

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Sino-Ocean Service Holding Limited, you should at once hand this circular to the purchaser or other transferee or to the bank, a licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
PROVISION OF EXCLUSIVE PARKING SPACE
SALES AGENCY SERVICES
(1) RENEWAL OF AGREEMENT
FOR THE THREE YEARS ENDING 31 DECEMBER 2025
AND
(2) NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

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



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

A notice convening the EGM to be held at Meeting Room, 2nd Floor, Tower A, No. A518 East Road of Chaoyang Sports Center, Chaoyang District, Beijing, PRC on Tuesday, 31 January 2023 at 10:15 a.m. is set out on pages 59 to 60 of this circular.

A letter from the Board is set out on pages 5 to 21 of this circular. A letter from the Independent Board Committee is set out on pages 22 to 23 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 24 to 53 of this circular.

A form of proxy for use at the EGM is enclosed to this circular and is also published on the websites of the Company (www.sinooceanservice.com) and the Stock Exchange (www.hkexnews.hk). If you intend to appoint a proxy to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM (i.e., not later than 10:15 a.m. on Sunday, 29 January 2023 (Hong Kong Time)), or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

PRECAUTIONARY MEASURES FOR THE EGM

To safeguard the health and safety of the Shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the EGM:

- (1) Compulsory temperature screening/checks
- (2) Wearing of surgical face mask

Attendees who do not comply with the precautionary measures above may be denied entry to the EGM venue.

For the health and safety of the Shareholders, the Company would like to encourage the Shareholders to exercise their right to vote at the EGM by appointing the chairman of the EGM as their proxy instead of attending the EGM in person. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof should they so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

PRECAUTIONARY MEASURES FOR THE EGM

To safeguard the health and safety of the Shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the EGM:

- (1) Compulsory temperature screening/checks will be carried out on every attendee at the entrance of the EGM venue.
- (2) Every attendee will be required to wear a surgical face mask throughout the EGM and sit at a distance from other attendees.

Attendees are requested to observe and practise good personal hygiene at all times at the EGM venue.

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 so as to ensure the health and safety of the attendees at the EGM.

For the health and safety of the Shareholders, the Company would like to encourage the Shareholders to exercise their right to vote at the EGM by appointing the chairman of the EGM as their proxy instead of attending the EGM in person. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof should they so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

Due to the constantly evolving COVID-19 pandemic situation, the Company may be required to change the EGM arrangements when appropriate. Shareholders should check the respective website of the Company (www.sinooceanservice.com) and the Stock Exchange (www.hkexnews.hk) for future announcements and updates on the EGM arrangements.

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DEFINITIONS

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

“2020–2022 Master Consultancy and Other Value-added Services Agreement”	an agreement dated 27 November 2020 entered into between the Company (on behalf of each member of the Group) and Sino-Ocean Group (on behalf of each Sino-Ocean Connected Person) in relation to the provision of consultancy and other value-added services by the Group to the Sino-Ocean Connected Persons for a term from the Listing Date to 31 December 2022
“2022 Deposit Cap”	the maximum aggregate amount of deposits payable under the Existing CP Framework Agreement for the year ended 31 December 2022
“2023–2025 Master Consultancy and Other Value-added Services Agreement”	an agreement dated 11 November 2022 entered into between the Company (on behalf of each member of the Group) and Sino-Ocean Group (on behalf of each Sino-Ocean Connected Person) (as amended and supplemented from time to time) to renew the transactions as contemplated under the 2020–2022 Master Consultancy and Other Value-added Services Agreement, details of which are set out in the announcement and circular of the Company in relation to continuing connected transactions dated 11 November 2022 and 13 January 2023, respectively
“Abstained Directors”	Mr. Cui Hongjie and Mr. Zhu Xiaoxing, each being a non-executive Director
“Announcements”	collectively, the announcements of the Company dated 30 December 2021 and 20 January 2022 in relation to the Continuing Connected Transactions
“Base Price”	with respect to a Target Parking Space, the minimum price for the sale of such Target Parking Space agreed or to be agreed by the Group and the relevant Sino-Ocean Connected Person
“Board”	the board of Directors
“Company”	Sino-Ocean Service Holding Limited (遠洋服務控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 06677)
“Continuing Connected Transactions”	the transactions under the Existing CP Framework Agreement

DEFINITIONS

“Cycle”	has the meaning ascribed to it under the section headed “RENEWAL OF AGREEMENT FOR THE THREE YEARS ENDING 31 DECEMBER 2025 — The New CP Framework Agreement — Term” in this circular
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at Meeting Room, 2nd Floor, Tower A, No. A518 East Road of Chaoyang Sports Center, Chaoyang District, Beijing, PRC on Tuesday, 31 January 2023 at 10:15 a.m. for the Independent Shareholders to consider and, if thought fit, approve the New CP Framework Agreement and the transactions as contemplated thereunder (including the annual caps for deposits)
“Exclusive Sales Agency Fees”	has the meaning ascribed to it under the section headed “RENEWAL OF AGREEMENT FOR THE THREE YEARS ENDING 31 DECEMBER 2025 — The New CP Framework Agreement — Pricing policy — (b) Exclusive Sales Agency Fees” in this circular
“Exclusive Sales Right(s)”	with respect to the parking space(s) developed or held by the Sino-Ocean Connected Person(s), exclusive right(s) granted or to be granted by the Sino-Ocean Connected Person(s) to the Group, pursuant to which the Group shall provide sales agency services with respect to such Target Parking Space(s) on an exclusive basis and the Group can request the Sino-Ocean Connected Person(s) to transfer the Target Parking Space(s) to any third party purchaser(s) designated by the Group at an agreed price not lower than the Base Price of such Target Parking Space(s)
“Existing CP Framework Agreement”	an agreement dated 30 December 2021 entered into between the Company (on behalf of each member of the Group) and Sino-Ocean Group (on behalf of each Sino-Ocean Connected Person) in relation to the grant of the Exclusive Sales Rights and the provision of exclusive sales agency services with respect to the Target Parking Spaces
“Group”	the Company and its subsidiaries
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	an independent board committee of the Board, comprising all the independent non-executive Directors, namely Dr. Guo Jie, Mr. Ho Chi Kin Sammy and Mr. Leung Wai Hung, established for the purpose of advising the Independent Shareholders in respect of the New CP Framework Agreement and the transactions as contemplated thereunder (including the annual caps for deposits)
“Independent Financial Adviser”	Red Sun Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the New CP Framework Agreement and the transactions as contemplated thereunder (including the annual caps for deposits)
“Independent Shareholders”	Shareholders other than Shine Wind and its associates
“Latest Practicable Date”	11 January 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Date”	17 December 2020, the first date on which the Shares were listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set forth in Appendix 10 to the Listing Rules
“New CP Framework Agreement”	an agreement dated 14 October 2022 entered into between the Company (on behalf of each member of the Group) and Sino-Ocean Group (on behalf of each Sino-Ocean Connected Person) to renew the Continuing Connected Transactions on terms as set out therein (as amended and supplemented from time to time)
“PRC”	the People’s Republic of China, which for the purpose of this circular only, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong)

DEFINITIONS

“Share(s)”	ordinary share(s) of the Company with a par value of HKD0.10 each
“Shareholder(s)”	shareholder(s) of the Company
“Shine Wind”	Shine Wind Development Limited (耀勝發展有限公司), a company incorporated in the British Virgin Islands with limited liability, a wholly-owned subsidiary of Sino-Ocean Group and a controlling Shareholder
“Sino-Ocean Connected Persons”	Sino-Ocean Group and its associates, excluding, for the avoidance of doubt, the Group
“Sino-Ocean Group”	Sino-Ocean Group Holding Limited (遠洋集團控股有限公司), a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 03377) and a controlling Shareholder
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental CP Framework Agreement”	an agreement dated 14 October 2022 entered into between the Company (on behalf of each member of the Group) and Sino-Ocean Group (on behalf of each Sino-Ocean Connected Person) to amend and supplement the Existing CP Framework Agreement
“Target Parking Space(s)”	parking space(s) developed or held by the Sino-Ocean Connected Person(s) which is/are identified and agreed or to be identified and agreed between the Group and the Sino-Ocean Connected Person(s), with the Exclusive Sales Right(s) thereon granted or to be granted to the Group
“%”	per cent

In this circular, unless the context otherwise requires, the terms “associate(s)”, “close associate(s)”, “connected person(s)”, “connected transaction(s)”, “continuing connected transaction(s)”, “controlling shareholder(s)”, “percentage ratio(s)”, “subsidiary(ies)” and “substantial shareholder(s)” shall have the meanings given to such terms in the Listing Rules, as modified by the Stock Exchange from time to time.

* *For identification purposes only*

LETTER FROM THE BOARD



Executive Directors:

Mr. Yang Deyong
Ms. Zhu Geying

Non-executive Directors:

Mr. Cui Hongjie
Mr. Zhu Xiaoxing

Independent non-executive Directors:

Dr. Guo Jie
Mr. Ho Chi Kin Sammy
Mr. Leung Wai Hung

Registered office:

Cricket Square, Hutchins Drive
PO Box 2681, Grand Cayman
KY1-1111, Cayman Islands

Headquarters in the PRC:

2nd Floor, Tower A
No. A518 East Road of
Chaoyang Sports Center
Chaoyang District
Beijing, PRC

Principal place of business in Hong Kong:

Suite 601, One Pacific Place
88 Queensway
Hong Kong

13 January 2023

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
PROVISION OF EXCLUSIVE PARKING SPACE
SALES AGENCY SERVICES
(1) RENEWAL OF AGREEMENT
FOR THE THREE YEARS ENDING 31 DECEMBER 2025
AND
(2) NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 14 October 2022. On 14 October 2022, the Company (on behalf of each member of the Group) entered into (i) the Supplemental CP Framework Agreement with Sino-Ocean Group (on behalf of each Sino-Ocean Connected Person) in respect of which the Board proposes to (a) revise the original 2022 Deposit Cap under the Existing CP Framework Agreement in view of the additional amount of deposits to be paid for the obtaining of the Exclusive Sales Rights for

Sino-Ocean Service Holding Limited
(Incorporated in the Cayman Islands with limited liability)

Stock Code : 06677

LETTER FROM THE BOARD

additional Target Parking Spaces and (b) provide for an additional term to cap the amount of deposit for the obtaining of the Exclusive Sales Right in respect of each newly added Target Parking Space at 50% of the relevant Base Price; and (ii) the New CP Framework Agreement with Sino-Ocean Group (on behalf of each Sino-Ocean Connected Person) to renew the Continuing Connected Transactions on terms as set out in the New CP Framework Agreement.

Taking into account (i) the additional time which was required to finalise this circular, (ii) the expected time for the EGM to take place and (iii) the actual amount of deposits paid/payable pursuant to the Existing CP Framework Agreement for the year ended 31 December 2022 (which had not exceeded the original 2022 Deposit Cap), the Board (excluding the Abstained Directors) has decided that it was no longer necessary to revise the original 2022 Deposit Cap under the Existing CP Framework Agreement, and accordingly, the Supplemental CP Framework Agreement was terminated by the Company (on behalf of each member of the Group) and Sino-Ocean Group (on behalf of each Sino-Ocean Connected Person) on 10 January 2023.

The purpose of this circular is to provide you with, among other things, (i) further details of the New CP Framework Agreement and the transactions as contemplated thereunder (including the annual caps for deposits); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) other information as required under the Listing Rules, together with a notice of the EGM and the form of proxy.

DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS IN RELATION TO PROVISION OF EXCLUSIVE PARKING SPACE SALES AGENCY SERVICES

Reference is made to the Announcements in relation to, among other things, the Continuing Connected Transactions.

LETTER FROM THE BOARD

RENEWAL OF AGREEMENT FOR THE THREE YEARS ENDING 31 DECEMBER 2025

On 14 October 2022 (after trading hours of the Stock Exchange), the Company (on behalf of each member of the Group) entered into the New CP Framework Agreement with Sino-Ocean Group (on behalf of each Sino-Ocean Connected Person), pursuant to which the parties have agreed to renew the Continuing Connected Transactions on terms as set out in the New CP Framework Agreement. Set out below are the principal terms of the New CP Framework Agreement.

The New CP Framework Agreement

Date

14 October 2022

Parties

- (i) the Company (on behalf of each member of the Group); and
- (ii) Sino-Ocean Group (on behalf of each Sino-Ocean Connected Person).

Term

The New CP Framework Agreement shall take effect on the date of approval by the Independent Shareholders at the EGM and end on 31 December 2025.

The cooperation within the term of the New CP Framework Agreement shall be divided into three cycles (each, a “**Cycle**”): the first Cycle is from the effective date of the New CP Framework Agreement to 31 December 2023, the second Cycle is from 1 January 2024 to 31 December 2024, and the third Cycle is from 1 January 2025 to 31 December 2025.

The New CP Framework Agreement may be renewed as the parties may mutually agree, subject to compliance with the requirements of the Listing Rules and all applicable laws and regulations.

Subject matter

Pursuant to the New CP Framework Agreement, Sino-Ocean Group (on behalf of each Sino-Ocean Connected Person) has agreed to grant the Exclusive Sales Rights with respect to the Target Parking Spaces to the Group, pursuant to which the Group shall provide sales agency services with respect to such Target Parking Spaces on an exclusive basis, and shall charge the difference between (i) the actual sales price to be paid by a third party purchaser and (ii) the corresponding Base Price for such Target Parking Space as fees for the provision of the exclusive sales agency services. In return, the Group shall pay fully refundable deposits to the Sino-Ocean Connected Persons for obtaining the Exclusive Sales Rights in respect of the Target Parking Spaces.

LETTER FROM THE BOARD

The Exclusive Sales Right is an exclusive right enjoyed by the Group, and Sino-Ocean Group shall not and shall procure each relevant Sino-Ocean Connected Person not to, directly or entrust other third parties to, sell, offer to sell, transfer, gift, pledge or otherwise dispose of any of the Target Parking Spaces to any third party, unless with the prior written consent of the Group.

The New CP Framework Agreement is a framework agreement which contains the principles, mechanisms and terms and conditions upon which the parties thereto are to carry out the transactions as contemplated thereunder. The Group and the Sino-Ocean Connected Persons shall enter into specific agreements to specify, among other things, the Target Parking Spaces the Exclusive Sales Rights of which are to be granted to the Group and their corresponding Base Prices and deposits payable for obtaining the Exclusive Sales Rights, provided that the terms and conditions of such specific agreements shall not be inconsistent with the terms of the New CP Framework Agreement. The grant of the Exclusive Sales Rights by the Sino-Ocean Connected Persons as well as the payment of the corresponding deposits, and the provision of the exclusive sales agency services with respect to the Target Parking Spaces by the Group will be carried out in accordance with such specific agreements to be entered into between the Group and the Sino-Ocean Connected Persons from time to time.

As set out in the section headed “RENEWAL OF AGREEMENT FOR THE THREE YEARS ENDING 31 DECEMBER 2025 — The New CP Framework Agreement — The proposed annual caps and basis of determination — (b) Exclusive Sales Agency Fees” in this circular, the provision of the exclusive sales agency services by the Group to the Sino-Ocean Connected Persons under the New CP Framework Agreement shall form part of the continuing connected transactions pursuant to the 2023–2025 Master Consultancy and Other Value-added Services Agreement. Accordingly, the New CP Framework Agreement shall be conditional on and take effect upon obtaining the approval from the Independent Shareholders of the 2023–2025 Master Consultancy and Other Value-added Services Agreement and the transactions as contemplated thereunder (including the proposed annual caps) at the relevant extraordinary general meeting.

Pricing policy

(a) Deposits

The deposits payment is associated with and forms an integral part of the exclusive sale of the Target Parking Spaces by the Group as exclusive sales agent. To obtain the Exclusive Sales Rights in respect of the Target Parking Spaces, the Group shall from time to time pay the Sino-Ocean Connected Persons fully refundable deposits according to the payment schedule to be determined and agreed between the Group and the relevant Sino-Ocean Connected Persons under specific agreements.

The amount of deposit payable for the obtaining of the Exclusive Sales Right in respect of a Target Parking Space shall not exceed 50% of the Base Price thereof. The Base Price in respect of a Target Parking Space (being the minimum price for the sale of such Target Parking Space to be agreed by the Group and the relevant Sino-Ocean Connected Person) shall be determined after arm’s length negotiation by the parties taking into consideration

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factors including but not limited to the average price of comparable parking spaces in the surrounding markets of such Target Parking Space, and the location, occupancy rate, parking space ratio and sale progress of the relevant project, and the Base Price in respect of a Target Parking Space shall not exceed 80% of the average price (determined with reference to the recent historical transaction prices, and/or the quoted selling prices (obtained through public websites such as Anjue (安居客), Lianjia (鏈家) and 58 Tongcheng (58同城)) of at least three parking spaces), of comparable parking spaces in the surrounding markets (being parking spaces situated in surrounding areas of similar levels of commercial prosperity, residential project positioning, per capita income, traffic conditions and infrastructure (where applicable)) thereof.

The parties shall conduct a review on the Base Prices and the corresponding deposits paid/payable for the obtaining of the Exclusive Sales Rights in respect of any unsold Target Parking Spaces upon the expiration of each quarter during each Cycle. The Group shall have the right to adjust the Base Prices and the corresponding deposits payable according to the then market conditions. The Group shall also have the right to terminate the Exclusive Sales Rights for any unsold Target Parking Spaces should the parties cannot agree on the revised Base Prices and the corresponding deposits, in which case, the corresponding deposits paid for such Target Parking Spaces shall be refunded (without interest) to the Group within 15 business days from the date of termination of the Exclusive Sales Rights.

The deposits payable by the Group under the New CP Framework Agreement will be settled by the Group using the net proceeds from the listing of the Shares on the Stock Exchange of a maximum amount of approximately RMB375.5 million with any remaining amount to be settled by cash from internal resources.

In the event that any Target Parking Space is delivered to a purchaser, such Target Parking Space is considered as sold and the corresponding deposit paid for obtaining the Exclusive Sales Right of such Target Parking Space shall be refunded (without interest) to the Group, which shall be settled by the relevant Sino-Ocean Connected Person together with corresponding Exclusive Sales Agency Fees involved on a monthly basis and within 15 business days thereof.

Further, the parties shall review the composition of the Target Parking Spaces on a quarterly basis. In respect of any unsold Target Parking Space, the Group is entitled to either (i) terminate the Exclusive Sales Right for such unsold Target Parking Space, in which case, the corresponding deposit paid for such Target Parking Space shall be refunded (without interest) to the Group within 15 business days from the date of termination of the Exclusive Sales Right; or (ii) replace such unsold Target Parking Space with other new Target Parking Space (of the same value) to be agreed between the Company and Sino-Ocean Group.

Upon the termination or expiration of the New CP Framework Agreement, any balance of deposits paid pursuant to the New CP Framework Agreement shall be refunded (without interest) within 15 business days.

LETTER FROM THE BOARD

(b) Exclusive Sales Agency Fees

Pursuant to the New CP Framework Agreement, with respect to the sale of a Target Parking Space, the Group shall charge the difference between (i) the actual sales price to be paid by a third party purchaser and (ii) the corresponding Base Price for such Target Parking Space as fees for providing exclusive sales agency services with respect to such Target Parking Space (the “**Exclusive Sales Agency Fees**”). The relevant Sino-Ocean Connected Person shall settle the Exclusive Sales Agency Fees and shall refund the corresponding deposit with respect to such Target Parking Space on a monthly basis and within 15 business days thereof.

The arrangement under the New CP Framework Agreement shall enable the Group to have higher autonomy in terms of pricing of the selling prices of the Target Parking Spaces and higher potential return. By paying the fully refundable deposits for the Exclusive Sales Rights, the Group can obtain a preferential discounted rate (being the Base Price which is at a discount of at least 20% to the market price) for sales of the Target Parking Spaces, pursuant to which the Exclusive Sales Agency Fees receivable by the Group shall be the actual sales amount in excess thereof. Based on such arrangement and assuming that the Target Parking Spaces are sold at market price, it is expected that at least 20% of the respective selling price will be generated as the Exclusive Sales Agency Fees under the New CP Framework Agreement. The Exclusive Sales Agency Fees are expected to outweigh (i) the potential interest income that may be generated from depositing the deposits at banks or other financial institutions; and (ii) the agency fees the Group is entitled to under the parking spaces sales arrangement with the Sino-Ocean Connected Persons on a non-exclusive basis.

Further, it is noted from public announcements that some other listed issuers made bulk purchases of parking spaces from property developers for the purpose of resale or renting out in the PRC, under which the considerations paid were not refundable. Comparing to such practice, the arrangement under the New CP Framework Agreement was more favourable as the risk of holding unsold and vacant parking spaces will not be passed onto the Group.

In terms of the liquidity of the Group, as at 30 June 2022, the Group had cash and cash equivalents of approximately RMB2,474 million and had no interest-bearing borrowings. Although the deposits in the amount of up to the respective annual caps under the New CP Framework Agreement might be paid to the Sino-Ocean Connected Persons until 31 December 2025, given the solid financial position of the Group as at 30 June 2022, it is expected that the deposit payments pursuant to the New CP Framework Agreement will not give rise to excessive and burdensome pressure on the Group’s cash flow and liquidity.

In addition, the Group has maintained a long-term business relationship with Sino-Ocean Group, which is a leading large-scale PRC property developer listed on the Main Board of the Stock Exchange (Stock Code: 03377), with China Life Insurance Company Limited (中國人壽保險股份有限公司) being Sino-Ocean Group’s single largest shareholder holding approximately 29.59% of its shares as of 30 June 2022, and Dajia Life Insurance Co., Ltd.* (大家人壽保險股份有限公司) being Sino-Ocean Group’s second largest

LETTER FROM THE BOARD

shareholder holding approximately 29.58% of its shares as of the same date. According to the interim report of Sino-Ocean Group for the six months ended 30 June 2022, Sino-Ocean Group is financially sound and had total cash resources (including cash and cash equivalents and restricted bank deposits) of approximately RMB19,642 million, and an unutilised credit facilities of approximately RMB218,284 million as at 30 June 2022. The maximum balance of the deposits in each Cycle is only approximately 2.3% of the aforesaid total cash resources of Sino-Ocean Group and approximately 0.2% of the sum of the aforesaid total cash resources and unutilised credit facilities of Sino-Ocean Group. Reference is made to Sino-Ocean Group's announcement dated 11 November 2022 in relation to, among others, the change of its auditor and matters that the resigned auditor considered should be brought to the attention of the shareholders and creditors of Sino-Ocean Group for the year ended 31 December 2022, such as the possibility of potential defaults or cross-defaults of borrowings. As disclosed in such announcement, Sino-Ocean Group has obtained consents from majority of the lending banks regarding amendments of relevant financial covenants and terms of bank loan agreements and no defaults or cross-defaults of borrowings of Sino-Ocean Group are expected. Further, Sino-Ocean Group did not announce any material adverse credit events and/or defaults in the past 24 months. Moreover, the People's Bank of China and the China Banking and Insurance Regulatory Commission jointly issued Notice No. 254 in November 2022 containing a 16-point plan to support the property development sector through measures that range from addressing developers' liquidity crisis to loosening down-payment requirements for homebuyers, which is expected to bring about positive impact to the overall real estate market in the PRC. Considering the above factors and the relevant internal control measures of the Group (details of which are set out in the sections headed "INTERNAL CONTROL MEASURES" and "RECOVERABILITY OF DEPOSITS UNDER THE NEW CP FRAMEWORK AGREEMENT" in this circular), the Board considers that the risk of being not able to recover the fully refundable deposits from Sino-Ocean Group is low.

The Board has conducted additional due diligence work on Sino-Ocean Group in light of its latest development, including but not limited to (a) reviewing the announcements of Sino-Ocean Group as well as publicly available information in the market up to the Latest Practicable Date and noted that no material adverse credit event and/or default in the past 24 months was announced; (b) conducting winding-up searches against Sino-Ocean Group in Hong Kong based on publicly available information and noted that no winding-up proceedings were commenced against Sino-Ocean Group in Hong Kong as at the Latest Practicable Date; and (c) conducting searches against Sino-Ocean Holding Group (China) Limited (遠洋控股集團(中國)有限公司), being the principal subsidiary of Sino-Ocean Group in the PRC, based on publicly available information and noted that no litigation or winding-up proceedings which might in turn have a material adverse effect on Sino-Ocean Group's financial position were commenced against such entity in the PRC as at the Latest Practicable Date.

LETTER FROM THE BOARD

The New CP Framework Agreement also provides for, among other things, a quarterly review of the composition of the Target Parking Spaces as well as the Base Prices and the corresponding deposits paid/payable for the obtaining of the Exclusive Sales Rights in respect of any unsold Target Parking Spaces, pursuant to which the Group shall have the right to adjust the Base Prices and the corresponding deposits or to terminate the Exclusive Sales Rights. Such mechanism provides the Group with, among others, the flexibility to control and make adjustments to the deposit amounts should it consider appropriate taking into account factors including the then market conditions, the marketability of the unsold Target Parking Spaces, the then financial position (in particular the cash flow and liquidity) as well as business and development plans of the Group, the then financial position (in particular the cash position and payment ability) of Sino-Ocean Group.

On a whole, it is expected that the arrangement under the New CP Framework Agreement provides higher potential returns for the Group, and although the deposits payable for the obtaining of the Exclusive Sales Rights are not secured by any collateral, associated risks thereunder are limited and manageable. On the basis above, the Board considers that the terms of the New CP Framework Agreement (including the payment of deposits for the Exclusive Sales Rights) are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The proposed annual caps and basis of determination

(a) Deposits

The Target Parking Spaces shall be identified and agreed between the Group and the Sino-Ocean Connected Persons from time to time and be reviewed quarterly based on the parking spaces then held by the Sino-Ocean Connected Persons and the market conditions.

With reference to the following factors, it is expected that the balance of deposits to be paid under the New CP Framework Agreement at any time during the three years ending 31 December 2023, 2024 and 2025 shall not exceed RMB450 million, RMB450 million and RMB450 million respectively:

- (i) the location, quantity, quality, prices of comparable parking spaces, etc. of (a) the parking spaces which are developed or held by the Sino-Ocean Connected Persons, the Exclusive Sales Rights of which were granted by the Sino-Ocean Connected Persons to the Group under the Existing CP Framework Agreement and which are expected to form part of the Target Parking Spaces under the New CP Framework Agreement; (b) the additional parking spaces which are developed or held by the Sino-Ocean Connected Persons in respect of which the Sino-Ocean Connected Persons are willing to grant the Exclusive Sales Rights to the Group (the number of additional parking spaces which are held by the Sino-Ocean Connected Persons and are available for the Group to sell being over 12,000 units with an estimated market unit price ranging from RMB35,000 to RMB250,000 and an estimated total market value exceeding RMB1,100 million, in view of the Sino-Ocean Connected Persons' property development projects across multiple regions and cities in the PRC, including, among others, (w) Beijing, Tianjin, Shijiazhuang and Qinhuangdao in the Beijing-Tianjin-Hebei region; (x) Hangzhou

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and Nanjing in the Eastern China region; (y) Wuhan, Zhengzhou, Chengdu and Kunming in the Central and Western China region; and (z) Taiyuan in the Bohai Rim region); and (c) the parking spaces which are expected to be delivered by the Sino-Ocean Connected Persons in 2023, 2024 and 2025, in respect of which the Sino-Ocean Connected Persons are willing to grant the Exclusive Sales Rights to the Group;

- (ii) the deposit rate of not exceeding 50% of the relevant Base Price for obtaining the Exclusive Sales Right in respect of a Target Parking Space;
- (iii) the resources that the Group may allocate to the provision of parking space sales agency services, and its ability to meet the service demand;
- (iv) the market deposit rates in respect of similar types and scope of exclusive parking space sales agency services;
- (v) the business development plans of the Group to further expand its parking space sales agency services; and
- (vi) the financial and cash position of the Group.

(b) Exclusive Sales Agency Fees

The provision of sales agency services under the New CP Framework Agreement shall form part of the continuing connected transactions pursuant to the 2023–2025 Master Consultancy and Other Value-added Services Agreement, and the Exclusive Sales Agency Fees payable by the Sino-Ocean Connected Persons to the Group shall be subject to the relevant proposed annual caps thereunder of RMB592 million, RMB682 million and RMB813 million respectively for each of the three years ending 31 December 2023, 2024 and 2025. As such, no separate cap has been set for the provision of the sales agency services under the New CP Framework Agreement. For details of the 2023–2025 Master Consultancy and Other Value-added Services Agreement, please refer to the announcement and circular of the Company in relation to continuing connected transactions dated 11 November 2022 and 13 January 2023, respectively.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE NEW CP FRAMEWORK AGREEMENT

The Group is a comprehensive property management service provider with extensive geographic coverage in the PRC and is primarily engaged in the provision of, among others, a variety of value-added services to property owners and residents of the properties under its management as well as non-property owners. The Group is committed to further expanding its business scale and diversifying the service offerings.

As it is expected that the majority of the parking spaces developed or held by the Sino-Ocean Connected Persons is part of the projects under the management of the Group, the Group is in a good position to obtain market information and resources (for instance, information on the needs of potential owners and tenants) associated with such parking

LETTER FROM THE BOARD

spaces. Accordingly, the entering into of the New CP Framework Agreement would allow the Group to obtain the Exclusive Sales Rights through the payment of deposits, thereby enjoying a higher degree of freedom in setting the sales prices for the Target Parking Spaces, having more flexibility in adjusting the sales prices taking into account the market circumstances and further facilitating the sales of the Target Parking Spaces by utilising the cumulative market information and sales strategies of the projects under management.

Further, pursuant to the New CP Framework Agreement, the Group shall charge the difference between (i) the actual sales price to be paid by a third party purchaser and (ii) the corresponding Base Price for a Target Parking Space as the Exclusive Sales Agency Fees, and the Base Price in respect of a Target Parking Space shall not exceed 80% of the average price of comparable parking spaces in the surrounding markets thereof. On this basis, assuming that a Target Parking Space is sold at market price, it is expected that at least 20% of the respective selling price will be generated as the Exclusive Sales Agency Fees receivable by the Group. In that case, the Group would be able to earn higher agency fees than those earned through the provision of parking space sales agency services on a non-exclusive basis. Accordingly, the entering into of the New CP Framework Agreement would allow the Group to continue to benefit from the stable revenue generated thereunder and enhance the overall profitability, thereby bringing about potential considerable return to the Shareholders.

In addition, the deposits payable by the Group under the New CP Framework Agreement will be settled by the Group using the net proceeds from the listing of the Shares on the Stock Exchange of a maximum amount of approximately RMB375.5 million with any remaining amount to be settled by cash from internal resources, and the Group will have sufficient funding for its operations after payment of the deposits. In consideration of the expected stable revenue generated by the receipt of the Exclusive Sales Agency Fees, which outweigh the potential interest income of depositing the relevant deposits at the banks and financial institutions, the Company considers that the payment of fully refundable deposits for the obtaining of the Exclusive Sales Rights pursuant to the New CP Framework Agreement would allow the Group to better utilise its cash resources.

Further, the Group would be able to enjoy a better deposit rate for the Target Parking Spaces to be identified and agreed between the Group and the Sino-Ocean Connected Persons after the entering into of the New CP Framework Agreement with the amount of deposit being capped at 50% of the relevant Base Price for each Target Parking Space. In determining the rate of deposits payable by the Group, the Company has made references to the deposit rates of various comparable listed companies in Hong Kong during the negotiations with Sino-Ocean Group having reviewed the announcements and circulars of such comparable companies (the principal business of which is also the provision of property management services and which engage in transactions with their respective connected persons with arrangements similar to the transactions as contemplated under the New CP Framework Agreement). The Company noted that the deposit rates of these comparable companies ranged from around 30% to 100% of the base price or agreed price of the relevant parking space and thus the deposit rate under the New CP Framework Agreement (being not exceeding 50% of the Base Price), which falls within such range, is in line with the market rate and on normal commercial terms. In addition, the deposit is not

LETTER FROM THE BOARD

simply placed with the Sino-Ocean Connected Persons for generating interest or other income therefrom, but forms an integral part of the commercial arrangement to obtain the Exclusive Sales Rights that generate higher agency fees (being at least 20% of the respective selling price assuming a Target Parking Space is sold at market price) than those earned through the provision of parking space sales agency services on a non-exclusive basis, thereby bringing about potential considerable return to the Shareholders.

The entering into of the New CP Framework Agreement would also allow the Group to continue assisting in the sale of parking spaces developed or held by the Sino-Ocean Connected Persons on an exclusive basis for the three years ending 31 December 2025 and thus maintain the long-standing business relationship with each other. Further, it is in line with the Group's business strategies to continue to provide and develop diversified and differentiated high-quality value-added services with a focus on, among others, expanding its service scope. Through the provision of exclusive parking space sales agency services as contemplated under the New CP Framework Agreement, the Group would also be able to establish a more diverse community value-added business structure and expand the scale of asset management service business by leveraging on the professional service capabilities and leading information technology platform advantages of the Group.

The Directors (including all the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee but excluding the Abstained Directors) consider that the New CP Framework Agreement was entered into in the ordinary and usual course of business of the Group, and the terms of the New CP Framework Agreement, which were determined after arm's length negotiations between the parties thereto, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

RECOVERABILITY OF DEPOSITS UNDER THE NEW CP FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 2 December 2022 in relation to, among others, the change of its auditor and matters that the resigned auditor considered should be brought to the attention of the Shareholders and creditors of the Company, including certain non-contractual fund advances to an entity relating to its controlling shareholder, i.e. Sino-Ocean Group (the "Advances"). As disclosed in the aforementioned announcement, the Board is committed to follow up on matters raised by the resigned auditor with due care and will provide all necessary information to the incoming auditor for completing the audit work for the year ended 31 December 2022. As at the Latest Practicable Date, part of the Advances has been repaid and it is anticipated that there will be no expected credit loss in respect of the Advances. The Board considered that the payment of the Advances was a standalone incident, which shall not affect the Group's business arrangements and dealings with the Sino-Ocean Connected Persons in the ordinary and usual course of business (including but not limited to the grant of the Exclusive Sales Rights to the Group and the provision of exclusive sales agency services by the Group with respect to the Target Parking Spaces under the New CP Framework Agreement).

LETTER FROM THE BOARD

The Group has adopted the following robust measures to ensure the recoverability of deposits under the New CP Framework Agreement:

- (i) it was agreed by the parties that (a) all of the proceeds generated from the sales of the Target Parking Spaces can only be collected by the Group until all of the paid deposits are fully refunded, and the Group shall have the right to apply such proceeds directly as refund of the deposits and payment of the Exclusive Sales Agency Fees which shall be refunded or are payable by the Sino-Ocean Connected Persons, respectively, at the relevant time; and (b) the Group shall have the right to obtain the ownership of any unsold Target Parking Spaces (of an aggregate market value which is up to the amount of deposits which was owed to the Group as at the date on which the Group exercises such a right) from the relevant Sino-Ocean Connected Persons to set off the amount of deposits owed to the Group; and
- (ii) the relevant personnel of the business department of the Group will monitor the latest financial position of Sino-Ocean Group, assess the ongoing risks by monitoring the announcements of Sino-Ocean Group as well as publicly available information in the market from time to time, and monitor the payment ability of the relevant Sino-Ocean Connected Persons. Should the aforesaid designated personnel become aware of any material adverse event with respect to the financial position of Sino-Ocean Group, he/she will report to the Board and the management of the Group in a timely manner. In turn, the management of the Group will assess the relevant information, and when considered necessary, the Group will cease or downsize the transactions under the New CP Framework Agreement as deemed appropriate.

INTERNAL CONTROL MEASURES

In order to ensure that the terms contained in the New CP Framework Agreement are fair and reasonable and will be complied with, the Company has adopted the following internal control and corporate governance measures:

- (i) the Board (including the independent non-executive Directors) will be responsible for reviewing and evaluating the terms of the New CP Framework Agreement, in particular the pricing policies and the deposit caps, to ensure that such terms are fair and reasonable to the Group and compliant with relevant laws and regulations, internal policies of the Group and the Listing Rules;
- (ii) before agreeing on the Base Price for a Target Parking Space, the relevant personnel of the business department of the Group will conduct a thorough review to understand the prevailing price level of comparable parking spaces in the market and the relevant market conditions, and ensure that the Base Price shall not exceed 80% of the average price of comparable parking spaces in the surrounding markets of such Target Parking Space;

LETTER FROM THE BOARD

- (iii) during each Cycle, the relevant personnel of the business department of the Group will review the composition and the Base Prices of the Target Parking Spaces quarterly and consider the need to (i) terminate the Exclusive Sales Right of any unsold Target Parking Space as of the last day of each quarter, (ii) replace any unsold Target Parking Space as of the last day of each quarter with other new Target Parking Space (of the same value) to be agreed between the Company and Sino-Ocean Group, or (iii) negotiate with the relevant Sino-Ocean Connected Persons for making downward adjustment to the Base Prices and the corresponding deposits paid/payable for any unsold Target Parking Spaces as of the last day of each quarter based on the average price of comparable parking spaces in the surrounding markets as well as the market conditions in the previous quarter, so as to ensure that the Base Price is fair and reasonable and on par with the comparable average prices in the surrounding markets of the Target Parking Spaces;
- (iv) the specific agreements, together with the relevant information, will be submitted to the business department, finance department, legal department and the management of the Group for approval before signing and execution;
- (v) pursuant to the Corporate Governance Code set out in Appendix 14 to the Listing Rules, the Directors (including the independent non-executive Directors) will be able to seek independent professional advice in respect of the transactions under the New CP Framework Agreement from external parties in appropriate circumstances;
- (vi) the actual transaction amounts and the balance of deposits paid under the New CP Framework Agreement will be reported to appropriate management team regularly and the finance department of the Company will be responsible for reviewing and monitoring the actual transaction amounts and the deposit balance to ensure that the relevant annual caps under the 2023–2025 Master Consultancy and Other Value-added Services Agreement and the deposit caps under the New CP Framework Agreement will not be exceeded;
- (vii) various internal departments of the Company (including but not limited to the finance department, capital market department and company secretarial department) will regularly monitor the implementation of the transactions under the New CP Framework Agreement and keep track of the aggregate transaction amounts thereof to ensure that the pricing policies and the deposit caps and the annual caps respectively under the New CP Framework Agreement and the 2023–2025 Master Consultancy and Other Value-added Services Agreement are complied with;

LETTER FROM THE BOARD

- (viii) the Company has adopted relevant reporting and record-keeping procedures to allow the independent non-executive Directors and the auditors of the Company to perform annual review of the transactions under the New CP Framework Agreement and the 2023–2025 Master Consultancy and Other Value-added Services Agreement and provide annual confirmations in accordance with the Listing Rules;
- (ix) the Company will duly disclose in its annual report the continuing connected transactions conducted during the relevant financial year, together with the conclusion drawn by the independent non-executive Directors on whether the transactions are conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, and according to the relevant framework agreements on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and
- (x) the internal control measures as set out in the section headed “RECOVERABILITY OF DEPOSITS UNDER THE NEW CP FRAMEWORK AGREEMENT” in this circular.

INFORMATION ON THE COMPANY AND THE GROUP

The Company is an investment holding company and the Group is a comprehensive property management service provider with extensive geographic coverage in the PRC. The Group’s property management services cover a wide range of property types, including residential communities, commercial properties (such as shopping malls and office buildings) and public and other properties (such as hospitals, schools, government buildings and public service facilities). The Group also provides commercial operational services to shopping malls and office buildings, including pre-opening management services and operation management services. In addition to property management services and commercial operational services, the Group provides a variety of community value-added services to property owners and residents of the properties under its management, including community asset value-added services, community living services and property brokerage services, and value-added services to non-property owners, including pre-delivery services, consultancy services and property engineering services to property developers and other property management companies.

INFORMATION ON SINO-OCEAN GROUP

Sino-Ocean Group is a company incorporated under the laws of Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. It is an investment holding company and a leading large-scale property developer with developments in key economic regions in the PRC, including the Beijing region, the Bohai Rim region, the Eastern region, the Southern region, the Central region and the Western region. The core businesses of Sino-Ocean Group and its subsidiaries include development of residential property, investment property development and operation, property services and whole-industrial chain construction services, along with synergic businesses in real estate financing, senior living service, logistics real estate and internet data center, etc.

LETTER FROM THE BOARD

IMPLICATIONS UNDER THE LISTING RULES

Sino-Ocean Group is a controlling Shareholder and thus a connected person of the Company. Accordingly, the Continuing Connected Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

In respect of the renewal of the Continuing Connected Transactions for the three years ending 31 December 2025 as contemplated under the New CP Framework Agreement, as one or more of the applicable percentage ratios under the Listing Rules in respect of the largest annual cap for deposits payable pursuant to the New CP Framework Agreement exceed(s) 5%, the New CP Framework Agreement and the transactions as contemplated thereunder (including the annual caps for deposits) are subject to the reporting, annual review, announcement, circular and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, as one or more of the applicable percentage ratios under the Listing Rules in respect of the largest annual cap for deposits payable pursuant to the New CP Framework Agreement exceed(s) 5% but are all less than 25%, the payment of deposits pursuant to the New CP Framework Agreement also constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Directors was in any way materially interested in the New CP Framework Agreement and the transactions as contemplated thereunder. Nevertheless, the Abstained Directors (namely Mr. Cui Hongjie and Mr. Zhu Xiaoxing) have abstained from voting on the Board resolutions approving the New CP Framework Agreement by virtue of their directorship and/or senior positions in Sino-Ocean Group and/or its associates (other than the Group).

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee (comprising all independent non-executive Directors) has been established to advise the Independent Shareholders in respect of the New CP Framework Agreement and the transactions as contemplated thereunder (including the annual caps for deposits). A letter from the Independent Board Committee is set out on pages 22 to 23 of this circular.

Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the New CP Framework Agreement and the transactions as contemplated thereunder (including the annual caps for deposits). A letter from the Independent Financial Adviser is set out on pages 24 to 53 of this circular.

LETTER FROM THE BOARD

BOOK CLOSURE FOR EGM ATTENDANCE

In order to ascertain the right to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 26 January 2023 to Tuesday, 31 January 2023 (both days inclusive) during which period no transfer of Shares will be registered.

Shareholders are reminded that in order to be entitled to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, 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, 20 January 2023.

EGM

A notice convening the EGM to be held at Meeting Room, 2nd Floor, Tower A, No. A518 East Road of Chaoyang Sports Center, Chaoyang District, Beijing, PRC on Tuesday, 31 January 2023 at 10:15 a.m. is set out on pages 59 to 60 of this circular. At the EGM, an ordinary resolution will be proposed for the Independent Shareholders to consider and, if thought fit, to approve the New CP Framework Agreement and the transactions as contemplated thereunder (including the annual caps for deposits) by way of poll.

A form of proxy for use at the EGM is enclosed to this circular and is also published on the websites of the Company (www.sinooceanservice.com) and the Stock Exchange (www.hkexnews.hk). If you intend to appoint a proxy to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM (i.e., not later than 10:15 a.m. on Sunday, 29 January 2023 (Hong Kong Time)), or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

VOTING AT THE EGM

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at general meetings must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

In the case of an equality of votes on a poll, the chairman of the meeting shall, subject to the Company's articles of association, be entitled to casting vote in addition to any other vote he may have.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for Shine Wind and its associates (which held 827,100,000 Shares in aggregate, representing approximately 69.86% of the total number of issued Shares, as at the Latest Practicable Date), none of the other Shareholders has a material interest in the transactions as contemplated under the New CP Framework Agreement and is required to abstain from voting on the relevant resolution at the EGM.

RECOMMENDATION

The Directors (including all the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee but excluding the Abstained Directors) consider that the New CP Framework Agreement was entered into in the ordinary and usual course of business of the Company, and the terms of the New CP Framework Agreement, which were determined after arm's length negotiations between the parties thereto, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors (including all the independent non-executive Directors but excluding the Abstained Directors) recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the New CP Framework Agreement and the transactions as contemplated thereunder (including the annual caps for deposits).

ADDITIONAL INFORMATION

Your attention is drawn to (i) the letter from the Independent Board Committee; (ii) the letter from the Independent Financial Adviser; and (iii) the additional information set out in the appendix to this circular.

Yours faithfully,
By order of the Board
Sino-Ocean Service Holding Limited
Yang Deyong
Joint Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the full text of the letter from the Independent Board Committee to the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular, setting out its recommendation to the Independent Shareholders in respect of the New CP Framework Agreement and the transactions as contemplated thereunder (including the annual caps for deposits).



13 January 2023

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
PROVISION OF EXCLUSIVE PARKING SPACE
SALES AGENCY SERVICES —
RENEWAL OF AGREEMENT
FOR THE THREE YEARS ENDING 31 DECEMBER 2025**

We refer to the circular of the Company dated 13 January 2023 (the “**Circular**”) of which this letter forms a part. Terms defined in the Circular shall bear the same meanings herein unless the context otherwise requires.

We have been appointed by the Board as the members of the Independent Board Committee to advise you in respect of the New CP Framework Agreement and the transactions as contemplated thereunder (including the annual caps for deposits). Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this regard.

Having taken into account the advice of the Independent Financial Adviser, we are of the opinion that the New CP Framework Agreement and the transactions as contemplated thereunder (including the annual caps for deposits) were entered into in the ordinary and usual course of business of the Group and are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the New CP Framework Agreement and the transactions as contemplated thereunder (including the annual caps for deposits).

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We also draw the attention of the Independent Shareholders to (i) the letter from the Board; (ii) the letter from the Independent Financial Adviser; and (iii) the additional information set out in the appendix to the Circular.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Dr. Guo Jie
*Independent non-executive
Director*

Mr. Ho Chi Kin Sammy
*Independent non-executive
Director*

Mr. Leung Wai Hung
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Independent Shareholders in relation to the New CP Framework Agreement and the transactions as contemplated thereunder (including the proposed annual caps for deposits), which has been prepared for the purpose of inclusion in this circular.



紅日資本有限公司
RED SUN CAPITAL LIMITED

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Hong Kong

Tel: (852) 2857 9208
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13 January 2023

*To: The Independent Board Committee and the Independent Shareholders of
Sino-Ocean Service Holding Limited*

Dear Sirs,

**DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
PROVISION OF EXCLUSIVE PARKING SPACE
SALES AGENCY SERVICES —
RENEWAL OF AGREEMENT
FOR THE THREE YEARS ENDING 31 DECEMBER 2025**

I. INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders with regard to the New CP Framework Agreement and the transactions contemplated thereunder (including the annual caps for deposits, the “**Proposed Annual Caps**”, together the “**Renewed Continuing Connected Transactions**”) in connection with the provision of exclusive parking space sales agency services to the Sino-Ocean Connected Persons, details of which are contained in the letter from the Board (the “**Letter from the Board**”) as set out in the circular to the Shareholders dated 13 January 2023 (the “**Circular**”). Unless otherwise specified, terms defined in the Circular have the same meanings in this letter.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Company (on behalf of each member of the Group) entered into the New CP Framework Agreement with Sino-Ocean Group (on behalf of each Sino-Ocean Connected Person) on 14 October 2022, pursuant to which the parties have agreed to renew the Continuing Connected Transactions on terms as set out in the New CP Framework Agreement.

Sino-Ocean Group is a controlling Shareholder and thus a connected person of the Company. Accordingly, the Renewed Continuing Connected Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios under the Listing Rules in respect of the largest annual cap for deposits payable pursuant to the New CP Framework Agreement exceed(s) 5%, the Renewed Continuing Connected Transactions are subject to the reporting, annual review, announcement, circular and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, as one or more of the applicable percentage ratios under the Listing Rules in respect of the largest annual cap for deposits payable pursuant to the New CP Framework Agreement exceed(s) 5% but are all less than 25%, the payment of deposits pursuant to the New CP Framework Agreement also constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As set out in the Letter from the Board, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Directors was in any way materially interested in the New CP Framework Agreement and the transactions as contemplated thereunder. Nevertheless, the Abstained Directors (namely Mr. Cui Hongjie and Mr. Zhu Xiaoxing) have abstained from voting on the Board resolutions approving the New CP Framework Agreement by virtue of their directorship and/or senior positions in Sino-Ocean Group and/or its associates (other than the Group).

II. THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely, Dr. Guo Jie, Mr. Ho Chi Kin Sammy and Mr. Leung Wai Hung, has been formed to advise the Independent Shareholders on the transactions as contemplated under the New CP Framework Agreement (including the Proposed Annual Caps). We have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

Our appointment has been approved by the Independent Board Committee. Our role as the independent financial adviser is to give our recommendation to the Independent Board Committee and the Independent Shareholders as to whether the transactions as contemplated under the New CP Framework Agreement (including the Proposed Annual Caps) are entered into in the ordinary and usual course of business, on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, are in the interests of the Company and the Shareholders as a whole, and how the Independent

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Shareholders should vote in respect of the relevant resolution to approve the New CP Framework Agreement and the transactions as contemplated thereunder (including the Proposed Annual Caps) at the EGM.

III. OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Company, Sino-Ocean Group or any relevant parties in connection with the New CP Framework Agreement (including the Proposed Annual Caps) and accordingly, are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the transactions as contemplated under the New CP Framework Agreement (including the Proposed Annual Caps).

In the last two years, save for our appointment as the Independent Financial Adviser and as the independent financial adviser in relation to certain proposed continuing connected transactions pursuant to the master services framework agreements entered into by the Group on 11 November 2022 (the “**Proposed CCTs**”), details of which are set out in the announcement of the Company dated 11 November 2022, we have not acted as independent financial adviser to Independent Board Committee and/or the Independent Shareholders. Apart from normal professional fees paid or payable to us in connection with our appointment as the independent financial adviser in relation to (i) the Proposed CCTs; and (ii) the Renewed Continuing Connected Transactions, no arrangements exist whereby we have received or will receive any fees or benefits from the Group or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

IV. BASIS OF OUR ADVICE

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

We consider that we have been provided with sufficient information to enable us to reach an informed view and to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Group, the Directors and/or the Management and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents.

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

V. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation on the Renewed Continuing Connected Transactions, we have taken the following principal factors and reasons into consideration:

1. Information of the Group

As set out in the Letter from the Board, the Group is a comprehensive property management service provider with extensive geographic coverage in the PRC. Its property management services and commercial operational services also include the provision of a variety of value-added services to property owners and residents of the properties under its management as well as non-property owners. The Group is committed to further expanding its business scale and diversifying the service offerings.

Set out below is a summary of (i) the audited consolidated statements of comprehensive income and consolidated statements of financial position for the years ended 31 December 2020 and 2021 as extracted from the Company's annual report for the year ended 31 December 2021 (the "**2021 Annual Report**"); and (ii) the unaudited consolidated financial results for the six months ended 30 June 2021 and 2022 as set

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out in the Company’s interim report for the six months ended 30 June 2022 (the “**2022 Interim Report**”), respectively:

Summary of consolidated statement of comprehensive income

<i>(RMB million)</i>	For the year ended 31 December		For the six months ended 30 June	
	2020	2021	2021	2022
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue				
— Property management and commercial operational services	1,339.2	1,588.4	744.5	943.5
— Community value-added services	316.2	788.9	371.8	304.7
— Value-added services to non-property owners	367.9	588.3	268.3	352.1
Total revenue	2,023.3	2,965.6	1,384.6	1,600.3
Profit after tax	262.6	441.3	263.5	269.5
Profit attributable to owners of the Company	257.6	439.0	261.3	266.7

For the six months ended 30 June 2022 compared to the six months ended 30 June 2021

The Group recorded an increase in revenue by approximately RMB215.7 million or approximately 15.6%, from approximately RMB1,384.6 million for the six months ended 30 June 2021 to approximately RMB1,600.3 million for the six months ended 30 June 2022.

Revenue from the Group’s property management and commercial operational services amounted to approximately RMB943.5 million, which accounted for approximately 59.0% of the Group’s total revenue for the six months ended 30 June 2022. The period-on-period increase in revenue from the property management and commercial operational services was primarily attributable to the growth in the total gross floor area (“**GFA**”) under management of the Group, which amounted to approximately 79.4 million square metres (“**sq.m.**”) as at 30 June 2022, compared to approximately 57.8 million sq.m. as at 30 June 2021.

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We also noted that the Group's revenue generated from community value-added services amounted to approximately RMB304.7 million, representing a decrease of approximately RMB67.1 million or approximately 18.0% compared to the six months ended 30 June 2021. Such decrease was mainly due to effects associated with the COVID-19 outbreak in the PRC at the relevant time.

On the other hand, revenue from value-added services to non-property owners amounted to approximately RMB352.1 million, representing an increase of approximately RMB83.8 million or approximately 31.2% compared to the six months ended 30 June 2021. The aforesaid increase was primarily attributable to the increase in revenue generated from pre-delivery services, consultancy services and property engineering services.

It is also noted that profit attributable to owners of the Company increased by approximately RMB5.4 million or approximately 2.1%, from approximately RMB261.3 million for the six months ended 30 June 2021 to approximately RMB266.7 million for the six months ended 30 June 2022. Such increase was mainly attributable to the net effect of the increase in revenue as analysed above and a lower gross profit margin of the Group as a result of (i) the decrease in revenue from community value-added services which commanded a higher gross profit margin as a result of the COVID-19 outbreak in the PRC; and (ii) the decrease in gross profit margin of property management and commercial operational services and community value-added services.

For the year ended 31 December 2021 compared to the year ended 31 December 2020

Revenue increased by approximately RMB942.3 million or approximately 46.6%, from approximately RMB2,023.3 million for the year ended 31 December 2020 to approximately RMB2,965.6 million for the year ended 31 December 2021.

The Group's revenue from its property management and commercial operational services amounted to approximately RMB1,588.4 million, which accounted for approximately 53.6% of its total revenue for the year ended 31 December 2021. The year-on-year increase in revenue from the property management and commercial operational services was primarily attributable to the growth in GFA under management of the Group, which amounted to approximately 73.5 million sq.m. as at 31 December 2021, compared to approximately 45.5 million sq.m. as at 31 December 2020, as well as an increase in the number of properties under management from 238 as at 31 December 2020 to 360 as at 31 December 2021, due to business expansion of the Group.

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Revenue from community value-added services amounted to approximately RMB788.9 million, representing an increase of approximately RMB472.7 million or approximately 149.5% compared to the year ended 31 December 2020. Such increase was mainly due to the increase in revenue from community living services as a result of vigorous promotion during the year and increase in revenue from property brokerage services as a result of the successful expansion of the coverage of the Group's property brokerage services during the year.

In addition, revenue from value-added services to non-property owners amounted to approximately RMB588.3 million, representing an increase of approximately RMB220.4 million or approximately 59.9% compared to the year ended 31 December 2020. The aforesaid increase was primarily attributable to (i) the increase in revenue from consultancy services was due to vigorous promotion and increase of bespoke consultancy services to property developers to assist them with overall planning and coordination of pre-sale activities; and (ii) the increase in revenue from property engineering services was attributable to more repair and maintenance services and smart management services undertaken for property engineering projects during the year.

It is also noted that profit attributable to owners of the Company increased by approximately RMB181.4 million or approximately 70.4%, from approximately RMB257.6 million for the year ended 31 December 2020 to approximately RMB439.0 million for the year ended 31 December 2021.

Summary of the consolidated statement of financial position

<i>(RMB million)</i>	As at 31 December		As at 30 June
	2020	2021	2022
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
Total assets	3,092.4	3,828.3	4,218.9
— Cash and cash equivalents	2,175.0	2,526.5	2,473.9
— Trade and note receivables	315.5	523.7	937.3
— Prepayments and other receivables	114.7	219.6	219.5
— Inventories	122.9	176.2	199.8
— Intangible assets	107.0	164.3	188.8
Total liabilities	1,041.1	1,394.2	1,611.9
— Trade and other payables	659.8	926.9	1,085.9
— Contract liabilities	327.9	384.2	437.9
Total equity attributable to owners of the Company	2,028.4	2,402.3	2,558.9

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

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Financial position of the Group as at 30 June 2022 compared to 31 December 2021

Total assets of the Group as at 30 June 2022 primarily comprised (i) cash and cash equivalents balance, which amounted to approximately RMB2,473.9 million, such remained largely stable compared to approximately RMB2,526.5 million as at 31 December 2021; (ii) trade and note receivables balance, which amounted to approximately RMB937.3 million, representing an increase of approximately RMB413.6 million as compared to approximately RMB523.7 million as at 31 December 2021, primarily attributable to the increase in trade receivables due from (a) related parties of approximately RMB254.4 million; and (b) third parties of approximately RMB203.1 million, and an increase in allowance for impairment. The other major asset balances as at 30 June 2022 included prepayments and other receivables of approximately RMB219.5 million, inventories of approximately RMB199.8 million, and intangible assets of approximately RMB188.8 million.

Total liabilities of the Group as at 30 June 2022, being approximately RMB1,611.9 million, primarily comprised (i) trade and other payables, which amounted to approximately RMB1,085.9 million, representing an increase of approximately RMB159.0 million as compared to approximately RMB926.9 million as at 31 December 2021; and (ii) contract liabilities, which amounted to approximately RMB437.9 million as at 30 June 2022, representing an increase of approximately RMB53.7 million as compared to approximately RMB384.2 million as at 31 December 2021, attributable to the continued business expansion of the Group.

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

Total assets of the Group as at 31 December 2021 primarily comprised (i) cash and cash equivalents balance, which amounted to approximately RMB2,526.5 million, representing an increase from approximately RMB2,175.0 million as at 31 December 2020; (ii) trade and note receivables balance, which amounted to approximately RMB523.7 million, representing an increase from approximately RMB315.5 million as at 31 December 2020, primarily attributable to the increase in trade receivables due from (a) related parties of approximately RMB111.8 million; and (b) third parties of approximately RMB57.6 million, and a decrease in allowance for impairment. The other major asset balances as at 31 December 2021 included prepayments and other receivables of approximately RMB219.6 million, inventories of approximately RMB176.2 million, and intangible assets of approximately RMB164.3 million.

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Total liabilities of the Group as at 31 December 2021, being approximately RMB1,394.2 million, primarily comprised (i) trade and other payables, which amounted to approximately RMB926.9 million, representing an increase of approximately RMB267.1 million as compared to approximately RMB659.8 million as at 31 December 2020; and (ii) contract liabilities, which amounted to approximately RMB384.2 million as at 31 December 2021, representing an increase of approximately RMB56.3 million as compared to approximately RMB327.9 million as at 31 December 2020, attributable to the continued business expansion of the Group.

2. Information of Sino-Ocean Group

As set out in the Letter from the Board, Sino-Ocean Group is a company incorporated under the laws of Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. It is an investment holding company and a leading large-scale property developer with developments in key economic regions in the PRC, including the Beijing region, the Bohai Rim region, the Eastern region, the Southern region, the Central region and the Western region. The core businesses of Sino-Ocean Group and its subsidiaries include development of residential property, investment property development and operation, property services and whole-industrial chain construction services, along with synergic businesses in real estate financing, senior living service, logistics real estate and internet data centre, etc.

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

With reference to the website of the National Bureau of Statistics of the PRC (<http://data.stats.gov.cn>) and the PRC Third Quarter 2022 Gross Domestic Product Preliminary Results* (2022年三季度國內生產總值初步核算結果)¹, the PRC recorded year-on-year growth in gross domestic product (“GDP”) in 2021 of approximately 8.1% and based on preliminary published figures, for the nine months ended 30 September 2022, the PRC recorded GDP period-on-period growth of approximately 3.0% compared to the nine months ended 30 September 2021. The relatively moderate GDP growth for the nine months ended 30 September 2022 was partly attributable to the re-emergence of COVID-19 cases in various regions/cities of the PRC from time to time. In this connection, the PRC government has introduced various regulations and measures to manage and contain the re-emergence of these COVID-19 cases, some of which may have temporarily affected the level of business activities in the subject area.

The PRC government announced its future development directions in the 14th Five-Year Plan (the “14th FYP”)* (十四五規劃) around March 2021. The 14th FYP sets out, among others, the target urbanisation rate of the resident population* (常住人口城鎮化率) to reach 65.0% by 2025. To this end, the PRC government had implemented policies to promote urbanisation in the PRC through to, among others,

¹ PRC Third Quarter 2022 Gross Domestic Product Preliminary Results* (2022年三季度國內生產總值初步核算結果) (http://www.stats.gov.cn/tjsj/zxfb/202210/t20221024_1889502.html)

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

Furthermore, based on publication by the PRC government in relation to the 14th FYP, the PRC government will focus on enhancing the quality and efficacy of the overall economy with a view to attain sustainable and healthy development through, among others, (i) the improvement of supply chain modernisation* (提升產業鏈供應鏈現代化水平); (ii) the development of strategic new industries* (發展戰略性新興產業); (iii) the acceleration of modern service industries development* (加快發展現代服務業); (iv) the coordination of infrastructure construction advancement* (統籌推進基礎設施建設); and (v) the acceleration of the development of digitalisation* (加快數位化發展)².

It is expected that the development of the PRC real estate market will continue to be influenced by changes in PRC government policies at a national and regional level which is intended to promote sustainable and healthy long term development, the then prevailing market environment as well as the overall economic development of the PRC.

4. Reasons for and benefits of the Renewed Continuing Connected Transactions

We have summarised the reasons for and benefits of the Renewed Continuing Connected Transactions from the Letter from the Board below.

The Group is a comprehensive property management service provider with extensive geographic coverage in the PRC and is primarily engaged in the provision of, among others, a variety of value-added services to property owners and residents of the properties under its management as well as non-property owners. The Group is committed to further expanding its business scale and diversifying the service offerings. As the Company expects that the majority of the parking spaces developed or held by the Sino-Ocean Connected Persons shall form part of the projects under the management of the Group, the Group is in a good position to obtain market information and resources (for instance, information on the needs of potential owners and tenants) associated with such parking spaces. Accordingly, the New CP Framework Agreement would allow the Group to obtain the Exclusive Sales Rights through the payment of deposits, thereby enjoying a higher degree of freedom in setting the sales prices for the Target Parking Spaces, having more flexibility in

² Publication of the State Council of the PRC titled “中共中央關於制定國民經濟和社會發展第十四個五年規劃和二零三五年遠景目標的建議” (Source: www.gov.cn/zhengce/2020-11/03/content_5556991.htm)

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adjusting the sales prices taking into account the market circumstances and further facilitating the sales of the Target Parking Spaces by utilising the cumulative market information and sales strategies of the projects under management.

Further, pursuant to the New CP Framework Agreement, the Group shall charge the difference between (i) the actual sales price to be paid by third party purchaser; and (ii) the corresponding Base Price for a Target Parking Space as the Exclusive Sales Agency Fees, and the Base Price in respect of a Target Parking Space shall not exceed 80% of the average price of comparable parking spaces in the surrounding markets thereof. On this basis, assuming that a Target Parking Space is sold at market price, the Company expected that at least 20% of the respective selling price will be generated as the Exclusive Sales Agency Fees receivable by the Group. In that case, the Group would be able to earn higher agency fees than those earned through the provision of parking space sales agency services on a non-exclusive basis. Accordingly, the entering into of the New CP Framework Agreement would allow the Group to continue to benefit from the stable revenue generated thereunder and enhance the overall profitability and return to the Shareholders.

Moreover, the Group would be able to enjoy a better deposit rate for the Target Parking Spaces to be identified and agreed between the Group and the Sino-Ocean Connected Persons after the entering into of the New CP Framework Agreement with the amount of deposit being capped at 50% of the relevant Base Price for each Target Parking Space. In determining the rate of deposits payable by the Group, the Company has made references to the deposit rates of various comparable listed companies in Hong Kong during the negotiations with Sino-Ocean Group having reviewed the announcements and circulars of such comparable companies (the principal business of which is also the provision of property management services and which engage in transactions with their respective connected persons with arrangements similar to the transactions as contemplated under the New CP Framework Agreement).

Having considered that, (i) the Group is a comprehensive property management service provider in the PRC and primarily engaged in the provision of property management services and commercial operational services which include, among others, a variety of value-added services to property owners and residents of the properties under its management as well as non-property owners; (ii) the Management considered the Continuing Connected Transactions in connection with the provision of sales agency services for the Target Parking Spaces to be a furtherance of the Group's core businesses; (iii) the revenue to be generated from the sales of the Target Parking Spaces in connection with the Renewed Continuing Connected Transactions shall broaden the income base of the Group; and (iv) the Proposed Annual Caps, if approved, would facilitate the Renewed Continuing Connected Transactions to ensure that they can be carried out in an effective and efficient manner without the need for the Company to seek Shareholders' approval on a transaction-by-transaction basis, we concur with the Directors' view that the transactions as contemplated under the New CP Framework Agreement are in the interests of the Company as a whole.

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Recoverability of deposits under the New CP Framework Agreement

The following information has been extracted from the Letter from the Board and summarised below. Reference is made to the announcement of the Company dated 2 December 2022 in relation to, among others, the change of its auditor and matters that the resigned auditor considered should be brought to the attention of the Shareholders and creditors of the Company, including certain non-contractual fund advances to an entity relating to its controlling shareholder, i.e. Sino-Ocean Group (the “Advances”). As disclosed in the aforementioned announcement, the Board is committed to follow up on matters raised by the resigned auditor with due care and will provide all necessary information to the incoming auditor for completing the audit work for the year ended 31 December 2022. As at the Latest Practicable Date, part of the Advances has been repaid and it is anticipated that there will be no expected credit loss in respect of the Advances. The Board considered that the payment of the Advances was a standalone incident, which shall not affect the Group’s business arrangements and dealings with the Sino-Ocean Connected Persons in the ordinary and usual course of business (including but not limited to the grant of the Exclusive Sales Rights to the Group and the provision of exclusive sales agency services by the Group with respect to the Target Parking Spaces under the New CP Framework Agreement).

The Group has adopted the following measures to ensure the recoverability of deposits under the New CP Framework Agreement:

- (i) it was agreed by the parties that (a) all of the proceeds generated from the sales of the Target Parking Spaces can only be collected by the Group until all of the paid deposits are fully refunded, and the Group shall have the right to apply such proceeds directly as refund of the deposits and payment of the Exclusive Sales Agency Fees which shall be refunded or are payable by the Sino-Ocean Connected Persons, respectively, at the relevant time; and (b) the Group shall have the right to obtain the ownership of any unsold Target Parking Spaces (of an aggregate market value which is up to the amount of deposits which was owed to the Group as at the date on which the Group exercises such a right) from the relevant Sino-Ocean Connected Persons to set off the amount of deposits owed to the Group; and
- (ii) the relevant personnel of the business department of the Group will monitor the latest financial position of Sino-Ocean Group, assess the ongoing risks by monitoring the announcements of Sino-Ocean Group as well as publicly available information in the market from time to time, and monitor the payment ability of the relevant Sino-Ocean Connected Persons. Should the aforesaid designated personnel become aware of any material adverse event with respect to the financial position of Sino-Ocean Group, he/she will report to the Board and the management of the Group in a timely manner. In turn, the management

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of the Group will assess the relevant information, and when considered necessary, the Group will cease or downsize the transactions under the New CP Framework Agreement as deemed appropriate.

5. Principal terms of the New CP Framework Agreement

The following principal terms of the New CP Framework Agreement, as well as the pricing policy, have been extracted from the Letter from the Board and summarised below:

- Date: 14 October 2022
- Parties: (a) the Company (on behalf of each member of the Group); and
(b) Sino-Ocean Group (on behalf of each Sino-Ocean Connected Person).
- Term: The New CP Framework Agreement shall take effect on the date of approval by the Independent Shareholders at the EGM and end on 31 December 2025.

The cooperation within the term of the New CP Framework Agreement shall be divided into three cycles (each, a “Cycle”): the first Cycle is from the effective date of the New CP Framework Agreement to 31 December 2023, the second Cycle is from 1 January 2024 to 31 December 2024, and the third Cycle is from 1 January 2025 to 31 December 2025.

The New CP Framework Agreement may be renewed as the parties may mutually agree, subject to compliance with the requirements of the Listing Rules and all applicable laws and regulations.

- Subject matter: Sino-Ocean Group (on behalf of each Sino-Ocean Connected Person) has agreed to grant the Exclusive Sales Rights with respect to the Target Parking Spaces to the Group, pursuant to which the Group shall provide sales agency services with respect to such Target Parking Spaces on an exclusive basis and shall charge the difference between (i) the actual sales price to be paid by third party purchaser; and (ii) the corresponding Base Price for such Target Parking Space as fees for the provision of the exclusive sales agency services. In return, the Group shall (i) provide sales agency services with respect to the Target Parking Spaces identified and agreed between the Group and the Sino-Ocean Connected Persons on an exclusive basis; and (ii) pay fully refundable deposits to the Sino-Ocean Connected Persons for obtaining the Exclusive Sales Rights in respect of the Target Parking Spaces.

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The Exclusive Sales Right is an exclusive right enjoyed by the Group, and Sino-Ocean Group shall not and shall procure each relevant Sino-Ocean Connected Person not to, directly or entrust other third parties to, sell, offer to sell, transfer, gift, pledge or otherwise dispose of any of the Target Parking Spaces to any third party, unless with the prior written consent of the Group.

The New CP Framework Agreement is a framework agreement which contains the principles, mechanisms and terms and conditions upon which the parties thereto are to carry out the transactions as contemplated thereunder. The Group and the Sino-Ocean Connected Persons shall enter into specific agreements to specify, among other things, the Target Parking Spaces the Exclusive Sales Rights of which are to be granted to the Group and their corresponding Base Prices and deposits payable for obtaining the Exclusive Sales Rights, provided that the terms and conditions of such specific agreements shall not be inconsistent with the terms of the New CP Framework Agreement. The grant of the Exclusive Sales Rights by the Sino-Ocean Connected Persons as well as the payment of the corresponding deposits, and the provision of the exclusive sales agency services with respect to the Target Parking Spaces by the Group will be carried out in accordance with such specific agreements to be entered into between the Group and the Sino-Ocean Connected Persons from time to time.

As set out in the section headed “RENEWAL OF AGREEMENT FOR THE THREE YEARS ENDING 31 DECEMBER 2025 — The New CP Framework Agreement — The Proposed Annual Caps and Basis of Determination — (b) Exclusive Sales Agency Fees” in the Letter from the Board, the provision of the exclusive sales agency services by the Group to the Sino-Ocean Connected Persons under the New CP Framework Agreement shall form part of the continuing connected transactions pursuant to the 2023–2025 Master Consultancy and Other Value-added Services Agreement. Accordingly, the New CP Framework Agreement shall be conditional on and take effect upon obtaining the approval from the Independent Shareholders of the 2023–2025 Master Consultancy and Other Value-added Services Agreement and the transactions as contemplated thereunder (including the proposed annual caps) at the relevant extraordinary general meeting.

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Pricing Policy

(i) Deposits

The deposits payment is associated with and forms an integral part of the exclusive sale of the Target Parking Spaces by the Group as exclusive sales agent. To obtain the Exclusive Sales Rights in respect of the Target Parking Spaces, the Group shall from time to time pay the Sino-Ocean Connected Persons fully refundable deposits according to the payment schedule to be determined and agreed between the Group and the relevant Sino-Ocean Connected Persons under specific agreements.

The amount of deposit payable for the obtaining of the Exclusive Sales Right in respect of a Target Parking Space shall not exceed 50% of the Base Price thereof. The Base Price in respect of a Target Parking Space (being the minimum price for the sale of such Target Parking Space to be agreed by the Group and the relevant Sino-Ocean Connected Person) shall be determined after arm's length negotiation by the parties taking into consideration factors including but not limited to the average price of comparable parking spaces in the surrounding markets of such Target Parking Space, and the location, occupancy rate, parking space ratio and sale progress of the relevant project, and the Base Price in respect of a Target Parking Space shall not exceed 80% of the average price determined with reference to the recent historical transaction prices, and/or the quoted selling prices (obtained through public websites such as Anjuke (安居客), Lianjia (鏈家) and 58 Tongcheng (58同城)) of at least three parking spaces) of comparable parking spaces in the surrounding markets (being parking spaces situated in surrounding areas of similar levels of commercial prosperity, residential project positioning, per capita income, traffic conditions and infrastructure (where applicable)) thereof.

The parties shall conduct a review on the Base Prices and the corresponding deposits paid/payable for the obtaining of the Exclusive Sales Rights in respect of any unsold Target Parking Spaces upon the expiration of each quarter during each Cycle. The Group shall have the right to adjust the Base Prices and the corresponding deposits paid/payable according to the then market conditions. The Group shall also have the right to terminate the Exclusive Sales Rights for any unsold Target Parking Spaces should the parties cannot agree on the revised Base Prices and the corresponding deposits, in which case, the corresponding deposits paid for such Target Parking Spaces shall be refunded (without interest) to the Group within 15 business days from the date of termination of the Exclusive Sales Rights.

The deposits payable by the Group under the New CP Framework Agreement will be settled by the Group using the net proceeds from the listing of the Shares on the Stock Exchange of a maximum amount of approximately RMB375.5 million with any remaining amount to be settled by cash from internal resources.

In the event that any Target Parking Space is delivered to a purchaser, such Target Parking Space is considered as sold and, the corresponding deposit paid for obtaining the Exclusive Sales Right of such Target Parking Space shall be refunded

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(without interest) to the Group, which shall be settled by the relevant Sino-Ocean Connected Person together with corresponding Exclusive Sales Agency Fees involved on a monthly basis and within 15 business days thereof.

Further, the parties shall review the composition of the Target Parking Spaces on a quarterly basis.

In respect of any unsold Target Parking Space, the Group is entitled to either (a) terminate the Exclusive Sales Right for such unsold Target Parking Space, in which case, the corresponding deposit paid for such Target Parking Space shall be refunded (without interest) to the Group within 15 business days from the date of termination of the Exclusive Sales Right; or (b) replace such unsold Target Parking Space with other new Target Parking Space (of the same value) to be agreed between the Company and Sino-Ocean Group.

Upon the termination or expiration of the New CP Framework Agreement, any balance of deposits paid pursuant to the New CP Framework Agreement shall be refunded (without interest) within 15 business days.

(ii) Exclusive Sales Agency Fees

Pursuant to the New CP Framework Agreement, with respect to the sale of a Target Parking Space, the Group shall charge the difference between (a) the actual sales price to be paid by a third party purchaser; and (b) the corresponding Base Price for such Target Parking Space as fees for providing exclusive sales agency services with respect to such Target Parking Space (the “**Exclusive Sales Agency Fees**”). The relevant Sino-Ocean Connected Person shall settle the Exclusive Sales Agency Fees and shall refund the corresponding deposit with respect to such Target Parking Space on a monthly basis and within 15 business days thereof.

Based on these arrangements and the Management’s assumption that the Target Parking Spaces are sold at market price, it is expected that at least 20% of the respective selling price will be generated as the Exclusive Sales Agency Fees under the New CP Framework Agreement. The Exclusive Sales Agency Fees are expected to outweigh (a) the potential interest income that may be generated from depositing the deposits at banks or other financial institutions; and (b) the agency fees the Group is entitled to under the existing parking spaces sales arrangements with the Sino-Ocean Connected Persons on a non-exclusive basis. Further, the risk of holding unsold and vacant parking spaces will not be passed onto the Group under such arrangement.

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6. Internal control procedures of the Group in respect of the Renewed Continuing Connected Transactions

As extracted from the Letter from the Board, the Company will adopt the following internal control and corporate governance measures with a view to ensure that the terms contained in the New CP Framework Agreement and the Renewed Continuing Connected Transactions are conducted on terms which are fair and reasonable:

- (i) the Board (including the independent non-executive Directors) will be responsible for reviewing and evaluating the terms of the New CP Framework Agreement, in particular the pricing policies and the deposit caps, to ensure that such terms are fair and reasonable to the Group and compliant with relevant laws and regulations, internal policies of the Group and the Listing Rules;
- (ii) before agreeing on the Base Price for a Target Parking Space, the relevant personnel of the business department of the Group will conduct a thorough review to understand the prevailing price level of comparable parking spaces in the market and the relevant market conditions and ensure that the Base Price shall not exceed 80% of the average price of comparable parking spaces in the surrounding markets of such Target Parking Space;
- (iii) during each Cycle, the relevant personnel of the business department of the Group will review the composition and the Base Prices of the Target Parking Spaces quarterly and consider the need to (a) terminate the Exclusive Sales Right of any unsold Target Parking Space as of the last day of each quarter; (b) replace any unsold Target Parking Space as of the last day of each quarter with other new Target Parking Space (of the same value) to be agreed between the Company and Sino-Ocean Group; or (c) negotiate with the relevant Sino-Ocean Connected Persons for making downward adjustment to the Base Prices and the corresponding deposits paid/payable for any unsold Target Parking Spaces as of the last day of each quarter based on the average price of comparable parking spaces in the surrounding markets as well as the market conditions in the previous quarter, so as to ensure that the Base Price is fair and reasonable and on par with the comparable average prices in the surrounding markets of the Target Parking Spaces;
- (iv) the specific agreements, together with the relevant information, will be submitted to the business department, finance department, legal department and the management of the Group for approval before signing and execution;
- (v) pursuant to the Corporate Governance Code set out in Appendix 14 to the Listing Rules, the Directors (including the independent non-executive Directors) will be able to seek independent professional advice in respect of the transactions under the New CP Framework Agreement from external parties in appropriate circumstances;

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- (vi) the actual transaction amounts and the balance of deposits paid under the New CP Framework Agreement will be reported to appropriate management team regularly and the finance department of the Company will be responsible for reviewing and monitoring the actual transaction amounts and the deposit balance to ensure that the relevant annual caps under the 2023–2025 Master Consultancy and Other Value-added Services Agreement and the deposit caps under the New CP Framework Agreement will not be exceeded;
- (vii) various internal departments of the Company (including but not limited to the finance department, capital market department and company secretarial department) will regularly monitor the implementation of the transactions under the New CP Framework Agreement and keep track of the aggregate transaction amounts thereof to ensure that the pricing policies and the deposit caps and the annual caps respectively under the New CP Framework Agreement and the 2023–2025 Master Consultancy and Other Value-added Services Agreement are complied with;
- (viii) the Company has adopted relevant reporting and record-keeping procedures to allow the independent non-executive Directors and the auditors of the Company to perform annual review of the transactions under the New CP Framework Agreement and the 2023–2025 Master Consultancy and Other Value-added Services Agreement and provide annual confirmations in accordance with the Listing Rules;
- (ix) the Company will duly disclose in its annual report the continuing connected transactions conducted during the relevant financial year, together with the conclusion drawn by the independent non-executive Directors on whether the transactions are conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, and according to the relevant framework agreements on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and
- (x) the internal control measures as set out under the section headed “RECOVERABILITY OF DEPOSITS UNDER THE NEW CP FRAMEWORK AGREEMENT” in the Letter from the Board.

Our analysis and work performed on the internal control procedures regarding the Base Price and the return margin

In connection with the aforesaid internal control procedures adopted by the Company to govern the Continuing Connected Transactions, we have performed the following work and analysis, (i) obtained project initiation reports illustrating the business department of the Group conducted review to determine the prevailing price level of comparable parking spaces in the market and the relevant market conditions; (ii) prior to the Group and the Sino-Ocean Connected Person(s) entered into specific agreements to specify, among other things, the Target Parking Spaces, the Exclusive Sales Rights of which are to be granted to

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the Group, such is approved by the business department, finance department, legal department and the management of the Group as evidenced by relevant approval documents obtained; (iii) obtained and reviewed documents for 10 parking space sales agency services transactions under the Existing CP Framework Agreement and assessed based on information provided whether the Company generated sales agency fees of 20% or more of the subject market price of the subject car parking spaces (the “**Sampled Transactions**”) and based on the schedule setting out the continuing connected transactions under the Existing CP Framework Agreement as provided by the Management, the overall sales agency fees derived under the Existing CP Framework Agreement (up to August 2022) is not less than 20% of the subject sales price of the car parking spaces on an aggregate level; (iv) obtained the respective sale and purchase agreements for the 10 Sampled Transactions entered into by the purchaser of the subject car parking spaces; (v) obtained documents evidencing that the Company had monitored the implementation of the transactions under the Existing CP Framework Agreement and kept track of the aggregate transaction amounts thereof to ensure that the pricing policies and the relevant deposit cap are complied with; and (vi) noted that the auditors and independent non-executive directors of the Company perform annual review of the transactions under the Existing CP Framework Agreement.

Having considered the above analysis and work performed, based on the samples obtained and reviewed, the Group charged the difference between the actual sales price paid by third party purchaser(s) and the relevant Base Price as fees for providing exclusive sales agency services with respect to the Target Parking Spaces, the overall agency fees generated by the Group represented a discount of 20% or more of the subject market price (i.e. the difference between the market price and the Base Price).

Furthermore, the Management has also confirmed that, up to the Latest Practicable Date, the Continuing Connected Transactions entered into under the Existing CP Framework Agreement have complied with the relevant pricing policy thereunder.

Based on the documents reviewed and as confirmed by the Management, we considered that effective implementation of these internal control policies would ensure the transactions under the New CP Framework Agreement to be conducted on terms which are fair and reasonable.

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7. Basis for determining the Proposed Annual Caps

The Proposed Annual Caps for the three years ending 31 December 2023, 2024 and 2025, being the maximum aggregate amount of deposits payable at any time, are set out below:

<i>RMB</i>	2023	For the year ending 31 December 2024	2025
Proposed Annual Caps	450 million	450 million	450 million
	(“2023 Proposed Annual Cap”)	(“2024 Proposed Annual Cap”)	(“2025 Proposed Annual Cap”)

Based on information provided by the Management, the table below sets out the historical figures for the deposits paid/payable pursuant to the Existing CP Framework Agreement for the year ended 31 December 2021 and the nine months ended 30 September 2022 with the utilisation rates of the respective annual caps approved for the year ended 31 December 2021 and the year ended 31 December 2022, respectively.

	Deposits paid/ payable (RMB'000)	Utilisation rates compared to the respective annual caps
For the year ended 31 December 2021 (<i>audited</i>)	84,682	84.7%
For the nine months ended 30 September 2022 (<i>unaudited</i>)	90,482	90.5%

The actual amount of deposits paid/payable pursuant to the Existing CP Framework Agreement for the year ended 31 December 2021 and the nine months ended 30 September 2022 had not exceeded the respective annual caps for the year ended 31 December 2021 and the year ended 31 December 2022.

As set out in the Letter from the Board, the deposits payable by the Group under the New CP Framework Agreement will be settled by the Group using the net proceeds from the listing of the Shares on the Stock Exchange of a maximum amount of approximately RMB375.5 million with any remaining amount to be settled by cash from internal resources.

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In connection with the Proposed Annual Caps, reference was made to the following factors:

- (i) the location, quantity, quality, prices of comparable parking spaces, etc. of
 - (a) the parking spaces which are developed or held by the Sino-Ocean Connected Persons, the Exclusive Sales Rights of which were granted by the Sino-Ocean Connected Persons to the Group under the Existing CP Framework Agreement and which are expected to form part of the Target Parking Spaces under the New CP Framework Agreement; (b) the additional parking spaces which are developed or held by the Sino-Ocean Connected Persons in respect of which the Sino-Ocean Connected Persons are willing to grant the Exclusive Sales Rights to the Group (the number of additional parking spaces which are held by the Sino-Ocean Connected Persons and are available for the Group to sell being over 12,000 units with an estimated market unit price ranging from RMB35,000 to RMB250,000 and an estimated total market value exceeding RMB1,100 million in view of the Sino-Ocean Connected Persons' property development projects across multiple regions and cities in the PRC, including, among others, (aa) Beijing, Tianjin, Shijiazhuang and Qinhuangdao in the Beijing-Tianjin-Hebei region; (bb) Hangzhou and Nanjing in the Eastern China region; (cc) Wuhan, Zhengzhou, Chengdu and Kunming in the Central and Western China region; and (dd) Taiyuan in the Bohai Rim region); and (c) the parking spaces which are expected to be delivered by the Sino-Ocean Connected Persons in 2023, 2024 and 2025, in respect of which the Sino-Ocean Connected Persons are willing to grant the Exclusive Sales Rights to the Group;
- (ii) the deposit rate of not exceeding 50% of the relevant Base Price for obtaining the Exclusive Sales Right in respect of a Target Parking Space;
- (iii) the resources that the Group may allocate to the provision of parking space sales agency services, and its ability to meet the service demand;
- (iv) the market deposit rates in respect of similar types and scope of exclusive parking space sales agency services;
- (v) the business development plan of the Group to further expand its parking space sales agency services; and
- (vi) the financial and cash position of the Group.

In addition, as the provision of sales agency services under the New CP Framework Agreement shall be part of the continuing connected transactions pursuant to the 2023–2025 Master Consultancy and Other Value-added Services Agreement, and the Exclusive Sales Agency Fees payable by the Sino-Ocean Connected Persons to the Group shall be subject to the relevant proposed annual caps thereunder of RMB592 million, RMB682 million and RMB813 million for each of the three years ending

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31 December 2023, 2024 and 2025, respectively. As such, no separate cap has been set for the provision of the sales agency services under the New CP Framework Agreement.

Our analysis on the Proposed Annual Caps

We have obtained a schedule (the “**Car Parking Space Schedule**”) listing out the additional car parking spaces held by the Sino-Ocean Connected Persons and may become available for the Group to sell in connection with Renewed Continuing Connected Transactions. We noted that the Car Parking Space Schedule was based on the number of car parking spaces available from property development projects located in various regions and cities across the PRC, including, among others, (i) Beijing, Tianjin, Shijiazhuang and Qinhuangdao in the Beijing-Tianjin-Hebei region; (ii) Hangzhou and Nanjing in the Eastern China region; (iii) Wuhan, Zhengzhou, Chengdu and Kunming in the Central and Western China region; and (iv) Taiyuan in the Bohai Rim region. The total number of car parking spaces as set out in the Car Parking Space Schedule exceeded 12,000 units with an estimated market unit price ranging from RMB35,000 to RMB250,000, with an estimated total market value exceeding RMB1,100 million as provided by the Management.

On this basis, based on the number of car parking spaces available and the average selling price of these subject car parking spaces, the aggregate value of car parking spaces held by the Sino-Ocean Connected Persons and may become available for the Group to sell is sufficient to justify the 2023 Proposed Annual Cap.

In addition, we also noted from Sino-Ocean Group’s interim report for the six months ended 30 June 2022 (the “**2022 Sino-Ocean Group Interim Report**”) that Sino-Ocean Group has over 250 landbank/property development projects across over 60 cities in the PRC with a total GFA in excess of 70 million sq.m. as at 30 June 2022, including major cities such as Beijing, Shanghai, Guangzhou, Suzhou and Wuhan. It is also noted that the property portfolio of Sino-Ocean Group comprised residential properties, office properties and retail spaces. Further details on the landbank of Sino-Ocean Group and its joint ventures and associates as at 30 June 2022 are set out on page 29 to page 38 of the 2022 Sino-Ocean Group Interim Report.

In addition to the above, we have also considered our further work performed and analysis including, among others, the following:

- (i) we have obtained and reviewed from the Management the project initiation reports, which sets out the information prepared by the relevant personnel of the Group’s business department, reviewed by the management of the Group’s business department, with a view to determine the prevailing price level of comparable parking spaces in the market and the relevant market conditions;

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- (ii) the Group has maintained long-term business relationship with Sino-Ocean Connected Persons, in particular, Sino-Ocean Group, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 3377). The Management is of the view that maintaining such mutually beneficial relationship with Sino-Ocean Group is in the interests of the Company and its Shareholders as a whole as such would enable the Group to continue broadening its income base through the provision of property management and other ancillary services to Sino-Ocean Group as well as other Sino-Ocean Connected Persons;
- (iii) subject to the measures as disclosed under section headed “Recoverability of deposits under the New CP Framework Agreement” in this letter, in the event that any Target Parking Space is delivered to a purchaser, such Target Parking Space is considered as sold and the corresponding deposit paid for obtaining the Exclusive Sales Right of such Target Parking Space shall be refunded (without interest) to the Group, which shall be settled by the relevant Sino-Ocean Connected Person together with corresponding Exclusive Sales Agency Fees involved on a monthly basis and within 15 business days thereof;
- (iv) the parties shall review the composition and the Base Prices of the Target Parking Spaces on a quarterly basis (the “**Review**”). In this connection, we understand that during the Review, the Management shall, among others, assess the marketability as well as the then prevailing market price of the Target Parking Spaces. Based on the aforesaid assessment, the Management shall, when considered appropriate, remove or replace those Target Parking Spaces which are considered to have limited marketability and/or the market price of which have reduced notably.

In respect of any unsold Target Parking Space, the Group is entitled to either (a) terminate the Exclusive Sales Right for such unsold Target Parking Space, in which case, the corresponding deposit paid for such Target Parking Space shall be refunded (without interest) to the Group within 15 business days from the date of termination of the Exclusive Sales Right; (b) replace such unsold Target Parking Space with other new Target Parking Space (of the same value) to be agreed between the Company and Sino-Ocean Group; or (c) negotiate with the relevant Sino-Ocean Connected Persons for making downward adjustment to the Base Prices and the corresponding deposits paid/payable for any unsold Target Parking Spaces as of the last day of each quarter based on the average price of comparable parking spaces in the surrounding markets as well as the market conditions in the previous quarter, so as to ensure that the Base Price is fair and reasonable and on par with the comparable average prices in the surrounding markets of the Target Parking Spaces. In this connection, we understand that during the Review, the Management shall, among others, re-evaluate the then

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property market conditions and the then prevailing market price of the Target Parking Spaces and shall, when considered appropriate, adjust the Base Prices and the corresponding deposits paid/payable, or to terminate the Exclusive Sales Rights for any unsold Target Parking Spaces should the parties cannot agree on the revised Base Prices and the corresponding deposits;

- (v) the Proposed Annual Caps of RMB450 million, represented approximately 3.1% and 0.6% of cash and cash equivalents, and net assets of Sino-Ocean Group, respectively, as set out in the 2022 Sino-Ocean Group Interim Report of cash and cash equivalents, and net assets of approximately RMB14,615.3 million and approximately RMB71,746.9 million as at 30 June 2022, respectively;
- (vi) the Management having considered the financial position of Sino-Ocean Group as at 30 June 2022 and the fact that they did not note any material adverse credit events and/or defaults in relation to Sino-Ocean Group and/or other Sino-Ocean Connected Persons. In addition, the Management also considered (a) Sino-Ocean Group's announcement dated 11 November 2022 in relation to, among others, the change of its auditor and matters that the resigned auditor considered should be brought to the attention of the shareholders and creditors of Sino-Ocean Group for the year ended 31 December 2022, such as the possibility of potential defaults or cross-defaults of borrowings. As disclosed in such announcement, Sino-Ocean Group has obtained consents from majority of the lending banks regarding amendments of relevant financial covenants and terms of bank loan agreements and no defaults or cross-defaults of borrowings of Sino-Ocean Group are expected; (b) no announcements of Sino-Ocean Group in relation to material adverse credit events and/or defaults in the past 24 months; and (c) Notice No. 254 jointly issued by the People's Bank of China and the China Banking and Insurance Regulatory Commission in November 2022 containing a 16-point plan to support the property development sector through measures that range from addressing developers' liquidity crisis to loosening down-payment requirements for homebuyers, which is expected to bring about positive impact to the overall real estate market in the PRC. Therefore, the Board considers that the credit and default risks of Sino-Ocean Group and/or other Sino-Ocean Connected Persons to be low.

Furthermore, the Board has conducted additional due diligence work on Sino-Ocean Group in light of the latest development, including but not limited to (a) reviewing the announcements of Sino-Ocean Group as well as publicly available information in the market up to the Latest Practicable Date and noted that no material adverse credit event and/or default in the past 24 months was announced; (b) conducting winding-up searches against Sino-Ocean Group in Hong Kong and the

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PRC based on publicly available information and noted that no winding-up proceedings were commenced against Sino-Ocean Group in Hong Kong at the relevant time; and (c) conducting searches against Sino-Ocean Holding Group (China) Limited (遠洋控股集團(中國)有限公司), being the principal subsidiary of Sino-Ocean Group in the PRC, based on publicly available information and noted that no litigation or winding-up proceedings which might in turn have a material adverse effect on Sino-Ocean Group's financial position were commenced against such entity in the PRC at the relevant time;

- (vii) based on the 2022 Sino-Ocean Group Interim Report, the two largest shareholders of Sino-Ocean Group are China Life Insurance Company Limited (中國人壽保險股份有限公司) (“**China Life**”) and Dajia Life Insurance Co., Ltd.* (大家人壽保險股份有限公司), owned as to approximately 29.59% and 29.58% of Sino-Ocean Group's issued share capital as at 30 June 2022, respectively. The controlling shareholder of China Life is China Life Insurance (Group) Company, being a state-owned enterprise. China Life is one of the largest insurance companies in the PRC, it is also a listed company both on the Stock Exchange and the Shanghai Stock Exchange;
- (viii) the relevant personnel of the business department of the Group will monitor the latest financial position of Sino-Ocean Group, assess the ongoing risks by monitoring announcements of Sino-Ocean Group as well as publicly available information in the market from time to time, and monitor the payment ability of the Sino-Ocean Connected Persons. Should the aforesaid designated personnel become aware of any material adverse event with respect to the financial position of the Sino-Ocean Group, he/she will report to the Board and the Management in a timely manner. In turn, the Management will assess the relevant information, and when considered necessary, the Group will cease or downsize the subject continuing connected transactions as deemed appropriate.

In addition, the Management shall also consider the Group's scale of the business and the amount of the deposits to be paid in connection with the Renewed Continuing Connected Transactions on a quarterly basis;

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- (ix) it is not uncommon market practice for a party to pay a refundable deposit/earnest money in return for an exclusive right over a period of time, such includes the following transaction precedents announced, or which the subject announcement(s) and/or circular issued by Main Board listed companies fall within 12 months immediately preceding the date of the Announcement (the “**Market Precedents**”), on a non-exhaustive basis, set out in a tabular format below:

Company name (stock code)	Date of announcement/ circular (where applicable)	Base price/reserve price to the market price of the underlying asset	Rate of agency fees	Rate of deposit/ earnest money to base price
Dexin Services Group Limited (“ Dexin Services ”) (2215)	9 June 2022 (announcement), 16 September 2022 (circular)	in principle shall not exceed 80% of the agreed price for sales or leasing	being the excess of the agreed price over the base price for sales and leasing or an amount calculated based on the aforesaid excess after taking into consideration of various factors, which shall be at least 20% of the agreed price for sales or leasing	in an amount not exceeding 50% of the aggregate of the relevant value of the target parking spaces under the specific contracts (being the sum of the base price for sales and leasing)
Powerlong Commercial Management Holdings Limited (“ Powerlong ”) (9909)	11 May 2022 and 6 June 2022 (announcements)	being 65% of the market value for the sales of the exclusive car parking lots	being the sum of (i) the multiple of the base price and an agreed rate and (ii) the multiple of the difference between the sales price and the base price (if any) and another agreed rate, the aforesaid agreed rates were not specified in the subject announcement	shall be approximately 30% of the agreed value, which represents approximately 46.2% of the base price
Xinyuan Property Management Service (Company) Limited (“ Xinyuan ”) (1895)	various announcements since December 2021 to May 2022, 17 May 2022 (circular)	61% of the 2020 valuation price of the car parking spaces	amounted to at least 20% of the market valuation of such designated car parking space	equal to 100% of the car parking reserve prices pursuant to the subject agreement

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Company name (stock code)	Date of announcement/ circular (where applicable)	Base price/reserve price to the market price of the underlying asset	Rate of agency fees	Rate of deposit/ earnest money to base price
A-Living Smart City Services Co., Ltd. ("A-Living") (3319)	22 April 2022 (announcement)	will be not more than 65% of the agreed market value for the sales and leasing of the exclusive parking spaces	being the sum of (i) the multiple of the base price and an agreed rate; and (ii) the multiple of the difference between the sales price and the base price (if any) and another agreed rate, the aforesaid agreed rates were not specified in the subject announcement	shall not exceed 30% of the base price of the exclusive parking spaces
the Company (6677)	30 December 2021 and 20 January 2022 (announcements) (the "2021 Transaction")	shall not exceed 80% of the average price of comparable parking spaces in the surrounding markets of the relevant target parking spaces	being difference between the actual sales price paid by third party purchaser(s) and the relevant base price, and expected that at least 20% of the respective selling price will be generated as exclusive sales agency fees	determined with reference to the base price for the sale of the relevant target parking spaces
the Company (6677)	14 October 2022	shall not exceed 80% of the average price of comparable parking spaces in the surrounding markets of the relevant target parking spaces (i.e. the Base Price)	assuming the Target Parking Spaces are sold at market price, the Company expects that at least 20% of the respective selling price will be generated as the Exclusive Sales Agency Fees	not exceeding 50% of the relevant Base Price

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Based on the foregoing, (a) the respective deposit/earnest money to base/reserve price of the Market Precedents ranged from 30% (A-Living) to 100% (Xinyuan and the 2021 Transaction) of the corresponding base price/reserve price (where applicable), of which a ratio of not exceeding 50% under the New CP Framework Agreement falls within such range; (b) the respective base price of the Market Precedents ranged from 61% (Xinyuan) to 80% (Dexin Services and the 2021 Transaction) of the agreed asset value (which is determined with reference to the market price), under the New CP Framework Agreement, the Base Price shall not exceed 80% of the average price of comparable parking spaces in the surrounding markets, which falls within such range; and (c) the subject sales agency fees of the Market Precedents shall/were expected to be 20% or more of the sales price and/or market value for each of Dexin Services, Xinyuan and under the 2021 Transaction, which are in line with the expected Exclusive Sales Agency Fees of not less than 20% of the market price to be generated under the New CP Framework Agreement, while the sales agency fees for each of A-Living³ and Powerlong⁴ were not specified in the relevant transaction announcement; and

- (x) the Group recorded cash and cash equivalents of approximately RMB2,473.9 million as at 30 June 2022 based on its 2022 Interim Report, while the prevailing one-year deposit rate* (金融機構人民幣存款基準利率) published by the People's Bank of China ("PBOC") is 1.5% per annum, as extracted from the website of PBOC (www.pbc.gov.cn), the terms of the New CP Framework Agreement would provide an opportunity allowing the Group to generate a comparatively higher return for the Group in terms of agency fees through utilising its financial resources, a substantial amount of which is being deposited at bank at the aforesaid interest rate,

³ As set out in the subject transaction announcement of A-Living, the agency fee for the group will be the sum of (i) the multiple of the base price and an agreed rate; and (ii) the multiple of the difference between the sales price and the base price (if any) and another agreed rate. However, the agreed rate mentioned under (i) and (ii) were not specified in the subject transaction announcement.

⁴ As set out in the subject transaction announcement of Powerlong, the agency fee for the group will be the sum of (i) the multiple of the base price and an agreed rate; and (ii) the multiple of the difference between the sales price and the base price (if any) and another agreed rate. However, the agreed rate mentioned under (i) and (ii) were not specified in the subject transaction announcement.

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we are of the view that the basis of determination of the rate of deposit payable (i.e. shall not exceed 50% of the Base Price) to be in line with the Market Precedents, and that such deposit rate was for the purpose of obtaining the Exclusive Sales Right in respect of a Target Parking Space, thus such are considered to be fair and reasonable, and in the interests of the Company and its Shareholders as a whole, and we also considered that the Review allow the Group with flexibility to control and manage the Base Price and the deposit amount at least on a quarterly basis, thus such are considered to be reasonable, further, we considered that the estimated value of car parking spaces of the Sino-Ocean Connected Persons, being available for the Group to sell as an exclusive agent, as a basis to determine the 2023 Proposed Annual Cap is fair and reasonable.

In connection with the Proposed Annual Caps, we have taken into account that the Group shall continue to develop its car parking space sales agency business during the aforesaid periods and that the Company took a conservative approach by assuming no growth to the 2024 and 2025 Proposed Annual Caps and maintained such at the same level as the 2023 Proposed Annual Cap.

Having considered our analysis and work performed as set out above, the Proposed Annual Caps for each of the three years ending 31 December 2023, 2024 and 2025 are considered to be fair and reasonable.

Furthermore, the Shareholders are advised that the Proposed Annual Caps represent an estimate by the Group based on the information available at the relevant time and may or may not represent the actual amount of deposits to be paid by the Group. In addition, the respective deposit annual caps would provide the Group with the flexibility but not the obligation to provide sales agency services to the Sino-Ocean Connected Persons and the Group shall comply with the relevant internal control measures, including those as set out and analysed in this letter above, prior to entering into any specific agreements to specify, among others, the Target Parking Spaces the Exclusive Sales Rights of which are to be granted to the Group and their corresponding Base Price. The Directors considered and we concur that, barring unforeseen circumstances, the effective implementation of the subject internal control measures in connection with the Renewed Continuing Connected Transactions are sufficient to ensure the recoverability of the deposits for obtaining the Exclusive Sales Rights.

VI. RECOMMENDATION

Having considered, among others,

- (i) the reasons for and benefits of the Renewed Continuing Connected Transactions;
- (ii) the Renewed Continuing Connected Transactions are a furtherance of the Group's core businesses and shall broaden the income base of the Group;

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- (iii) the Renewed Continuing Connected Transactions shall be conducted in the ordinary and usual course of business of the Group and on normal commercial terms, detailed analysis of which have been set out under the sections headed “6. Internal control procedures of the Group in respect of the Renewed Continuing Connected Transactions” in this letter above; and
- (iv) the basis for determining the annual caps included, amongst other things, the estimated car parking spaces to be exclusively sold by the Group is reasonable, details of which are set out in the section headed “7. Basis for determining the Proposed Annual Caps” in this letter above,

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

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

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

* *For identification purposes only*

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

(a) Interests of the Directors and chief executive of the Company

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were 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 or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

(i) Interests in the Company

Nil.

(ii) Interests in an associated corporation of the Company

Name of Directors	Name of associated corporation	Nature of interests	Number of shares held ⁽¹⁾	Approximate percentage of shareholding interest ⁽²⁾
Yang Deyong	Sino-Ocean Group	Beneficial owner	118,777	0.002%
Zhu Geying	Sino-Ocean Group	Beneficial owner	38,531	0.001%
Cui Hongjie	Sino-Ocean Group	Beneficial owner	369,571	0.005%
Zhu Xiaoxing	Sino-Ocean Group	Beneficial owner	249	0.000%

Notes:

- (1) All interests stated are long positions.
- (2) The shareholding percentage is calculated based on the total number of issued shares of Sino-Ocean Group of 7,616,095,657 as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which 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 or short positions which they were taken or deemed to have under such provisions of the SFO) or which was required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or which was required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) Interests of the substantial shareholders of the Company

As at the Latest Practicable Date, so far as the Directors were aware, the following persons (other than the Directors or chief executive of the Company) had an interest and/or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange pursuant to 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:

Name of Shareholders	Capacity and nature of interests	Number of Shares held ⁽³⁾	Approximate percentage of shareholding in the Company ⁽⁴⁾
Sino-Ocean Group	Interest in controlled corporation ⁽¹⁾	827,100,000	69.86%
Shine Wind	Beneficial owner	800,000,000	67.57%
	Interest in controlled corporation ⁽²⁾	27,100,000	2.29%

Notes:

- (1) Shine Wind is a wholly-owned subsidiary of Sino-Ocean Group and therefore Sino-Ocean Group is deemed to be interested in the Shares held by Shine Wind.
- (2) 27,100,000 Shares are held by a company in which Shine Wind is indirectly interested as to 49% and therefore, Shine Wind is deemed to be interested in these Shares by virtue of the SFO.
- (3) All interests stated are long positions.
- (4) The shareholding percentage is calculated based on the Company's total number of issued Shares of 1,184,000,000 as at the Latest Practicable Date.

- (5) As at the Latest Practicable Date, each of the following Directors was a director and/or an employee of Sino-Ocean Group:

Name of Directors	Position(s) held in Sino-Ocean Group
Mr. Cui Hongjie	Executive director and executive president of Sino-Ocean Group and general manager of the product construction centre of Sino-Ocean Group and its subsidiaries
Mr. Zhu Xiaoxing	A key management responsible for the investment and finance function of Sino-Ocean Group and its associates

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than a Director or chief executive of the Company) who had an interest and/or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company and the Stock Exchange pursuant to 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.

3. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

None of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2021 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and his or her respective close associates was considered to have an interest in a business apart from the Group's business which competed or was likely to compete, either directly or indirectly, with the business of the Group.

5. QUALIFICATION AND CONSENT OF EXPERT

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

Name	Qualification
Red Sun Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its opinion, letter or advice (as the case may be) and references to its name in the form and context in which they respectively appear.

The Independent Financial Adviser confirmed that it did not have any shareholding interest 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 of any member of the Group as at the Latest Practicable Date.

As at the Latest Practicable Date, the Independent Financial Adviser was not interested, directly or indirectly, in any assets which had been, since 31 December 2021 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group.

6. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there had been no material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up.

7. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into any service contract with any member of the Group which was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

8. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Sum Pui Ying who is a fellow member of Hong Kong Institute of Certified Public Accountants and a fellow member of The Institute of Chartered Accountants in England and Wales.
- (b) The registered office of the Company is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (c) The headquarters of the Company in the PRC is at 2nd Floor, Tower A, No. A518 East Road of Chaoyang Sports Center, Chaoyang District, Beijing, PRC.
- (d) The principal place of business of the Company in Hong Kong is at Suite 601, One Pacific Place, 88 Queensway, Hong Kong.
- (e) The principal share registrar and transfer office of the Company is Conyers Trust Company (Cayman) Limited.
- (f) The branch share registrar of the Company in Hong Kong is Tricor Investor Services Limited.
- (g) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

9. DOCUMENT ON DISPLAY

A copy of the New CP Framework Agreement will be published on the respective website of the Company (www.sinooceanservice.com) and the Stock Exchange (www.hkexnews.hk) for a period of 14 days from the date of this circular.

NOTICE OF EGM



NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “EGM”) of Sino-Ocean Service Holding Limited (the “Company”) will be held at Meeting Room, 2nd Floor, Tower A, No. A518 East Road of Chaoyang Sports Center, Chaoyang District, Beijing, PRC on Tuesday, 31 January 2023 at 10:15 a.m. for the purpose of considering and, if thought fit, passing the following ordinary resolution. Capitalised terms contained in the circular dated 13 January 2023 issued by the Company in respect of discloseable and continuing connected transactions in relation to the provision of exclusive parking space sales agency services shall have the same meanings when used herein unless otherwise specified.

ORDINARY RESOLUTION

(1) “**THAT:**

- (a) the New CP Framework Agreement, a copy of which has been produced to the EGM and marked “A” and initialed by the chairman of the EGM for identification purpose, and the transactions as contemplated thereunder (including the annual caps for deposits) be and are hereby approved, confirmed and ratified; and
- (b) any one Director be and is hereby authorised to do all such acts and things and to sign and execute all such documents, instruments and agreements for and on behalf of the Company as he/she may consider necessary, appropriate, desirable or expedient to give effect to or in connection with paragraph (a) of this resolution.”

Yours faithfully,
By order of the Board
Sino-Ocean Service Holding Limited
Yang Deyong
Joint Chairman

Hong Kong, 13 January 2023

Notes:

- (a) The register of members of the Company will be closed from Thursday, 26 January 2023 to Tuesday, 31 January 2023 (both days inclusive), during which period no transfer of shares in the Company can be registered. In order to be entitled to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, 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, 20 January 2023.

Sino-Ocean Service Holding Limited
(Incorporated in the Cayman Islands with limited liability)

Stock Code : 06677

NOTICE OF EGM

- (b) Any Shareholder entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote on his/her behalf. A proxy need not be a Shareholder. To be valid, a form of proxy in the prescribed form together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be deposited with the Company's Hong Kong branch share registrar, 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., not later than 10:15 a.m. on Sunday, 29 January 2023 (Hong Kong Time)), or any adjourned meeting. Completion and return of the form of proxy will not preclude a Shareholder from attending and voting in person at the EGM or any adjournment thereof should he/she so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked. **In light of the epidemic situation of COVID-19, Shareholders are encouraged to appoint the chairman of the EGM as their proxy to vote on the resolution, instead of attending the EGM in person.**
- (c) The Chinese translation of this notice is for reference only, and in the event of any inconsistency between the English and Chinese versions, the English version shall prevail.
- (d) As at the date of this notice, the Board comprises two executive Directors, namely, Mr. Yang Deyong and Ms. Zhu Geying; two non-executive Directors, namely, Mr. Cui Hongjie and Mr. Zhu Xiaoxing; and three independent non-executive Directors, namely, Dr. Guo Jie, Mr. Ho Chi Kin Sammy and Mr. Leung Wai Hung.