand are reasonable.

Taking into account the above factors and reasons, and the trend of historical transaction and utilization rate for the two years ended December 31, 2021 and the nine months ended September 30, 2022, we are of the view that the proposed caps with regard

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to the transactions contemplated under the First Assets New Master Property Management Agreement are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

### 5. Modern Investment New Master Property Management Agreement

#### 5.1 Key terms

Pursuant to the Modern Investment New Master Property Management Agreement, members of the Group shall provide property management services, energy operation services and value-added services, including communal area leasing services to the Modern Investment Group. In relation to payment terms, the service fees shall generally be payable semi-annually in advance. The service fees shall be settled in RMB. For details of the terms of the First Assets New Master Property Management Agreement, please refer to the paragraph headed “LETTER FROM THE BOARD — THE NEW MASTER PROPERTY MANAGEMENT AGREEMENTS — 4. Modern Investment New Master Property Management Agreement” of the Circular.

#### 5.2 Pricing Policy

From time to time, as required during the term of the Modern Investment New Master Property Management Agreement, members of the Group will enter into individual property management services agreement with members of the Modern Investment Group which will set out specific terms and conditions such as the type of management services required, service fees and service period. We understand that the Group adopts the following pricing policies under the Modern Investment New Master Property Management Agreement:

- (a) The individual agreement to be entered into between members of the Group and members of Modern Investment Group under the Modern Investment New Master Property Management Agreement will be on normal commercial terms.
- (b) Members of the Group will be engaged by members of the Modern Investment Group through standard tender bidding procedures in accordance with the relevant PRC laws and regulations, with fee quotes set out in the tender documents.
- (c) The management fees will be determined by the parties having regard to the fair market prices, historical management fees and costs of management services.

In particular, (i) property management services will be priced by taking into account requirements under applicable laws and regulations, government guidance prices (which will be determined by the price authorities of the people’s governments of provinces, autonomous regions and municipalities directly under the Central Government of the PRC in conjunction with the real estate administrative authorities), characteristics, including nature, age, infrastructure features and locations of the properties, the contracted scope of services and expected quality standards, and expected costs; (ii) fees

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for energy operation services will be determined by forecasting demand and taking into account expected costs and government guidance prices (the price of heat supply shall generally be government-guided or be government-determined in principle, which shall be formulated by the competent pricing department under the provincial (district, municipal) government or authorized municipal or county government of the PRC, pursuant to the Interim Measures of the Price Control of Urban Heat Supply, while taking into account the local authorities' energy unit guidance prices, whereas the prices of central cooling shall be determined by the parties considering the energy station operating costs and related taxes); (iii) parking space management services will be quoted at a fixed price per month, which are determined based on local market conditions and prices for similar services provided at nearby locations; and (iv) fees for other value-added services will generally be determined based on the costs of providing the relevant services (the price of communal area leasing services shall be determined based on the costs of repair, maintenance (including material costs), insurance, utilities and labor, with reference to the prices for similar services provided at nearby locations). The management fees shall be determined in a fair and reasonable manner and the terms and conditions offered to Modern Investment Group by the Group shall be on an arm's length basis and on normal commercial terms, shall be compliant with the government guidance prices (if applicable), and shall not be less favorable than those of the same type of property management services offered to an Independent Third Party by the Group.

Accordingly, we have reviewed and compared the major terms, including payment terms and pricing policies of the agreements in respect of the property management services entered into between (i) the Group and the Modern Investment Group; and (ii) the Group and the Independent Third Parties. Set out below is the summary of our review.

In assessing the fairness and reasonableness of the pricing policies of the property management services, we have reviewed the pricing policies as described under the paragraph headed "LETTER FROM THE BOARD — THE NEW MASTER PROPERTY MANAGEMENT AGREEMENTS — 4. Modern Investment New Master Property Management Agreement" of the Circular, have had discussion with the Management and reviewed property management agreements entered into between the Group and the Independent Third Parties in relation to comparable property management services. We noticed from such agreements with the Independent Third Parties that the terms set out in the property management agreements with the Modern Investment Group are comparable to those set out in the property management agreements with the Independent Third Parties for similar property management services. As such, we are of the view that the transactions contemplated under the Modern Investment New Master Property Management Agreement will be on normal commercial terms and will be fair and reasonable. In this regard, we have obtained the full list of transactions between the Group and the Modern Investment Group for the two years ended December 31, 2021 and the nine months ended September 30, 2022. We have randomly selected and reviewed six sample walk-through documents (including signed engagement letters and/or payment records) for the Group's property management services entered into with the Modern Investment Group and the Independent Third Parties for each of the two years ended December 31, 2021. We noted that the Group and the Modern Investment Group

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has entered into a property management agreement the nine months ended September 30, 2022. As such, we have obtained and reviewed this property management agreement. Considering that the samples were randomly selected from the full list of transactions covering each of the two years ended December 31, 2021 and all samples were selected the nine months ended September 30, 2022, we believe the above mentioned sample walk-through documents are fair and representative samples. We noted from the sample walk-through documents (as described above) that the major terms, including payment terms and pricing policy under the Modern Investment New Master Property Management Agreement had been consistently adhered to during the two years ended December 31, 2021 and the nine months ended September 30, 2022.

Taking into account the above, we are of the view that the terms (including pricing policy and mechanism) for the property management services under the Modern Investment New Master Property Management Agreement are on normal commercial terms, are fair and reasonable so far as Independent Shareholders are concerned and are in the interest of the Company and Shareholders as a whole.

### 5.3 *The proposed caps*

#### *Review of the existing annual caps and historical transaction amounts*

The table below sets forth the existing annual caps and the historical transaction amounts for the transactions contemplated under the Modern Investment Existing Master Property Management Agreement for the two years ended December 31, 2021 and the nine months ended September 30, 2022.

	<b>For the year ended</b>		<b>For the nine</b>
	<b>December 31,</b>		<b>months ended</b>
	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Existing annual caps	20.0	23.0	26.0
Historical transaction amounts	12.9 <i>(Note 1)</i>	7.2 <i>(Note 2)</i>	1.0
Utilization rate	64.5%	31.3%	3.8%

*Note:*

1. RMB11.5 million of which was paid to members of the First Assets Group
2. RMB6.8 million of which was paid to members of the First Assets Group

The Group utilized approximately 64.5%, 31.3% and 3.8% of the existing annual caps for the two years ended December 31, 2021 and the nine months ended September 30, 2022 respectively under the Modern Investment Existing Master Property Management Agreement. Since the reorganization of the Modern Investment Group on October 25, 2021, the First Assets Group was no longer part

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of the Modern Investment Group. Approximately 89.1% and 100% of the transaction amounts were paid to members of the First Assets Group for the two years ended December 31, 2021 respectively under the Modern Investment Existing Master Property Management Agreement. As explained by the Management, the existing annual caps for the nine months ended September 30, 2022 had not been substantially utilized mainly due to (i) the reorganization of Modern Investment, which resulted in transaction amounts with the First Assets Group no longer being classified under the Modern Investment Existing Property Management Agreement; and (ii) the continuing adverse impact of outbreak of COVID-19 pandemic on businesses. As a result of the above, the GFA under management by the Group pursuant to the Modern Investment Existing Master Property Management Agreement was lower than expected. In view of the above, the Management has therefore proposed lower annual caps for the three years ending December 31, 2025 as further elaborated below.

### *Proposed caps*

As stated in the paragraph headed “LETTER FROM THE BOARD — THE NEW MASTER PROPERTY MANAGEMENT AGREEMENTS — 4. Modern Investment New Master Property Management Agreement” of the Circular, the proposed caps for the Modern Investment New Master Property Management Agreement for the three years ending December 31, 2025 amount to RMB2.0 million.

The proposed caps in respect of the transactions contemplated under the Modern Investment New Master Property Management Agreement for the three years ending December 31, 2025 have been determined based on (i) the current GFA that the Group manages for the Modern Investment Group and the current monthly management fees under the property management service contracts already entered into; (ii) the expected GFA of properties that the Group will be engaged by the Modern Investment Group to manage based on its business plans and noting the general downturn of the real estate market in the PRC; and (iii) the expected demand for communal area leasing services and other value-added services. To assess the fairness and reasonableness of the proposed annual caps, we have carried out the following work:

#### (i) Current contracts

We noted the Group and the Modern Investment Group has entered into a contract which will be effective during the three years ending December 31, 2025. In this connection, we have obtained this contract and noted the management fees set out in the contract are in line with the figure used to estimate the proposed caps.

#### (ii) Expected contracts and demand

We have reviewed the full list and breakdown of the property management contracts that the Group expects to enter into with the Modern Investment Group based on its business plans for the three years ending December 31, 2025. In this

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connection, we have further discussed with the Management the basis of the expected contracts and demand, and have reviewed the calculations of the expected transaction amounts with the Modern Investment Group. In arriving at this list, the Management has considered the effects post-reorganization of Modern Investment and the continuing outbreak of COVID-19 pandemic. We believe the reduced proposed caps have fairly reflected the above effects, and hence the basis of the expected contracts and demand are reasonable.

Taking into account the above factors and reasons, and the trend of historical transaction and utilization rate for the two years ended December 31, 2021 and the nine months ended September 30, 2022, we are of the view that the proposed caps with regard to the transactions contemplated under the Modern Investment New Master Property Management Agreement are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

### 6. Internal control procedures

The Company has adopted internal control procedures with a view to ensuring timely compliance with the Listing Rules supervising and monitoring the continuing connected transactions contemplated under the New Master Property Management Agreements and the annual caps related thereto, namely:

- (1) preparing a continuing connected transaction report (the “**CCT Report**”) once every six months on continuing connected transactions which will be submitted internally to such dedicated team within the Group for consideration. The contents of the CCT Report will include (i) the aggregate amount of transactions; and (ii) the status of compliance with the annual caps;
- (2) regularly reminding connected persons that if there is a change in shareholding, which may affect connected transactions of the Company, they must notify the Company in advance to determine whether there are any Listing Rules implications;
- (3) ensuring that the senior management/personnel of relevant member(s) of the Group should report any potential connected transaction or event where the counterparty(ies) or the subject company(ies) of the proposed transaction may in any way relate to any of the substantial shareholders, chief executives or directors (as defined under the Listing Rules) of any member of the Group (including their relatives and related trusts or companies) to the senior management/personnel of the Company in advance in order to ascertain whether there will be any implications under the Listing Rules;
- (4) providing regular special and in-depth training sessions for the Directors, senior management/personnel of relevant member(s) of the Group to remind them, to report transactions which may constitute notifiable and/or connected transactions under the Listing Rules to the Group’s compliance personnel and seek professional advice if necessary;

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- (5) for proposed transaction(s) which may constitute new connected transaction(s) of the Group, consulting legal advisers and the Stock Exchange (where necessary) in a timely manner prior to entering into such transaction(s);
- (6) before entering into each individual agreement, the operation department and management of the Company will examine and compare the proposed pricing terms for each individual agreement entered into pursuant to and during the term of the New Master Property Management Agreements with the terms offered to or from other Independent Third Parties, in order to ensure that such pricing terms are determined based on arm's length negotiations between the parties and are fair and reasonable, on normal commercial terms and on terms that are no less favorable to the Group than terms available to or from Independent Third Parties;
- (7) before entering into each individual agreement, the finance department of the Company will (i) review whether the continuing connected transactions have been conducted in accordance with the terms of the New Master Property Management Agreements, and (ii) monitor the amounts under the continuing connected transactions contemplated under the New Master Property Management Agreements to ensure that the annual caps are not exceeded; and
- (8) if it is expected that the transaction amount of any continuing connected transaction under the New Master Property Management Agreements that is or will be incurred in the financial year will reach or exceed the relevant annual cap, the finance department of the Group shall report to the management of the Company and consider the measures to be taken to ensure that the requirements under the Listing Rules are complied with, including obtaining the approval of Independent Shareholders (if required).

We have reviewed and discussed the internal control procedures with the Management. As mentioned above, we have selected sample walk-through documents for property management services entered into with the Connected Parties for the two years ended December 31, 2021 and for the nine months ended September 30, 2022. We noted from the sample walk-through documents that their pricing terms were fair and reasonable, on normal commercial terms and on terms that were comparable to terms available to or from Independent Third Parties. As such, we are of the view that the Group's internal control measures have generally been adhere to.

In addition, we noted that the Company's external auditor will review the continuing connected transactions under the New Master Property Management Agreements annually to check and confirm (among others) whether the pricing terms have been adhered to and whether the annual caps have been exceeded. The independent non-executive Directors will also review the continuing connected transactions under the New Master Property Management Agreements annually to check and confirm whether such continuing connected transactions have been conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, on terms that are fair and reasonable and in the interests of the Group and the Shareholders as a whole, and whether the internal control procedures put in place by the Company are adequate and effective to ensure that such

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continuing connected transactions are conducted in accordance with the pricing policies. We noted the disclosures in the 2021 Interim Report is in line with our review and our understanding from the Management.

In view of the above, the management believes, and we concur, that the internal controls relating to the New Master Property Management Agreements are adequate and effective.

### **7. Recent development**

#### *Payment terms offered to the Modern Land Group and the Super Land Group*

As advised by the Management, the Company generally offered payment terms of up to six months to its customers. These included to the Connected Parties such as the Modern Land Group and the Super Land Group, and similarly to other Independent Third Parties. More recently, in light of the adverse impact of the uncertainties surrounding the macroeconomic and real estate industry environment, the Company has been offering time extensions of payment terms to its customers including the Modern Land Group, the Super Land Group and other Independent Third Parties of up to two years. According to our discussion with the Management, these extensions are being granted case-by-case based on verbal commercial negotiations, taking into account factors such as the customers' payment history and length of business relationships with the Group. As advised by the Management, the payment terms will be adjusted and shortened as and when the overall market improves.

Further, the Management advised that granting extensions of payment terms to its customers would not materially prejudice the interests of its shareholders because the entering into individual agreements with property developers for the provision of preliminary property services for buildings in construction will enable the Group to derive long-term business opportunity and income. This is because as continuation to such preliminary services to property developers, the Group will most likely continue to be engaged to provide property management services after the occupation of the relevant properties. By which time, the Group will collect management fees from individual property owners who bought the property units. The GFA under management by the Group will also increase, thereby enabling the Group to expand its market share in property management services industry in the PRC.

In view of the above medium to long term benefits, we concur with the Management that the granting of the aforesaid payment terms to the Modern Land Group and the Super Land Group, which similarly applies to Independent Third Party customers on case-by-case basis, is a practical approach and is acceptable under the current environment of the property management industry. We hence hold the view that, under such circumstances, the payment terms are on normal commercial terms and are fair and reasonable and in the interest of shareholders of the Company.



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### *Settlement of account receivables*

We noted from the Management that there were delays in settlement of account receivables from the Modern Land Group and the Super Land Group. According to our discussion with the Management, such delays were primarily due to the businesses of the Modern Land Group and the Super Land Group, which have been adversely affected by the uncertainties surrounding the macroeconomic and real estate industry since 2021. Such adverse effects have similarly affected the Group's Independent Third Party customers, many of which have also delayed their payments to the Group. We have discussed with the Management and have obtained and reviewed supporting documents (i.e. correspondences with the Modern Land Group and the Super Land Group as well as with the Independent Third Parties in relation to settlement of receivables). We noticed from such supporting documents that delays in settlement of account receivables had indeed been occurring from the Independent Third Parties as well. In particular, we noted from the Company that it does not currently expect to experience material recoverability issue for receivables over one year from the Modern Land Group in view of the following:

- (i) the Company has in place risk management procedures before entering into each individual agreement with Modern Land to safeguard the interest of the Group and its shareholders. For further details, please refer to the paragraph headed "LETTER FROM THE BOARD — INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES" of the Circular;
- (ii) the Company has well-established business relationships with Modern Land. Modern Land had good track record in the settlement of receivables from Modern Land in the past prior to 2021;
- (iii) the Company has been closely monitoring and communicating with Modern Land to recover the amount and believe there will be no major recoverability issue;
- (iv) the provision of preliminary property services for buildings in construction under the Modern Land New Property Management Agreement represents long-term business opportunity for the Group in the future.
- (v) the annual caps under the Modern Land New Master Property Management Agreement have been substantially reduced, containing the Group's exposure. Any future revision of the annual caps will be subject to approval requirements under the Listing Rules. Thus, shareholders' interests will not be prejudiced.

For further details, please refer to the paragraph headed "LETTER FROM THE BOARD — DIRECTORS' VIEWS" of the Circular.

Similarly, the Group has continuously communicated with the Super Land Group with a view to accelerate the account receivables collection. For further details of the acceleration process, please refer to the paragraph headed "LETTER FROM THE BOARD — INFORMATION OF THE PARTIES" of the Circular.

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Having considered the above, the Management believes, and we concur, that it is in the interest of the Company and the Shareholders to enter into the New Master Property Management Agreements.

### RECOMMENDATION

Having considered the above principal factors, we are of the view that (i) the terms and conditions of the transactions contemplated under the New Master Property Management Agreements are on normal commercial terms and are fair and reasonable; (ii) the proposed caps under the New Master Property Management Agreements have been fairly and reasonably arrived at; and (iii) the transaction contemplated under the New Master Property Management Agreements will be conducted in the ordinary and usual course of business of the Company and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the relevant resolution at the EGM.

Yours faithfully,  
For and behalf of  
**Altus Capital Limited**  
**Chang Sean Pey**  
*Executive Director*

*Mr. Chang Sean Pey (“**Mr. Chang**”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and permitted to undertake work as a sponsor. He is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Mr. Chang has over 25 years of experience in banking, corporate finance advisory and investment management. In particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.*

## 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

### (a) Interests in the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or 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 were as follows:

Name of Director	Nature of interest	Number of Shares held <sup>(6)</sup>	Approximate percentage of shareholding <sup>(1)</sup>
Zhang Peng <sup>(5)</sup>	Beneficial owner	8,225,000	0.82%
	Interest in controlled corporation <sup>(2)</sup>	170,777,250	17.08%
Liu Peiqing	Beneficial owner	310,000	0.03%
	Interest in controlled corporation <sup>(3)</sup>	10,988,750	1.10%
Long Han	Interest in controlled corporation <sup>(4)</sup>	10,511,250	1.05%
Zhu Li	Beneficial owner	676,155	0.07%
Jia Yan	Beneficial owner	4,499,977	0.45%
Jin Chungang	Beneficial owner	1,007,282	0.10%

*Notes:*

- (1) The percentage represents the number of ordinary Shares interested divided by the number of the Company's issued Shares as at the Latest Practicable Date.
- (2) The Shares are registered under the name of Hao Fung, which is wholly owned by Mr. Zhang Peng. Accordingly, Mr. Zhang Peng is deemed to be interested in all the Shares held by Hao Fung.
- (3) The Shares are registered under the name of Liu Pei Qing Management Limited, a BVI business company incorporated in the BVI with limited liability on December 17, 2019, which is wholly owned by Mr. Liu Peiqing. Accordingly, Mr. Liu Peiqing is deemed to be interested in all the Shares held by Liu Pei Qing Management Limited.
- (4) The Shares are registered under the name of Long Han Management, which is wholly owned by Mr. Long Han. Accordingly, Mr. Long Han is deemed to be interested in all the Shares held by Long Han Management.
- (5) Mr. Zhang Peng, together with Mr. Zhang Lei, being parties acting in concert, were interested in 513,929,000 Shares, representing approximately 51.39% of the number of the Company's issued Shares as at the Latest Practicable Date.
- (6) All interests stated are long positions.

**(b) Interests in associated corporation of the Company**

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Nature of interest</b>	<b>Amount of share capital held</b>	<b>Approximate percentage of shareholding interest<sup>(1)</sup></b>
Zhang Peng	First Living <sup>(1)</sup>	Beneficial owner	RMB1,317,397	3.8%
Jia Yan	First Living <sup>(1)</sup>	Beneficial owner	RMB1,221,853	3.5%

*Note:*

- (1) First Living is a non-wholly owned subsidiary of the Company and thus an associated corporation of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executives of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), or required to be 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.

**(c) Substantial Shareholders' interests and short positions in Shares and underlying Shares**

As at the Latest Practicable Date, to the best knowledge of the Directors, the following persons (not being a Director or chief executives of the Company) had interests and short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

<b>Name of Shareholder</b>	<b>Nature of interest</b>	<b>Number of Shares<sup>(10)</sup></b>	<b>Approximate percentage of shareholding<sup>(1)</sup></b>
Zhang Lei <sup>(2)</sup>	Interest in controlled corporation	334,926,750	33.49%
Yu Jinmei <sup>(3)</sup>	Interest of spouse	334,926,750	33.49%
Glorious Group <sup>(2)</sup>	Beneficial owner	334,926,750	33.49%
Vistra Trust (Hong Kong) Limited <sup>(8)(9)</sup>	Trustee	264,000,000	26.40%
Wang Yujuan <sup>(4)</sup>	Interest of spouse	179,002,250	17.90%
Hao Fung <sup>(5)</sup>	Beneficial owner	170,777,250	17.08%
Huang Tao <sup>(9)</sup>	Founder of a discretionary trust who can influence how the trustee exercises his discretion	158,400,000	15.84%
Platinum Wish Limited <sup>(9)</sup>	Beneficial owner	158,400,000	15.84%
Joy Deep Limited <sup>(9)</sup>	Beneficial owner	158,400,000	15.84%
Huang Shiyong <sup>(8)</sup>	Founder of a discretionary trust who can influence how the trustee exercises his discretion	105,600,000	10.56%
View Max Limited <sup>(8)</sup>	Beneficial owner	105,600,000	10.56%
Joy Riding Limited <sup>(8)</sup>	Beneficial owner	105,600,000	10.56%
CDH Griffin <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
East Oak <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
Access Star <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
Ningbo Huiyong <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
Ningbo Chunyong <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%

Name of Shareholder	Nature of interest	Number of Shares <sup>(10)</sup>	Approximate percentage of shareholding <sup>(1)</sup>
Ningbo Runyong <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
Ningbo Weijun <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
Ningbo Xubo <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
Ningbo Penghui <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
Tianjin Haoyong <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
Tianjin Weiyuan <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
Tianjin Taiding <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
Dinghui Investment <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
Shanghai CDH Yaojia <sup>(6)</sup>	Beneficial owner	86,424,000	8.64%
Hangzhou Dinghui <sup>(7)</sup>	Interest in controlled corporation	86,424,000	8.64%

## Notes:

- (1) The percentage represents the number of ordinary Shares interested divided by the number of the Company's issued Shares as at the Latest Practicable Date.
- (2) Glorious Group Holdings Limited (世家集团控股有限公司) (“**Glorious Group**”) is wholly owned by Mr. Zhang Lei. Therefore, Mr. Zhang Lei is deemed under the SFO to be interested in 334,926,750 Shares held by Glorious Group as at the Latest Practicable Date.
- (3) Ms. Yu Jinmei, the spouse of Mr. Zhang Lei, is deemed under the SFO to be interested in these 334,926,750 Shares in which Mr. Zhang Lei is deemed to be interested.
- (4) Ms. Wang Yujuan, the spouse of Mr. Zhang Peng, is deemed under the SFO to be interested in these 179,002,250 Shares in which Mr. Zhang Peng is deemed to be interested.
- (5) Hao Fung is wholly owned by Mr. Zhang Peng. Therefore, Mr. Zhang Peng is deemed under the SFO to be interested in these 170,777,250 Shares held by Hao Fung.
- (6) Dinghui Equity Investment Management (Tianjin) Company Limited\* (鼎暉股權投資管理(天津)有限公司) (“**Dinghui Investment**”) is the general partner of Shanghai CDH Yaojia Venture Capital Center (Limited Partnership)\* (上海鼎暉耀家創業投資中心(有限合夥)) (“**Shanghai CDH Yaojia**”). Dinghui Investment is owned as to 85.4% by Tianjin Taiding Investment Co., Ltd.\* (天津泰鼎投資有限公司) (“**Tianjin Taiding**”). Tianjin Taiding is owned as to 45% and 55% by Tianjin Weiyuan Investment Management Co., Ltd.\* (天津維遠投資管理有限公司) (“**Tianjin Weiyuan**”) and Tianjin Haoyong Investment Management Co., Ltd.\* (天津浩永投資管理有限公司) (“**Tianjin Haoyong**”), respectively. Tianjin Weiyuan is wholly owned by Ningbo Economic and Technological Development Zone Penghui Investment Consulting Co.,

Ltd.\* (寧波經濟技術開發區鵬暉投資諮詢有限公司) (“**Ningbo Penghui**”). Ningbo Penghui is wholly owned by Ningbo Economic and Technological Development Zone Xubo Investment Consulting Co., Ltd.\* (寧波經濟技術開發區旭博投資諮詢有限公司) (“**Ningbo Xubo**”). Ningbo Xubo is wholly owned by Ningbo Economic and Technological Development Zone Weijun Investment Consulting Co., Ltd.\* (寧波經濟技術開發區維均投資諮詢有限公司) (“**Ningbo Weijun**”). Ningbo Weijun is wholly owned by Access Star Company Limited (“**Access Star**”). Tianjin Haoyong is wholly owned by Ningbo Economic and Technological Development Zone Runyong Investment Consulting Co., Ltd.\* (寧波經濟技術開發區潤永投資諮詢有限公司) (“**Ningbo Runyong**”). Ningbo Runyong is wholly owned by Ningbo Economic and Technological Development Zone Chunyong Investment Consulting Co., Ltd.\* (寧波經濟技術開發區淳永投資諮詢有限公司) (“**Ningbo Chunyong**”). Ningbo Chunyong is wholly owned by Ningbo Economic and Technological Development Zone Huiyong Investment Consulting Co., Ltd.\* (寧波經濟技術開發區匯永投資諮詢有限公司) (“**Ningbo Huiyong**”), which is wholly owned by East Oak Company Limited (“**East Oak**”). Each of Access Star and East Oak is owned as to 85% by CDH Griffin Holdings Company Limited (“**CDH Griffin**”). Therefore, Dinghui Investment, Tianjin Taiding, Tianjin Weiyuan, Tianjin Haoyong, Ningbo Runyong, Ningbo Chunyong, Ningbo Huiyong, Ningbo Penghui, Ningbo Xubo, Ningbo Weijun, East Oak, Access Star and CDH Griffin are deemed under the SFO to be interested in these 86,424,000 Shares held by Shanghai CDH Yaojia.

- (7) Hangzhou Dinghui New Trend Equity Investment Partnership (Limited Partnership) (杭州鼎暉新趨勢股權投資合夥企業(有限合夥)) (“**Hangzhou Dinghui**”) is a limited partner of Shanghai CDH Yaojia. Shanghai CDH Yaojia is owned as to 99.9990% by Hangzhou Dinghui. Therefore, Hangzhou Dinghui is deemed under the SFO to be interested in these 86,424,000 Shares held by Shanghai CDH Yaojia.
- (8) View Max Limited (“**View Max**”) is interested in 105,600,000 Shares, which is owned by Joy Riding Limited (樂行有限公司) as to 99% and Leisure Light Limited (悠光有限公司) as to 1%, respectively. Joy Riding Limited is held by Leading Trend Family Trust, the founder and settlor of which is Mr. Huang Shiyong (黃世榮). Vistra Trust (Hong Kong) Limited is the trustee of Leading Trend Family Trust. Mr. Huang Shiyong and his family members are beneficiaries of Leading Trend Family Trust. As such, each of Vistra Trust (Hong Kong) Limited, Joy Riding Limited and Mr. Huang Shiyong is deemed to be interested in the 105,600,000 Shares held by View Max.
- (9) Platinum Wish Limited (“**Platinum Wish**”) is interested in 158,400,000 Shares, which is owned by Joy Deep Limited (悅深有限公司) as to 99% and Prime Elegance Limited (至雅有限公司) as to 1%, respectively. Joy Deep Limited is held by Sparkle Fortune Family Trust, the founder and settlor of which is Mr. Huang Tao (黃濤). Vistra Trust (Hong Kong) Limited is the trustee of Sparkle Fortune Family Trust. Mr. Huang Tao and his family members are beneficiaries of Sparkle Fortune Family Trust. As such, each of Vistra Trust (Hong Kong) Limited, Joy Deep Limited and Mr. Huang Tao is deemed to be interested in the 158,400,000 Shares held by View Max.
- (10) All interests stated are long positions.

### 3. DIRECTORS’ INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective close associates had engaged in or had any interest in any business which competes or may compete, either directly or indirectly, with the businesses of the Group.

#### **4. DIRECTORS' INTERESTS IN TRANSACTIONS, ASSETS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE**

Reference is made to the Company's 2021 annual report published on April 28, 2022. The significant related party transactions of the Company are disclosed in note 30 to the consolidated financial statements, and the connected transactions of the Company are disclosed in the section headed "Connected Transactions".

Further references are made to the announcement and circular of the Company dated June 28, 2022 and August 11, 2022, respectively. On June 28, 2022, the Company entered into (1) the First Assets Existing Master Maintenance Services Agreement; (2) the First Assets Existing Master Property Management Agreement; (3) the master lease agreement dated June 28, 2022 with First Assets; and (4) the master software and services agreement dated June 28, 2022 with First Assets. The said agreements shall expire on December 31, 2022.

Save for the transactions disclosed pursuant to the Listing Rules, no Director had either direct or indirect material interest in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party, and there was no transaction, arrangement or contract of significance between the Company or any of its subsidiaries and the Company's controlling Shareholders or any of its subsidiaries, subsisted at the end of, or at any time during the year ended December 31, 2021 and up to the Latest Practicable Date.

No Director had any interest, direct or indirect, in any assets which have been, since December 31, 2021, being the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group as at the Latest Practicable Date.

#### **5. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered into a service contract which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

#### **6. QUALIFICATION AND CONSENT OF EXPERT**

Altus Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter of advice dated December 30, 2022 for incorporation in this circular, and references to its name included in the form and context in



which they appear. The following is the qualifications of the expert who has given an opinion or advice, which is contained in this circular:

<b>Name</b>	<b>Qualifications</b>
Altus Capital Limited	a corporation licensed under the SFO to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities

As at the Latest Practicable Date, Altus Capital Limited did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Altus Capital Limited was not interested, directly or indirectly, in any assets which had since December 31, 2021, being the date to which the latest published audited accounts of the Group were made up, been acquired or disposed of by or leased to, or proposed to be acquired or disposed of by or leased to, any member of the Group.

## **7. MATERIAL ADVERSE CHANGE**

The Directors confirm that there has been no material adverse change in the financial or trading positions of the Group since December 31, 2021, being the date to which the latest published audited accounts of the Group were made up, up to and including the Latest Practicable Date.

## **8. DOCUMENTS ON DISPLAY**

The following documents will be available on (i) the website of the Company ([www.firstservice.hk](http://www.firstservice.hk)) and (ii) the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) during the period of 14 days from the date of this circular:

- (a) the New Master Property Management Agreements;
- (b) the letter from the Independent Board Committee dated December 30, 2022, the text of which is set out on pages 33 to 34 of this circular;
- (c) the consent letter from the IFA referred to in the paragraph headed “6. QUALIFICATION AND CONSENT OF EXPERT” in this appendix;
- (d) the letter from the IFA dated December 30, 2022, the text of which is set out on pages 35 to 64 of this circular; and
- (e) this circular.

## NOTICE OF EXTRAORDINARY GENERAL MEETING

### First Service Holding Limited

### 第一服务控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2107)**

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the extraordinary general meeting (the “EGM”) of First Service Holding Limited (the “Company”) will be held at 3rd Floor, Building 10, Wanguocheng MOMA, No. 1 Xiangheyuan Road, Dongzhimenwai, Dongcheng District, Beijing, PRC on Thursday, January 19, 2023 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions:

1. **“THAT** the continuing connected transactions contemplated under the master property management agreement entered into between the Company and Modern Land (China) Co., Limited on November 17, 2022 and the proposed annual caps in relation thereto be and are hereby generally and unconditionally approved, confirmed and ratified and the directors of the Company acting together or by committee, or any director of the Company acting individually, be and is hereby authorized to do all such further acts and things and execute such further documents and take all such steps which in his/her opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of such continuing connected transactions.”
2. **“THAT** the continuing connected transactions contemplated under the master property management agreement entered into between the Company and Super Land Holdings Limited on November 17, 2022 and the proposed annual caps in relation thereto be and are hereby generally and unconditionally approved, confirmed and ratified and the directors of the Company acting together or by committee, or any director of the Company acting individually, be and is hereby authorized to do all such further acts and things and execute such further documents and take all such steps which in his/her opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of such continuing connected transactions.”
3. **“THAT** the continuing connected transactions contemplated under the master property management agreement entered into between the Company and First MOMA Assets Management (Beijing) Co., Ltd. on November 17, 2022 and the proposed annual caps in relation thereto be and are hereby generally and unconditionally approved, confirmed and ratified and the directors of the Company acting together or by committee, or any director of the Company acting individually, be and is hereby authorized to do all such further acts and things and execute such further documents and take all such steps which in his/her opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of such continuing connected transactions.”

## NOTICE OF EXTRAORDINARY GENERAL MEETING

4. “**THAT** the continuing connected transactions contemplated under the master property management agreement entered into between the Company and Modern Investment Group Co., Ltd. on November 17, 2022 and the proposed annual caps in relation thereto be and are hereby generally and unconditionally approved, confirmed and ratified and the directors of the Company acting together or by committee, or any director of the Company acting individually, be and is hereby authorized to do all such further acts and things and execute such further documents and take all such steps which in his/her opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of such continuing connected transactions.”

By order of the Board  
**First Service Holding Limited**  
**Zhang Peng**  
*Chairman*

Hong Kong, December 30, 2022

*Notes:*

1. 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 Monday, January 16, 2023 to Thursday, January 19, 2023 (both days inclusive), during which period no transfer of Shares will be registered. To be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates and the duly completed and signed transfer forms must be lodged for registration with the Company’s share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, January 13, 2023.
2. A member of the Company who is entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote in his/her/its stead. The proxy need not be a member of the Company. If more than one proxy is appointed, the appointment shall specify the number of Shares in respect of which each such proxy is appointed.
3. The form of proxy, together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be lodged with the Company’s share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 48 hours before the time fixed for holding the EGM (i.e. before 10:00 a.m. on Tuesday, January 17, 2023) or any adjournment thereof.
4. The above ordinary resolutions will be voted by poll.
5. As at the date of this notice, our executive Directors are Mr. Liu Peiqing, Mr. Jia Yan, Mr. Jin Chungang and Ms. Zhu Li, our non-executive Directors are Mr. Zhang Peng and Mr. Long Han, and our independent non-executive Directors are Ms. Sun Jing, Mr. Cheng Peng and Mr. Chen Sheng.
6. References to time and dates in this notice are to Hong Kong time and dates.