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If you have sold or transferred all your shares in **C&D Property Management Group Co., Ltd**, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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C&D Property Management Group Co., Ltd

建發物業管理集團有限公司

(Incorporated in the British Virgin Islands with limited liability)

(Stock Code: 2156)

CONNECTED TRANSACTION GRANT OF RESTRICTED SHARES UNDER INCENTIVE SCHEME AND NOTICE OF EXTRAORDINARY GENERAL MEETING

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

ALTUS CAPITAL LIMITED

A notice convening the EGM to be held at Office No. 3517, 35th Floor, Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong on Friday, 10 February 2023 at 10 a.m. is set out on pages N-1 to N-3 of this circular.

A form of proxy for use by the Shareholders at the EGM is enclosed with this circular for despatch to the Shareholders. Whether or not you intend to attend and/or vote at the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable but in any event not later than 48 hours before the time specified for holding the EGM or any adjournment thereof (as the case may be). 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.

17 January 2023

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 20 May 2022, to approve, amongst others, the General Mandate
“Announcement”	the announcement of the Company dated 15 December 2022 in relation to, among other things, the grant of the Reserved Incentive Restricted Shares to the Reserved Incentive Recipients pursuant to the Incentive Scheme
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Benchmark Date”	1 July 2021
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Circular”	the circular of the Company dated 6 September 2021
“Company”	C&D Property Management Group Co., Ltd 建發物業管理集團有限公司, a BVI business company incorporated in the BVI with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Condition(s) for Lock-up Release”	the condition(s) required to be fulfilled pursuant to the Incentive Scheme for the release of lock-up restrictions on the Restricted Shares to be granted to the Incentive Recipients
“Condition(s) of Grant”	the condition(s) required to be fulfilled pursuant to the Incentive Scheme for the Board to grant Restricted Shares to the Incentive Recipients
“Connected Incentive Recipient(s)”	the Incentive Recipient(s) of the Connected Restricted Shares who is/are connected person(s) of the Company
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Connected Reserved Restricted Shares”	the Reserved Incentive Restricted Shares granted to the Reserved Connected Incentive Recipients
“Deed of Trust”	the deed of trust entered into between the Company and the Trustee, as restated, supplemented and amended from time to time
“Director(s)”	the director(s) of the Company

DEFINITIONS

“EGM”	an extraordinary general meeting to be held at Office No. 3517, 35th Floor, Wu Chung House, 213 Queen’s Road East, Wanchai, Hong Kong on Friday, 10 February 2023 at 10 a.m. or any adjournment thereof (as the case may be), to approve, among other things, the allotment and issue of the Connected Reserved Restricted Shares
“Evaluation Period”	each of the three years ending 31 December 2024
“General Mandate”	the general and unconditional mandate granted to the Directors to exercise the power of the Company to allot, issue and deal with Shares up to a maximum of 20% of the aggregate number of Shares in issue as at the date of passing of the AGM
“Grant Price”	HK\$2.41, the price Reserved Incentive Recipients shall pay to subscribe for each Reserved Incentive Restricted Share
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Incentive Recipient(s)”	Director(s) and senior management of the Group who play a vital role in the medium to long-term development of the Company and the core staff of the Group who have made direct contribution to the operating results and sustainable development of the Company (excluding independent Directors, Shareholders or <i>de facto</i> controllers of the Company who individually or collectively hold more than 5% of the issued Shares of the Company and their respective spouses, parents or children). The Director(s) and senior management of the Company selected as Incentive Recipient(s) must be elected at a general meeting of the Company or appointed by the Board, and each Incentive Recipient must have entered into an employment contract or engagement contract with the Group during the Evaluation Period
“Incentive Scheme”	the 2021 Restricted Share Incentive Scheme and its implementation and evaluation measures approved by the Shareholders on 27 September 2021, as amended from time to time

DEFINITIONS

“Independent Board Committee”	an independent Board committee comprising all the independent non-executive Directors, which has been formed to advise the Independent Shareholders on the allotment and issue of the Connected Reserved Restricted Shares
“Independent Financial Adviser”	Altus Capital Limited, a corporation licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed for the purpose of advising the Independent Board Committee and the Independent Shareholders as to the allotment and issue of the Connected Reserved Restricted Shares
“Independent Shareholder(s)”	Shareholder(s) who, under the Listing Rules, is/are not required to abstain from voting for the resolutions approving the issue and allotment of the Connected Reserved Restricted Shares
“Latest Practicable Date”	9 January 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained therein
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lock-up Period”	the period during which the Restricted Shares granted or to be granted to the Incentive Recipients under the Incentive Scheme are prohibited from being transferred, used as guarantee or for repayment of debts
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Reserved Connected Incentive Recipient(s)”	Incentive Recipient(s) of the Connected Reserved Restricted Shares who is/are connected person(s) of the Company
“Reserved Incentive Recipients”	not more than 105 employees of the Group who are granted the Reserved Incentive Restricted Shares
“Reserved Incentive Restricted Share(s)”	7,050,000 Restricted Shares granted or to be granted to the Incentive Recipients
“Reserved Interests Grant”	the grant of the Reserved Incentive Restricted Shares to the Reserved Incentive Recipients, subject to acceptance of the Reserved Incentive Recipients, pursuant to the Incentive Scheme

DEFINITIONS

“Reserved Interests Grant Announcement Date”	15 December 2022
“Restricted Share(s)”	the restricted share(s) granted or to be granted to the Incentive Recipient(s) by the Company under the Incentive Scheme
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share(s)”	the ordinary share(s) with a par value of HK\$0.01 each of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the mandate granted to the Directors at the general meeting of the Company on 27 September 2021 for the allotment and issue of a total of up to 35,300,000 new Shares pursuant to the Incentive Scheme, which was effective till 26 September 2022
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Trust”	the trust constituted by the Deed of Trust
“Trustee”	BOCI Trustee (Hong Kong) Limited, a wholly-owned subsidiary of BOC International Holdings Limited which is a group company of Bank of China Limited (stock code: 3988), being the trustee appointed by the Board who is independent from the Company and connected persons of the Company as at the Latest Practicable Date, to hold the Restricted Shares for the benefits of the Incentive Recipient(s) and manage the Trust pursuant to the terms and conditions of the Deed of Trust. The Trustee is a licensed trustee in Hong Kong (TCSP Licence No.: TC002392) to carry on a trust or company services business in Hong Kong. All directors of the Trustee as at the Latest Practicable Date are employees of BOC International Holdings Limited or its subsidiaries and none of them has any interest in the Trustee. The Directors do not have any direct or indirect interest in the Trustee, or have any role or position in the Trustee.
“%”	per cent.

* For identification purpose only. The English names are only translations of the official Chinese names. In case of inconsistency, the Chinese names prevail.

LETTER FROM THE BOARD

C&D Property Management Group Co., Ltd

建發物業管理集團有限公司

(Incorporated in the British Virgin Islands with limited liability)

(Stock Code: 2156)

Executive Directors:

Ms. Qiao Haixia (*Chief Executive Officer*)
Mr. Huang Danghui

Non-executive Directors:

Mr. Lin Weiguo (*Chairman*)
Mr. Xu Yixuan

Independent Non-executive Directors:

Mr. Lee Cheuk Yin Dannis
Mr. Li Kwok Tai James
Mr. Wu Yat Wai

Registered office:

2/F, Palm Grove House
P.O. Box 3340
Road Town, Tortola
BVI

*Principal place of
business in Hong Kong:*

Room 3517, 35/F
Wu Chung House
213 Queen's Road East
Wan Chai, Hong Kong

17 January 2023

To the Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION
GRANT OF RESTRICTED SHARES UNDER INCENTIVE SCHEME
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Reference is made to the announcement of the Company dated 15 December 2022. The purpose of this circular is (i) to provide the Shareholders with further information on the allotment and issue of the Connected Reserved Restricted Shares; (ii) to set out the recommendation from the Independent Board Committee in relation to the allotment and issue of the Connected Reserved Restricted Shares; (iii) to set out the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) to give the Shareholders a notice of the EGM and other information in accordance with the requirements of the Listing Rules.

SUMMARY OF THE CONNECTED EMPLOYEE SHARE AWARD SCHEME

As disclosed in the Circular and the poll results announcement of the Company dated 27 September 2021, the Board has adopted and the Shareholders have approved the Incentive Scheme. A summary of the terms of the Incentive Scheme is set out in Appendix I to the Circular.

LETTER FROM THE BOARD

RESERVED INTERESTS GRANT

On 15 December 2022, the Board approved the grant of in aggregate 7,050,000 Reserved Incentive Restricted Shares to not more than 105 employees of the Group, subject to acceptance of the Reserved Incentive Recipients, pursuant to the Incentive Scheme. Details of the Reserved Interests Grant are set out as follows:

Number of Grant Shares:

An aggregate of 7,050,000 Restricted Shares, representing approximately 0.53% of the issued share capital of the Company as at the Latest Practicable Date.

The aggregate nominal value of the Reserved Incentive Restricted Shares is HK\$70,500.

Number of Grantees:

Not more than 105 employees of the Group, and to the best knowledge of the Directors, among the 7,050,000 Restricted Shares granted, 2,630,000 Connected Reserved Restricted Shares were granted to 25 Reserved Connected Incentive Recipients. Pursuant to the Incentive Scheme, the list of Reserved Incentive Recipients was determined on 23 September 2022 after consideration by the Board.

Assuming the Reserved Incentive Restricted Shares are fully subscribed and vested on the Reserved Incentive Recipients, the maximum number of Restricted Shares to be vested on different categories of Incentive Recipients, together with particulars of the Reserved Connected Incentive Recipients, are as follow:

Name	Position	Job responsibilities	Years of service	Number of Reserved Incentive Restricted Shares granted	Approximate percentage of the issued Shares as at the Latest Practicable Date
Reserved Connected Incentive Recipients					
Ms. Qiao Zhixin	Director of a subsidiary	Commercial management business strategy development and daily management and operation	5	570,000	0.0427%
Mr. Wang Yuanwang	Director of a subsidiary	Daily management and operation of businesses such as property management in Henan region	2	210,000	0.0157%
Mr. Zhang Li	Director of a subsidiary	Responsible for the daily management and operation of intelligence and IOT business	6	200,000	0.0150%
Mr. Wang Shoudong	Director of a subsidiary	Daily management and operation of business such as property management in Hangzhou region	1	180,000	0.0135%

LETTER FROM THE BOARD

Name	Position	Job responsibilities	Years of service	Number of Reserved Incentive Restricted Shares granted	Approximate percentage of the issued Shares as at the Latest Practicable Date
Mr. Li Guangrui	General manager of a subsidiary	Daily management and operation of business such as property management in Shanghai region	1	150,000	0.0112%
Mr. Lin Ruping	Director of a subsidiary	Support the daily management and operation of businesses such as property management in Shanghai region	1	120,000	0.0090%
Ms. Zhan Lianping	Director of a subsidiary	Strategic development and daily management and operation of businesses such as property management	14	110,000	0.0082%
Mr. Huang Rongyu	Director of a subsidiary	Daily management and operation of commercial management business	15	110,000	0.0082%
Mr. Si Chentao	Director of a subsidiary	Strategic development and daily management and operation of businesses such as property management in Xiamen region	17	80,000	0.0060%
Mr. Gao Zhaojie	Director of a subsidiary	Strategic development and daily management and operation of businesses such as property management in Huadong region	9	80,000	0.0060%
Mr. Li Bingsen	Director of a subsidiary	Head of finance for commercial management business	6	80,000	0.0060%
Mr. Zhang Baojun	Director of a subsidiary	Daily management and operation of business such as property management in the Southeast region	15	60,000	0.0045%
Mr. Hu Deyou	General manager of a subsidiary	Daily management and operation of business such as property management in Xiamen region	10	60,000	0.0045%
Mr. An Xi	Director of a subsidiary	Daily management and operation of business such as property management in Zhangzhou region	8	60,000	0.0045%
Mr. Wang Qiaohong	Director of a subsidiary	Daily management and operation of business such as property management in Quanzhou region	7	60,000	0.0045%
Ms. Hu Yuqiong	Director of a subsidiary	Daily management and operation of business such as property management in Sichuan and Chongqing region	9	60,000	0.0045%

LETTER FROM THE BOARD

Name	Position	Job responsibilities	Years of service	Number of Reserved Incentive Restricted Shares granted	Approximate percentage of the issued Shares as at the Latest Practicable Date
Mr. Zhu Chao	Director of a subsidiary	Daily management and operation of business such as property management in Shanghai region	9	60,000	0.0045%
Mr. Huang Feng	Director of a subsidiary	Daily management and operation of business such as property management in Fuzhou region	8	60,000	0.0045%
Ms. Deng Yuling	Director of a subsidiary	Daily management and operation of community value-added service business	8	60,000	0.0045%
Mr. Zheng Zhisong	Director of a subsidiary	Daily management and operation of business such as property management in Ningbo region	17	60,000	0.0045%
Mr. Zhu Xiaobo	General manager of a subsidiary	Daily management and operation of senior care service business	3	60,000	0.0045%
Mr. Wu Ziyang	Director of a subsidiary	Daily management and operation of business such as property management in Nanning region	5	50,000	0.0037%
Mr. Zheng Jiachun	Supervisor of a subsidiary	Daily management and operation of the Group's audit business	5	40,000	0.0030%
Ms. Yan Weina	General manager of a subsidiary	Support the daily management and operation of businesses such as property management in Changsha region	6	40,000	0.0030%
Mr. Li Liangyi	Director of a subsidiary	Daily management and operation of business such as property management in Guangzhou region	4	10,000	0.0007%
Sub-total				2,630,000	0.1968%
Other Reserved Incentive Recipients					
not more than 80 employees of the Group who, to the best knowledge of the Directors, are not connected persons of the Company				4,420,000	0.3308%
Total				<u>7,050,000</u>	<u>0.5276%</u>

LETTER FROM THE BOARD

A holistic approach was adopted when determining each Incentive Recipient's entitlement under the Reserved Interests Grant and the number of Reserved Incentive Restricted Shares granted to each Reserved Incentive Recipient is determined with reference to, amongst other things, the recipient's job responsibilities, individual performance, work experience and tenure within the Group. The assessment mechanism for Reserved Incentive Recipients are the same regardless of whether they are a connected person of the Company.

- (i) Assessment of the Incentive Recipient's individual performance and work experience are based on, among others, their ability, efficiency and contribution to enhancing the performance of the respective business segments or business lines such as ability to introduce key customers, improvement to the operation system and internal control system, and entrepreneurship.
- (ii) Assessment of the Incentive Recipients' job responsibilities are based on their position and role in the Group. Directors, general managers and supervisors of subsidiaries of the Company, being the top management, play an important role in overseeing the overall development of the Group from the strategic level. Meanwhile, they also play a decisive role in the Group's business development. Other Incentive Recipients being core staff of the Group work at various business segments and supporting departments are crucial to the Group and play an important role in the execution of the Group's business functions. Therefore, including such employees as Incentive Recipients will help to promote their stability and enthusiasm, and thereby contributing to the Company's long-term development.
- (iii) Assessment of the Incentive Recipient's tenure in the Group are based on their year of service in the Group.

Grant Price:

HK\$2.41 per Share, which is same as the grant price of the Restricted Shares approved by the Board on the Benchmark Date.

According to the Incentive Scheme, the grant price of Reserved Incentive Restricted Shares shall be the same as the grant price of Restricted Shares approved by the Board on the Benchmark Date. The Grant Price was determined with reference to the Notice on Further Improving the Implementation of Equity Incentive Schemes by Central SOE-controlled Listed Companies (Guo Zi Fa Kao Fen Gui [2019] No. 102) 《關於進一步做好中央企業控股上市公司股權激勵工作有關事項的通知》(國資發考分規[2019]102號) and Guidelines for the Implementation of Equity Incentive Schemes by Central SOE-controlled Listed Companies (Guo Zi Fa Kao Fen Gui [2020] No. 178) 《中央企業控股上市公司實施股權激勵工作指引》(國資考分[2020]178號), and shall be not less than (a) the par value of the Shares and (b) the higher of (i) 50% of the closing price of the Shares as quoted on the Stock Exchange on the Benchmark Date; and (ii) 50% of the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the Benchmark Date.

LETTER FROM THE BOARD

As (i) the Grant Price was determined in compliance with the abovementioned policies, (ii) the Grant Price represents a discount of approximately 47% to the closing price of the Shares as quoted on the Stock Exchange on the Reserved Interests Grant Announcement Date; and (iii) the Grant Price represents a discount of approximately 50% to the closing price of the Shares as quoted on the Stock Exchange on the Benchmark Date, the Board is of the view that the Grant Price can incentivize and retain the Incentive Recipients to continue to contribute to the operations and further development of the Group, which is in line with the purpose of the Incentive Scheme and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Funds to be Raised:

Funds raised by the Company of approximately HK\$17.0 million as a result of the Reserved Interests Grant will be used as general working capital.

Market Price of the Shares:

The closing price of the Shares on the Reserved Interests Grant Announcement Date as quoted on the Stock Exchange is HK\$4.54 per Share, and the market value of the Reserved Incentive Restricted Shares on the Reserved Interests Grant Announcement Date is HK\$32,007,000.

The average closing price of the Shares for the five consecutive trading days immediately preceding the Reserved Interests Grant Announcement Date as quoted on the Stock Exchange is HK\$4.58 per Share.

Conditions Precedent:

The Reserved Interests Grant shall be subject to the grant of approval by the Stock Exchange for the listing of, and permission to deal in, the 7,050,000 new Shares to be issued and allotted. The grant of the Connected Reserved Restricted Shares to the Reserved Connected Incentive Recipients shall also be subject to the approval by the independent Shareholders at the EGM in respect of the issue and allotment of the Connected Reserved Restricted Shares.

Lock-up Period, arrangement for lock-up release and vesting:

The Restricted Shares granted to the Incentive Recipients under the Incentive Scheme shall not be transferred, used as guarantee or for repayment of debts during the Lock-up Period. Having been granted the Restricted Shares, the Incentive Recipients shall be entitled to the right to dividends and rights issue. During the Lock-up Period, the Shares acquired by the Incentive Recipients as a result of the capitalisation issue, bonus issue of Shares, rights issue, allotment of Shares to original Shareholders when allotting and issuing new Shares are also restricted from being sold in the secondary market or otherwise transferred, and the expiry date of the lock-up period for such Shares is the same as that for the Restricted Shares.

LETTER FROM THE BOARD

When the Company makes distribution by way of cash dividends or scrip dividends, the Incentive Recipients shall be entitled to the cash dividends or scrip dividends in respect of the Restricted Shares granted to them, and have the right to deal with the same freely.

Subject to fulfillment of the following conditions (a) and (b), the arrangement for lock-up release of the Reserved Restricted Shares is as follow:

	Lock-up Period	Condition (a): Performance target of the Company	Condition (b): Individual performance evaluation requirement on Incentive Recipients	Percentage of lock-up release
First lock-up release	From the first trading day after 24 months from the Grant Date to the last trading day within 36 months from the Grant Date	<p>(1) Economic value added of the Company for the year ending 31 December 2022 is not lower than RMB120 million;</p> <p>(2) Base on the total market value of the Company for the year ended 31 December 2020, the growth rate of total market value of the Company for the year ending 31 December 2022 is not lower than 60% and not lower than the industry average or 75% of the benchmark companies; and</p> <p>(3) the operating profits of the Company for the year ending 31 December 2022 attributes to not lower than 75% of the profits of the Company.</p>	The results of individual performance evaluation of Incentive Recipients for the year ending 31 December 2022 reached “qualified”	40%
Second lock-up release	From the first trading day after 36 months from the Grant Date to the last trading day within 48 months from the Grant Date	<p>(1) Economic value added of the Company for the year ending 31 December 2023 is not lower than RMB130 million;</p> <p>(2) Base on the total market value of the Company for the year ended 31 December 2020, the growth rate of total market value of the Company for the year ending 31 December 2023 is not lower than 65% and not lower than the industry average or 75% of the benchmark companies; and</p> <p>(3) the operating profits of the Company for the year ending 31 December 2023 attributes to not lower than 75% of the profits of the Company.</p>	The results of individual performance evaluation of Incentive Recipients for the year ending 31 December 2023 reached “qualified”	30%

LETTER FROM THE BOARD

	Lock-up Period	Condition (a): Performance target of the Company	Condition (b): Individual performance evaluation requirement on Incentive Recipients	Percentage of lock-up release
Third lock-up release	From the first trading day after 48 months from the Grant Date to the last trading day within 60 months from the Grant Date	<p>(1) Economic value added of the Company for the year ending 31 December 2024 is not lower than RMB140 million;</p> <p>(2) Base on the total market value of the Company for the year ended 31 December 2020, the growth rate of total market value of the Company for the year ending 31 December 2024 is not lower than 70% and not lower than the industry average or 75% of the benchmark companies; and</p> <p>(3) the operating profits of the Company for the year ending 31 December 2024 attributes to not lower than 75% of the profits of the Company.</p>	The results of individual performance evaluation of Incentive Recipients for the year ending 31 December 2024 reached “qualified”	30%

Notes:

1. “Economic value added” represents the profit for the year attributed to the equity holders of the Company less average equity attributable to the equity holders of the Company multiplied by capital cost, among which, the capital cost is calculated as 6%; average equity attributable to the equity holders of the Company = (equity attributable to the equity holders of the Company at the beginning of the year+ equity attributable to the equity holders of the Company at the end of the year)/2; “total market value” represents the arithmetic average of the indicator of the first trading day and the last trading day in last month of the respective year; “operating profits” represents audited “profits before income tax” less “other gains, net” (or equivalent item); “profits” represented audited “profits before income tax”.
2. Peer companies in the same industry are classified as “Real Estate operating company” according to the four-level industry classification of Wind Information Co., Ltd.* (萬得信息技術股份有限公司) (“Wind”) and as “Property Services and Management” by the Stock Exchange, and the average value is calculated as an arithmetic average.
3. Benchmark companies are selected from companies listed on the Stock Exchange or PRC stock exchanges which have similar principal business activities as the Company’s in the above industry classification. During the annual evaluation, in the event of benchmark companies being delisted or reclassified according to the industry classification standard of Wind, major changes in the principal business, disposal or acquisition of assets with significant impact on operating income and net profit, major asset reorganization or if there exists an anomalous deviation, the Board will remove or replace the benchmark companies.

Upon satisfaction of the Conditions for Lock-up Release, the Company will procure lock-up release collectively for the Restricted Shares that have satisfied the Conditions for Lock-up Release. In such case, the management expenses arising from the Incentive Scheme will be borne by the Company; the relevant personal income tax will be borne by the respective Incentive Recipients and paid by the Company on their behalf (if applicable).

LETTER FROM THE BOARD

The Restricted Shares not satisfying the Conditions for Lock-up Release during the above-mentioned period shall not be released from the lock-up restrictions or delay to be released in the following period for Lock-up Release, and the Company will instruct the Trustee to repurchase the Restricted Shares of the Incentive Recipients not yet released from lock-up restrictions pursuant to the principles set out in the Incentive Scheme, the repurchase price shall not be higher than the lower of the Grant Price and market price of the Shares (i.e. the closing price of the Shares as at the date of the consideration and approval such repurchase by the Board). The Trustee will dispose the Restricted Shares not yet released from Lock-up and the related assigned interests, if any, and the Company will retain such proceeds.

Under the Incentive Scheme, there are no provisions for the cancellation of the Restricted Shares; and there is no clawback mechanism to recover or withhold the remuneration (including the Restricted Shares granted) to any Incentive Recipient in the event of serious misconduct, a material misstatement in the Company's financial statements or other circumstances. The Restricted Shares granted to the Incentive Recipients shall be repurchased by the Trustee at a price not higher than the lower of (i) the Grant Price; and (ii) the closing price of the Shares as at the date of the consideration and approval of such repurchase by the Board in situations such as the Incentive Recipient's violation of laws or professional ethics, leak of the Company's confidential information, failure to discharge duties or a willful misconduct. Please refer to the Circular for details of such mechanism.

Allotment of Reserved Incentive Restricted Shares

The Company will allot and issue to the Trustee 7,050,000 new Shares under the General Mandate and in accordance with the rules of the Incentive Scheme. The new Shares so issued will be held by the Trustee on trust for the Reserved Incentive Recipients until the end of each vesting period or lock-up period and be transferred to the Reserved Incentive Recipients upon satisfaction of the Conditions for Lock-up Release. To the best of the Directors' knowledge, the Trustee and its ultimate beneficial owners are third parties independent of the Company and its connected persons, and none of them is a director or a substantial shareholder of the Group as at the Latest Practicable Date.

The 7,050,000 new Shares to be allotted and issued represent approximately 0.53% of the Company's issued share capital as at the Latest Practicable Date and approximately 0.52% of the Company's enlarged issued share capital after the issue and allotment of the Reserved Incentive Restricted Shares.

Status of Reserved Incentive Restricted Shares

The 7,050,000 new Shares, when issued and fully paid, will rank *pari passu* among themselves and with the other Shares in issue, with the right to receive all dividends and other distributions declared, made or paid on or after the date of issue and allotment. Pursuant to the Incentive Scheme, the Trustee shall not exercise the voting rights in respect of any Shares held by it under trust before such Restricted Shares are released from lock-up and transferred to the relevant Incentive Recipients.

LETTER FROM THE BOARD

On 27 September 2021, the Shareholders approved the Incentive Scheme and the Specific Mandate. The Company can issue up to 35,300,000 Shares to eligible recipients pursuant to the Incentive Scheme and the Specific Mandate. On 4 November 2021, the Company allotted and issued 28,250,000 Restricted Shares pursuant to the Specific Mandate, and the Reserved Incentive Restricted Shares may be allotted and issued pursuant to the Incentive Scheme since then. As at the Latest Practicable Date, 27,100,000 Shares granted under the Specific Mandate remain outstanding and could be vested on the Incentive Recipients at the time of approval of the Incentive Scheme by Shareholders.

On 23 September 2022, the Board determined the list of Reserved Incentive Recipients. After considering (i) the reasonableness and possibility of the implementation of the Reserved Interests Grant under the Incentive Scheme; (ii) the job responsibility, individual performance, work experience and tenure of each Reserved Incentive Recipient; and (iii) the consultation with competent authorities, the Board approved the Reserved Interests Grants on 15 December 2022, including (among others) the number of Restricted Shares granted to each Reserved Incentive Recipient.

Set out below is the summary of the movement of the Restricted Shares:

Maximum number of Restricted Shares to be granted under the Incentive Scheme	35,300,000
Restricted Shares granted under the Specific Mandate	28,250,000
— Connected persons at the time of approval of the Incentive Scheme by Shareholders	7,280,000
— Non-connected persons	20,970,000
Restricted Shares repurchased by the Trustee up to the Latest Practicable Date	(1,150,000)
— Connected persons at the time of approval of the Incentive Scheme by Shareholders	(270,000)
— Non-connected persons	(880,000)
Restricted Shares issued and held by the Trustee as at the Latest Practicable Date	27,100,000
— Connected persons at the time of approval of the Incentive Scheme by Shareholders	7,010,000
— Non-connected persons	20,090,000
Restricted Shares to be granted under the Reserve Interests Grant as at the Latest Practicable Date	7,050,000
— Connected persons as at the Latest Practicable Date	2,630,000
— Non-connected persons	4,420,000

As a result of the Reserved Interests Grant and assuming full acceptance of the Reserved Incentive Restricted Shares by the Reserved Incentive Recipients, no further Shares will be available for future grant under the Incentive Scheme.

An application will be made by the Company to the Listing Committee for the grant of approval for the listing of, and permission to deal in, the 7,050,000 new Shares to be allotted and issued.

LETTER FROM THE BOARD

GENERAL MANDATE

The Specific Mandate to issue up to 35,300,000 Shares as Restricted Shares was effective from 27 September 2021 to 26 September 2022. The Reserved Incentive Restricted Shares will be allotted and issued pursuant to the General Mandate.

The maximum number of Shares that can be issued under the General Mandate is 267,252,221, being 20% of the total number of issued Shares as at the date of the AGM. As at the Latest Practicable Date, no Shares have been allotted and issued under the General Mandate. As such, the allotment and issue of the Reserved Incentive Restricted Shares to the Reserved Incentive Recipients (apart from the Reserved Connected Incentive Recipients) is not subject to the approval by the Shareholders.

EFFECT OF THE RESERVED INTERESTS GRANT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the Company's shareholding structure (i) as at the Latest Practicable Date; and (ii) immediately upon the allotment and issue of the 7,050,000 new Shares pursuant to the Reserved Interests Grant (assuming the Reserved Incentive Restricted Shares are fully subscribed and vested and there will be no other changes to the shareholding structure of the Company as at the Latest Practicable Date):

Name of Shareholder	As at the Latest Practicable Date		Immediately upon the allotment and issue of the Reserved Incentive Restricted Shares	
	Number of issued Shares/ underlying Shares held	Approximate percentage of issued Shares	Number of issued Shares/ underlying Shares held	Approximate percentage of issued Shares
Well Land International Limited (益能國際有限公司) ("Well Land") (Note 1)	299,499,718	22.41%	299,499,718	22.30%
C&D International Investment Group Limited ("CDI") (Note 2)	506,652,388	37.92%	506,652,388	37.72%
Diamond Firetail Limited	52,412,000	3.92%	52,412,000	3.90%
Trustee	27,100,000	2.03%	34,150,000	2.54%
Public Shareholders	<u>450,597,000</u>	<u>33.72%</u>	<u>450,597,000</u>	<u>33.54%</u>
Total	<u>1,336,261,106</u>	<u>100.00%</u>	<u>1,343,311,106</u>	<u>100.00%</u>

Notes:

- Pursuant to the voting rights entrustment agreement dated 29 March 2022, Well Land entrusted CDI to exercise voting rights of 213,801,777 Shares directly held by Well Land while Well Land continues to beneficially own the said Shares and have the rights to the dividends, distributions and all other rights and benefits attaching thereto.
- CDI directly held 506,652,388 Shares, and had the right to exercise voting rights of 213,801,777 Shares directly held by Well Land.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE RESERVED INTERESTS GRANT

The purpose of the Incentive Scheme is to establish and improve the Company's medium to long-term incentive mechanism to integrate interests of the Shareholders, the Company and the Company's core team collectively, fully motivate the management and core staff of the Company and achieve high-quality development of the Company. In assessing the fairness and reasonableness of the grant of the Reserved Incentive Restricted Shares to the Reserved Incentive Recipients, the Company has taken into consideration, among others, the job responsibilities, individual performance, work experience and tenure within the Group of each Reserved Incentive Recipient. The Reserved Interests Grant recognizes the Reserved Incentive Recipients past contributions to the Group's business performance and aims to secure their long-term continuous support and commitments to the Group which are crucial to the future development and business expansions of the Group.

The remuneration committee of the Board, having considered (i) the job responsibilities, individual performance, work experience and tenure within the Group of the Reserved Incentive Recipients (including Reserved Connected Incentive Recipients); and (ii) the maximum number of Shares granted to each Reserved Incentive Recipient, is of the view that the Reserved Interests Grant (including the grant of Connected Reserved Restricted Shares) to the Incentive Recipients is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors (including members of the Independent Board Committee) consider that the Reserved Interests Grant is fair and reasonable, and is in the interests of the Company and the Shareholders as a whole.

The Directors (including members of the Independent Board Committee, whose view is set out in the letter from the Independence Board Committee contained in this Circular) consider that the allotment and issue of Connected Reserved Restricted Shares to the Reserved Connected Incentive Recipients are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activities in the past 12 months immediately preceding the Latest Practicable Date.

LISTING RULES IMPLICATIONS

Since each of the Reserved Connected Incentive Recipient is a connected person of the Company by virtue of being a director, supervisor or general manager of the Company's subsidiaries, the proposed allotment and issue of the Connected Reserved Restricted Shares to the Reserved Connected Incentive Recipients constitute connected transactions of the Company under Chapter 14A of the Listing Rules, and is subject to the reporting, announcement, circular and the independent shareholders' approval requirements under the Listing Rules.

LETTER FROM THE BOARD

The EGM will be convened and held to consider and, if thought fit, approve, among other things, the allotment and issue of the Connected Reserved Restricted Shares to the Reserved Connected Incentive Recipients.

As none of the Directors are amongst the Reserved Connected Incentive Recipients, none of the Directors had abstained from approving the relevant board resolution on the issue and allotment of the Connected Reserved Restricted Shares under the Incentive Scheme.

GENERAL

The Group is principally engaged in property management services, community value-added and synergy services and value-added services to non-property owners in the PRC.

EXTRAORDINARY GENERAL MEETING

The EGM will be held by the Company at Office No. 3517, 35th Floor, Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong on Friday, 10 February 2023 at 10 a.m., to consider and if thought fit, to approve, among other things, the allotment and issue of the Connected Reserved Restricted Shares to the Reserved Connected Incentive Recipients. A form of proxy for use at the EGM is enclosed with this circular.

Any Shareholder and his or her or its associates with a material interest in the resolutions will abstain from voting on the resolutions to be proposed at the EGM. As 73 Incentive Recipients (being core staff of the Group who made direct contribution to the operating results and development of the Company and does not include Directors and senior management of the Company) who were granted 16,130,000 Restricted Shares pursuant to the Specific Mandate were also Incentive Recipients under the Reserved Interests Grant, the Trustee (holding 27,100,000 Shares as at the Latest Practicable Date, representing 2.03% of the issued share capital) shall abstain from voting on the relevant proposed resolutions to approve the allotment and issue of the Connected Reserved Restricted Shares at the EGM. Save for the aforesaid and to the best knowledge, information and belief of the Directors having made all reasonable enquires, no other Shareholders were required to abstain from voting on the relevant resolutions in relation to the allotment and issue of the Connected Reserved Restricted Shares under the Incentive Scheme to be considered at the EGM as at the Latest Practicable Date.

The notice convening the EGM is set out on pages N-1 to N-3 of this circular.

For those who intend to direct a proxy to attend the EGM, please complete the form of proxy and return the same in accordance with the instructions printed thereon. In order to be valid, the above documents must be delivered to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for the EGM or any adjournment thereof. The register of members of the Company will be closed from Tuesday, 7 February 2023 to Friday, 10 February 2023 (both days inclusive), during which time no share transfers will be effected. In order to qualify for attending the EGM or any adjournment thereof, all transfers of Shares accompanied by the relevant share

LETTER FROM THE BOARD

certificate(s) must be lodged with the Company's branch share registrar and transfer office in Hong Kong at the above address by no later than 4:30 p.m. on Monday, 6 February 2023. The holders of the Shares whose names appear on the register of members of the Company on Friday, 10 February 2023 are entitled to attend and vote in respect of the resolutions to be proposed at the EGM.

You are urged to complete and return the form of proxy and reply slip whether or not you will attend the EGM. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM (or any subsequent meetings following the adjournments thereof) should you wish to do so.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all independent non-executive Directors has been formed to advise the Independent Shareholders on the reasonableness and fairness in respect of the allotment and issue of the Connected Reserved Restricted Shares. The Independent Financial Adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the above issue. The text of the letter from the Independent Board Committee is set out on pages IBC-1 to IBC-2 of this circular and the text of the letter from the Independent Financial Adviser containing its advice is set out on pages IFA-1 to IFA-18 of this circular.

RECOMMENDATIONS

The Directors (including the independent non-executive Directors) consider that while the allotment and issue of Connected Reserved Restricted Shares to the Reserved Connected Incentive Recipients is not in the ordinary and usual course of business of the Group, the terms of the allotment and issue of Connected Reserved Restricted Shares to the Reserved Connected Incentive Recipients are fair and reasonable and on normal commercial terms and in the interests of the Company and the Shareholders as a whole. As such, the Directors recommend that the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM.

VOTE BY POLL

In accordance with the articles of association of the Company, all the votes in the EGM must be taken by poll. The methods of Shareholders' votes at the EGM will be conducted by the combination of on-site voting and online voting.

FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours faithfully,
By Order of the Board
C&D Property Management Group Co., Ltd
建發物業管理集團有限公司
Lin Weiguo
Chairman and Non-executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in connection with the allotment and issue of the Connected Reserved Restricted Shares for inclusion in this circular.

C&D Property Management Group Co., Ltd

建發物業管理集團有限公司

(Incorporated in the British Virgin Islands with limited liability)

(Stock Code: 2156)

17 January 2023

To the Independent Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION
GRANT OF RESTRICTED SHARES UNDER INCENTIVE SCHEME
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

We have been appointed to form the Independent Board Committee to consider and advise the Independent Shareholders as to our opinion on the allotment and issue of the Connected Restricted Shares, the details of which are set out in the circular issued by the Company to the Shareholders dated 17 January 2023 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular will have the same meanings when used herein unless the context otherwise requires. The Independent Financial Adviser has been appointed to advise the Independent Board Committee. We wish to draw your attention to the letter from the Independent Financial Adviser as set out on pages IFA-1 to IFA-18 of the Circular.

Having taken into account (i) the reasons as disclosed in the paragraph headed “Reasons for and benefits of the Reserved Interests Grant” of the Circular; and (ii) the principal factors and reasons considered by the Independent Financial Adviser, and its conclusion and advice, we are of the view and concur with the opinion of the Independent Financial Adviser that while the allotment and issue of the Connected Reserved Restricted Shares is not in the ordinary and usual course of business of the Group, the terms of the allotment and issue of the Connected Reserved Restricted Shares to the Reserved Connected Incentive Recipients are fair and reasonable and the allotment and issue of the Connected Reserved Restricted Shares to the Reserved Connected Incentive Recipients is on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the allotment and issue of the Connected Reserved Restricted Shares.

Yours faithfully
Independent Board Committee of
Mr. Lee Cheuk Yin Dannis
Mr. Li Kwok Tai James
Mr. Wu Yat Wai
(Independent non-executive Directors)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from Altus Capital Limited to the Independent Board Committee and the Independent Shareholders in respect of the proposed allotment and issue of the Connected Reserved Restricted Shares to the Reserved Connected Incentive Recipients under the Incentive Scheme, which has been prepared for the purpose of incorporation in the 2023 Circular.

ALTUS.

Altus Capital Limited
21 Wing Wo Street
Central
Hong Kong

17 January 2023

To the Independent Board Committee and the Independent Shareholders

C&D Property Management Group Co., Ltd
Room 3517, 35/F
Wu Chung House
213 Queen's Road East
Wan Chai, Hong Kong

Dear Sirs and Madams,

CONNECTED TRANSACTION GRANT OF RESTRICTED SHARES UNDER INCENTIVE SCHEME

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed allotment and issue of the Connected Reserved Restricted Shares to the Reserved Connected Incentive Recipients under the Incentive Scheme (the “**Proposed Grant**”). Details of which are set out in the “Letter from the Board” contained in the circular of the Company dated 17 January 2023 (the “**2023 Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the 2023 Circular unless otherwise defined herein or required by the context.

On 15 December 2022, the Board has approved the grant of in aggregate 7,050,000 Reserved Incentive Restricted Shares to not more than 105 employees of the Group, subject to acceptance of the Reserved Incentive Recipients, pursuant to the Incentive Scheme. Pursuant to the Incentive Scheme, the list of Reserved Incentive Recipients was determined on 23 September 2022 after consideration by the Board.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

LISTING RULES IMPLICATIONS

Since each of the Reserved Connected Incentive Recipient is a connected person of the Company by virtue of being a director, former director (within 12 months prior to the Latest Practicable Date), supervisor or general manager of the Company's subsidiaries, the proposed allotment and issue of the Connected Reserved Restricted Shares to the Reserved Connected Incentive Recipients constitute connected transactions of the Company under Chapter 14A of the Listing Rules, and is subject to the reporting, announcement, circular and the independent shareholders' approval requirements under the Listing Rules.

Any Shareholder and his or her or its associates with a material interest in the resolution will abstain from voting on the resolution to be proposed at the EGM. As certain Incentive Recipients who were granted Restricted Shares pursuant to the Specific Mandate were also Incentive Recipients under the Reserved Interests Grant, the Trustee (holding 27,100,000 Shares as at the Latest Practicable Date, representing approximately 2.03% of the issued share capital) shall abstain from voting on the relevant proposed resolution to approve the allotment and issue of the Connected Reserved Restricted Shares at the EGM. Save for the aforesaid and to the best knowledge, information and belief of the Directors having made all reasonable enquires, no other Shareholders were required to abstain from voting on the relevant resolution in relation to the allotment and issue of the Connected Reserved Restricted Shares under the Incentive Scheme to be considered at the EGM as at the Latest Practicable Date.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Lee Cheuk Yin Dannis, Mr. Li Kwok Tai James and Mr. Wu Yat Wai, has been formed to advise the Independent Shareholders as to whether (i) the Proposed Grant is in the ordinary and usual course of business of the Group, is on normal commercial terms, and is fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) how the Independent Shareholders should vote in respect of the relevant resolution to be proposed at the EGM, taking into account the recommendation from the Independent Financial Adviser.

THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to whether (i) the Proposed Grant is in the ordinary and usual course of business of the Group, is on normal commercial terms, and is fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) how the Independent Shareholders should vote in respect of the relevant resolution to be proposed at the EGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have not acted as the independent financial adviser or financial adviser in relation to any transactions of the Company in the last two years prior to the date of the 2023 Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the Proposed Grant is at market level and not conditional upon successful passing of the resolution, and that our engagement is on normal commercial terms, we are independent of the Company.

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others, (i) the 2021 Restricted Share Incentive Scheme and its implementation and evaluation measures approved by the Shareholders on 27 September 2021; (ii) the circular of the Company dated 6 September 2021 in relation to, amongst others, the proposed adoption of the 2021 Restricted Share Incentive Scheme; (iii) the annual report of the Company for the year ended 31 December 2021 (the “**2021 Annual Report**”); (iv) the interim report of the Company for the six months ended 30 June 2022 (the “**2022 Interim Report**”); and (v) other information as set out in the 2023 Circular.

We have also relied on the statements, information, opinions and representations contained or referred to in the 2023 Circular and/or provided to us by the Company, the Directors and the management of the Company (the “**Management**”). We have assumed that all the statements, information, opinions and representations contained or referred to in the 2023 Circular and/or provided to us were true, accurate and complete at the time they were made and will continue to be so up to the date of the EGM. The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the 2023 Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in the 2023 Circular misleading.

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

We consider that we have been provided with, and have reviewed, sufficient information to reach an informed view and provide a reasonable basis for our opinion. We have not, however, conducted an independent investigation into the business, financial conditions and affairs or future prospects of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Background information of the Group

1.1 Principal businesses of the Group

The Group is principally engaged in property management services, community value-added and synergy services and value-added services to non-property owners in the PRC.

1.2 Financial information of the Group

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

Extract of consolidated statement of profit or loss

	For the year ended		For the six months ended	
	31 December		30 June	
	2020	2021	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	1,028,574	1,556,645	665,188	997,018
— <i>Property management services</i>	578,461	758,618	351,813	475,113
— <i>Community value-added and synergy services</i>	120,528	253,980	89,828	183,264
— <i>Value-added services to non-property owners</i>	329,585	544,047	223,547	338,641
Gross profit	251,680	389,356	175,745	255,649
Profit for the year/period	106,838	160,902	86,586	133,335

Extract of consolidated statement of financial position

	As at 31 December		As at
	2020	2021	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(unaudited)
Total assets	1,096,830	2,612,688	3,065,688
— <i>Cash and cash equivalents</i>	886,159	2,261,445	1,956,998
Total liabilities	682,177	1,581,430	1,937,654
— <i>Contract liabilities</i>	178,186	787,299	1,071,689
Net assets	414,653	1,031,258	1,128,034

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Capital adequacy ratio

	As at 31 December 2020	2021	As at 30 June 2022
Gearing ratio	62.2%	60.5%	63.2%

Source: The 2021 Annual Report and the 2022 Interim Report

Year ended 31 December 2020 (“FY2020”) compared to year ended 31 December 2021 (“FY2021”)

The Group recorded revenue of approximately RMB1,556.6 million in FY2021, representing an increase of approximately 51.3% from approximately RMB1,028.6 million in FY2020. Such increase was attributable to the increase in revenue generated from all of the three business lines. For property management services, the revenue increased by approximately 31.1% from approximately RMB578.5 million in FY2020 to approximately RMB758.6 million in FY2021, mainly due to the increase in GFA under management from approximately 25.6 million sq.m. as at 31 December 2020 to approximately 33.0 million sq.m. as at 31 December 2021. For community value-added and synergy services, the revenue increased significantly by approximately 110.7% from approximately RMB120.5 million in FY2020 to approximately RMB254.0 million in FY2021, mainly due to the Group’s further optimisation of the business structure. For value-added services to non-property owners, the revenue increased by approximately 65.1% from approximately RMB329.6 million in FY2020 to approximately RMB544.0 million in FY2021, mainly due to the increase in number of projects developed by cooperative property developers which in turn resulted in an increased demand for value-added services to non-property owners.

The gross profit of the Group was approximately RMB389.4 million in FY2021, representing an increase of approximately 54.7% from approximately RMB251.7 million in FY2020, representing a gross profit margin of approximately 25.0% and 24.5% respectively. Such increase was mainly due to the significant increase in revenue generated from value-added services during FY2021, which had a higher gross profit margin.

The Group recorded net profit of approximately RMB160.9 million in FY2021, representing an increase of approximately 50.6% from approximately RMB106.8 million in FY2020 which was mainly due to the increase in revenue and gross profit as discussed above.

The Group’s total assets increased from approximately RMB1,096.8 million as at 31 December 2020 to approximately RMB2,612.7 million as at 31 December 2021 mainly due to the increase in cash and cash equivalents from approximately RMB886.2 million as at 31 December 2020 to approximately RMB2,261.4 million as at 31 December 2021 as a result of the cash inflow from operating activities and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

financing activities during FY2021. The Group's total liabilities increased from approximately RMB682.2 million as at 31 December 2020 to approximately RMB1,581.4 million as at 31 December 2021 mainly attributable to the increase in contract liabilities from approximately RMB178.2 million as at 31 December 2020 to approximately RMB787.3 million as at 31 December 2021, primarily due to the increase in projects under management and payments received in advance for home furniture services during FY2021. As a result of the above, the Group's net assets improved significantly from approximately RMB414.7 million as at 31 December 2020 to approximately RMB1,031.3 million as at 31 December 2021. Gearing ratio of the Group was approximately 62.2% and 60.5% as at 31 December 2020 and 2021 respectively.

Six months ended 30 June 2021 ("1H2021") compared to six months ended 30 June 2022 ("1H2022")

The Group continued to deliver improvement in financial results in 1H2022. The Group's revenue amounted to approximately RMB997.0 million in 1H2022, representing an increase of approximately 49.9% from approximately RMB665.2 million in 1H2021. Such increase was attributable to the continuous growth in revenue generated from all of the three business lines. For property management services, the revenue increased by approximately 35.0% from approximately RMB351.8 million in 1H2021 to approximately RMB475.1 million in 1H2022, mainly due to continued increase in GFA under management from approximately 33.0 million sq.m. as at 31 December 2021 to approximately 37.3 million sq.m. as at 30 June 2022. For community value-added and synergy services, the revenue increased by approximately 104.0% from approximately RMB89.8 million in 1H2021 to approximately RMB183.3 million in 1H2022, mainly due to the increase in the Group's management area that led to expansion of customer base, as well as the Group's diversification of service offerings. For value-added services to non-property owners, the revenue increased by approximately 51.5% from approximately RMB223.5 million in 1H2021 to approximately RMB338.6 million in 1H2022, mainly due to increase in number of projects developed by cooperative property developers which in turn resulted in an increased demand for value-added services to non-property owners.

The gross profit of the Group was approximately RMB255.6 million in 1H2022, representing an increase of approximately 45.5% from approximately RMB175.7 million in 1H2021. The gross profit margin of the Group decreased slightly from approximately 26.4% in 1H2021 to approximately 25.6% in 1H2022 mainly due to the increase in labour cost.

The Group recorded net profit of approximately RMB133.3 million in 1H2022, representing an increase of approximately 54.0% from approximately RMB86.6 million in 1H2021 which was mainly due to the increase in revenue and gross profit as discussed above.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group's total assets increased from approximately RMB2,612.7 million as at 31 December 2021 to approximately RMB3,065.7 million as at 30 June 2022 mainly due to the increase in amount due from a related party from nil as at 31 December 2021 to approximately RMB530.2 million as at 30 June 2022. Such amount due from a related party represents prepayments made in relation the inventory property underwriting agreement entered into between the Company and C&D International Investment Group Limited on 4 October 2021 (for details, please refer to the Company's circular dated 8 December 2021). The Group's total liabilities increased from approximately RMB1,581.4 million as at 31 December 2021 to approximately RMB1,937.7 million as at 30 June 2022 mainly due to the increase in contract liabilities from approximately RMB787.3 million as at 31 December 2021 to approximately RMB1,071.7 million as at 30 June 2022 as a result of the Group's increased projects under management and payments received in advance from home furniture services during 1H2022. As a result of the above, the Group's net assets improved from approximately RMB1,031.3 million as at 31 December 2021 to approximately RMB1,128.0 million as at 30 June 2022. Gearing ratio of the Group was approximately 60.5% and 63.2% as at 31 December 2021 and 30 June 2022 respectively.

1.3 Outlook of the Group

In the first half of 2022, a number of policies were introduced for promoting diversified development in the property management industry in the PRC, covering various aspects such as community elderly care, housekeeping and retail. For instance, in January 2022, the General Office of the State Council issued the Notice on the "14th Five-Year Plan" for the Construction of Urban and Rural Community Service Systems (《「十四五」城鄉社區服務體系建設規劃的通知》), encouraging the development of community property management service, maintenance, housekeeping, catering, retail and other livelihood service business.

Along with the continuous upgrading of industry development pattern and the increasingly diversified needs of customers, the value of property management services has been continuously unleashed. The Group has taken quality services as the premiere and core of its operation and anchored on a high-quality and sustainable strategic development path. Meanwhile, the Group will continue to grasp the pace of market expansion, accelerate the incubation of value-added service businesses and improve the construction of the smart property management system, so as to achieve high quality long-term growth and development with "quality leadership, diversified cultivation, resource integration and intelligent" as its core competitive edge.

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2. Reasons for and benefits of the Proposed Grant

The purpose of the Incentive Scheme is to establish and improve the Company's medium to long-term incentive mechanism to integrate interests of the Shareholders, the Company and the Company's core team collectively, fully motivate the management and core staff of the Company and achieve high-quality development of the Company. Accordingly, the Proposed Grant aims to motivate and secure long-term continuous support and commitment from the core staff and middle management of the Group, which are vital to the Group's future development and business expansions.

The Directors consider, and we concur that, the Proposed Grant are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

3. Particulars of the Proposed Grant

3.1 Background

At the extraordinary general meeting of the Company held on 27 September 2021, the then shareholders (including independent shareholders) of the Company approved the adoption of Incentive Scheme as well as the grant of specific mandate to allot and issue a total of up to 35,300,000 Restricted Shares with Grant Price of HK\$2.41 per Share. Details of which are set out in the Company's circular dated 6 September 2021 (the "**Circular**").

According to the Circular, the Board initially intended to grant not more than 28,250,000 Restricted Shares (of which 7,280,000 Restricted Shares to Connected Incentive Recipients and not more than 20,970,000 Restricted Shares to other non-connected Incentive Recipients) (the "**Previous Grant**"); while reserved not more than 7,050,000 Restricted Shares to be granted under the Incentive Scheme. Subject to satisfying conditions (a) the performance target of the Company; and (b) individual performance evaluation requirement, the Restricted Shares will be released in three tranches (40% within the third year from the grant date, 30% within the fourth year from the grant date and 30% within the fifth year from the grant date). The Connected Incentive Recipients under the Previous Grant were (i) directors and senior management of the Company; and (ii) directors and general managers of the Company's subsidiaries. According to the Management, as at the Latest Practicable Date, 27,100,000 Shares granted under the Specific Mandate remain outstanding and could be vested to the Incentive Recipients (amongst which 7,010,000 Shares could be vested on connected persons of the Company at the time of approval of the Incentive Scheme by Shareholders).

Pursuant to the Incentive Scheme, as the list of Incentive Recipients for the Reserved Restricted Shares shall be determined within 12 months after the approval of the Incentive Scheme at the extraordinary general meeting (which was held on 27 September 2021), the Board determined the list of Reserved Incentive Recipients on 23 September 2022.

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On 15 December 2022, the Board approved the grant of 7,050,000 Reserved Incentive Restricted Shares to not more than 105 employees of the Group, among which, (i) 2,630,000 Reserved Incentive Restricted Shares will be awarded to 25 Reserved Connected Incentive Recipients; and (ii) 4,420,000 Reserved Incentive Restricted Shares will be awarded to not more than 80 other non-connected Reserved Incentive Recipients (the “**Other Reserved Incentive Recipients**”).

We noted that (i) the terms of the Proposed Grant are the same as that of the Previous Grant, which follow the terms as set out in the Incentive Scheme; and (ii) the Reserved Connected Incentive Recipients are subject to the same terms as those of the Other Reserved Incentive Recipients, which are not connected persons of the Company under Chapter 14A of the Listing Rules. For detailed terms of the Incentive Scheme, please refer to Appendix I to the Circular.

3.2 Allocation of the Connected Reserved Restricted Shares

Set out below is the list of the Reserved Connected Incentive Recipients and their number of Connected Reserved Restricted Shares to be granted under the Incentive Scheme:

Name	Position	Job responsibilities	Years of service	Grantees under Previous Grant (Y/N)	Number of Reserved Incentive Restricted Shares granted	Approximate percentage of the issued Share as at the Latest Practicable Date	Approximate percentage of the issued Share as enlarged by the allotment and issue of 7,050,000 Reserved Incentive Restricted Shares
Reserved Connected Incentive Recipients							
Ms. Qiao Zhixin	Director of a subsidiary	Commercial management business strategy development and daily management and operation	5	N	570,000	0.0427%	0.0424%
Mr. Wang Yuanwang	Director of a subsidiary	Daily management and operation of businesses such as property management in Henan region	2	N	210,000	0.0157%	0.0156%
Mr. Zhang Li	Director of a subsidiary	Responsible for the daily management and operation of intelligence and IOT business	6	N	200,000	0.0150%	0.0149%
Mr. Wang Shoudong	Director of a subsidiary	Daily management and operation of business such as property management in Hangzhou region	1	N	180,000	0.0135%	0.0134%
Mr. Li Guangrui	General manager of a subsidiary	Daily management and operation of business such as property management in Shanghai region	1	N	150,000	0.0112%	0.0112%
Mr. Lin Ruping	Director of a subsidiary	Support the daily management and operation of businesses such as property management in Shanghai region	1	N	120,000	0.0090%	0.0089%

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Name	Position	Job responsibilities	Years of service	Grantees under Previous Grant (Y/N)	Number of Reserved Incentive Restricted Shares granted	Approximate percentage of the issued Share as at the Latest Practicable Date	Approximate percentage of the issued Share as enlarged by
							the allotment and Reserved Incentive Restricted Shares of 7,050,000
Ms. Zhan Lianping	Director of a subsidiary	Strategic development and daily management and operation of businesses such as property management	14	Y	110,000	0.0082%	0.0082%
Mr. Huang Rongyu	Director of a subsidiary	Daily management and operation of commercial management business	15	Y	110,000	0.0082%	0.0082%
Mr. Si Chentao	Director of a subsidiary	Strategic development and daily management and operation of businesses such as property management in Xiamen region	17	Y	80,000	0.0060%	0.0060%
Mr. Gao Zhaojie	Director of a subsidiary	Strategic development and daily management and operation of businesses such as property management in Huadong region	9	Y	80,000	0.0060%	0.0060%
Mr. Li Bingsen	Director of a subsidiary	Head of finance for commercial management business	6	Y	80,000	0.0060%	0.0060%
Mr. Zhang Baojun	Director of a subsidiary	Daily management and operation of business such as property management in the Southeast region	15	Y	60,000	0.0045%	0.0045%
Mr. Hu Deyou	General manager of a subsidiary	Daily management and operation of business such as property management in Xiamen region	10	Y	60,000	0.0045%	0.0045%
Mr. An Xi	Director of a subsidiary	Daily management and operation of business such as property management in Zhangzhou region	8	Y	60,000	0.0045%	0.0045%
Mr. Wang Qiaohong	Director of a subsidiary	Daily management and operation of business such as property management in Quanzhou region	7	Y	60,000	0.0045%	0.0045%
Ms. Hu Yuqiong	Director of a subsidiary	Daily management and operation of business such as property management in Sichuan and Chongqing region	9	Y	60,000	0.0045%	0.0045%
Ms. Zhu Chao	Director of a subsidiary	Daily management and operation of business such as property management in Shanghai region	9	Y	60,000	0.0045%	0.0045%
Mr. Huang Feng	Director of a subsidiary	Daily management and operation of business such as property management in Fuzhou region	8	Y	60,000	0.0045%	0.0045%
Ms. Deng Yuling	Director of a subsidiary	Daily management and operation of community value-added service business	8	Y	60,000	0.0045%	0.0045%

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Name	Position	Job responsibilities	Years of service	Grantees under Previous Grant (Y/N)	Number of Reserved Incentive Restricted Shares granted	Approximate percentage of the issued Share as at the Latest Practicable Date	Approximate percentage of the issued Share as enlarged by
							the allotment and issue of 7,050,000 Reserved Incentive Restricted Shares
Mr. Zheng Zhisong	Director of a subsidiary	Daily management and operation of business such as property management in Ningbo region	17	Y	60,000	0.0045%	0.0045%
Mr. Zhu Xiaobo	General manager of a subsidiary	Daily management and operation of senior care service business	3	Y	60,000	0.0045%	0.0045%
Mr. Wu Ziyang	Director of a subsidiary	Daily management and operation of business such as property management in Nanning region	5	Y	50,000	0.0037%	0.0037%
Mr. Zheng Jiachun	Supervisor of a subsidiary	Daily management and operation of the Group's audit business	5	Y	40,000	0.0030%	0.0030%
Ms. Yan Weina	General manager of a subsidiary	Support the daily management and operation of businesses such as property management in Changsha region	6	Y	40,000	0.0030%	0.0030%
Mr. Li Liangyi	Director of a subsidiary	Daily management and operation of business such as property management in Guangzhou region	4	Y	10,000	0.0007%	0.0007%
Total					2,630,000	0.1968%	0.1958%

As stated in the “Letter from the Board” of the 2023 Circular, under the Reserved Interests Grant, a total of 2,630,000 Restricted Shares will be awarded to 25 Reserved Connected Incentive Recipients who are directors, former directors (within 12 months prior to the Latest Practicable Date), supervisors and general managers of the Company’s subsidiaries. Based on the information provided by the Company, all 25 Reserved Connected Incentive Recipients were employees of the Group as at the Latest Practicable Date. We also noted that the number of Restricted Shares to be awarded to the Reserved Connected Incentive Recipients represent an immaterial dilution impact to the Shareholders of approximately 0.20% of the Company’s issued share capital as enlarged by the allotment and issue of 7,050,000 Reserved Incentive Restricted Shares, details of which are discussed further under the paragraph headed “5.2 Potential dilution impact” below.

We have discussed with the Management and noted that the Board has given due consideration to various factors, including but limited to, the job responsibilities, individual performance, working experience, importance of work position and grade, contribution level, years of services and allocation under the Previous Grant in selecting the Reserved Connected Incentive Recipients and determining their respective number of Connected Reserved Restricted Shares. We noted that such selection and determination criteria applies to all of the Reserved Incentive Recipients, regardless of whether he/she is

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a connected person of the Company under Chapter 14A of the Listing Rules, which indicated that both Reserved Connected Incentive Recipients and Other Reserved Incentive Recipients have been fairly treated in this regard. In addition, we considered that the Board's selection criteria as abovementioned can identify the Group's core staff who play a vital role in the development of the Group and thus, in line with the purpose of the Incentive Scheme. Given the above, we are of the view that the criteria considered by the Board in determining the Reserved Connected Incentive Recipients are fair and reasonable.

In this regard, we have obtained and reviewed the full list of 25 Reserved Connected Incentive Recipients (setting out details of, amongst others, their names, work position and grade, employment date, year of services and number of Connected Reserved Restricted Shares). We noted from the Management that the Board considered all the Reserved Connected Incentive Recipients have extensive experience in their respective expertise. Based on our review of the information made available to us and discussion with the Management, we noted that all the 25 Reserved Connected Incentive Recipients serve as key managerial positions of subsidiaries of the Company with an average of approximately eight years. For those who are connected persons of the Company due to them being the former directors (within 12 months prior to the Latest Practicable Date) of the Company's subsidiaries, we have discussed with the Management and noted that (i) they are current employees of the Group playing important roles at subsidiaries' level; and (ii) their changes in work positions among the Group were due to normal business routine and internal organisation restructuring. As advised by the Management, all the Reserved Connected Incentive Recipients are playing vital roles to the long-term development of the Group and have made significant contribution to the Group in the past and are expected to continue to contribute to the Group in the future. We also noted that the number of Connected Reserved Restricted Shares to be granted has been generally determined and correlates to (i) their respective work position and grade; (ii) their job responsibilities, for instance, whether there is any strategic or daily involvement and accordingly, the contribution levels; and (iii) working experience and years of services. For those Reserved Connected Incentive Recipients who have been granted with restricted shares in the Previous Grant, we noted that their respective number of Connected Reserved Restricted Shares to be granted are generally less than the other Reserved Connected Incentive Recipients (who have not been granted with any restricted shares in the Previous Grant). The Board considered granting Reserved Connected Restricted Shares to them would align their personal goals with the Group's and further motivate them to improve the Group's performance.

Considering the background information of the Reserved Connected Incentive Recipients and our discussion with the Management as mentioned above, we noted that all of the Reserved Connected Incentive Recipients (i) possess the relevant experience and/or expertise which are essential to the growth and development of the Group; (ii) are in key managerial roles within the Group that are expected to continue contributing significantly to the Group; and (iii) are considered by the Board to have significantly contributed to the Group. As such, we are of the view that the Reserved Connected Incentive Recipients and the respective number of Connected Reserved Restricted Shares have been selected and

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determined in accordance to the abovementioned criteria. We also concur with the Management's view that the Proposed Grant can motivate them to continue contributing to the further growth and development of the Group.

To further assess the reasonableness in granting them the respective numbers of Connected Reserved Restricted Shares, we have performed analysis on the remuneration packages of the Reserved Connected Incentive Recipients. In this regard, we have obtained the relevant remuneration information (including the annual package correspond to the relevant grade) of the Reserved Connected Incentive Recipients from the Management. We have conducted research in relation to the industry level of remuneration package for managerial positions in property management company in the PRC, to the extent possible based on publicly available information. We noted that the range of remuneration of the Reserved Connected Incentive Recipients, who serve as key managerial positions of subsidiaries of the Company, are generally in line with the industry level. Accordingly, the Management believes and we concur that the grant of Connected Reserved Restricted Shares to the Reserved Connected Incentive Recipients is fair and reasonable considering their current remuneration package as compared to the industry level.

3.3 Grant Price

As stated in the 2023 Circular, we noted that the Grant Price of HK\$2.41 per Share was determined with reference to the relevant policies on the implementation of equity incentive in state-controlled listed companies of the PRC. In particular, the Restricted Shares shall be granted at a price not less than the par value of the Shares and not less than the higher of:

- (i) 50% of the closing price of the Shares as quoted on the Stock Exchange on the Benchmark Date; and
- (ii) 50% of the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the Benchmark Date.

In this regard, we have obtained and reviewed the aforesaid policies and noted that the Grant Price was determined in compliance with the relevant policies, where (i) the closing price of the Shares as quoted on the Stock Exchange on the Benchmark Date was HK\$4.81 per Share, to which the Grant Price represents a discount of approximately 49.90%; and (ii) the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the Benchmark Date was HK\$4.65 per Share, to which the Grant Price represents a discount of approximately 48.17%.

In addition, we considered that the Grant Price, which represents a discount to the prevailing market price of the Share, can provide incentive and retain the Reserved Connected Incentive Recipients to continue to contribute to the operations and further development of the Group, which is in line with the purpose of the Incentive Scheme as discussed above. Furthermore, we noted that the Grant Price for Reserved Connected

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Incentive Recipients is the same as Other Reserved Incentive Recipients, which indicated that the Reserved Connected Incentive Recipients are fairly treated as Other Reserved Incentive Recipients in this regard. From a comparable analysis perspective as further elaborated in the paragraph headed “4. Comparable analysis” below, we noted that the level of Grant Price relative to the prevailing market price on the price benchmark date is more favourable to the Company as compared to the level of grant price under similar share award schemes of the Comparables (as defined below).

In light of the above, we are of the view that the Grant Price of the Proposed Grant is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

3.4 Lock-up period and conditions for lock-up release

We noted that there exist lock-up mechanism to the Connected Reserved Restricted Shares which shall be released in three tranches ranging from 24 months to 48 months from the Grant Date of the Connected Reserved Restricted Shares. The lock-up release for each tranche is also subject to a set of comprehensive vesting conditions relating to (i) performance target of the Company, including economic value added, total market value and operating profits of the Company; and (ii) individual performance evaluation results of each of the Reserved Connected Incentive Recipients. For details of the lock-up period and arrangement for lock-up release, please refer to the paragraph headed “Lock-up Period, arrangement for lock-up release and vesting” in the “Letter from the Board” of the 2023 Circular.

We considered that such lock-up mechanism is in line with the purpose of the Incentive Scheme, which effectively aligns the interests of the Reserved Connected Incentive Recipients with those of the long-term Shareholders to promote the long term growth and development of the Group, as the realisable value of the Connected Reserved Restricted Shares are dependent on the future price performance of the Shares, which also benefits the Group and Shareholders as a whole. In addition, we noted that the lock-up mechanism for the Reserved Connected Incentive Recipients is the same as that of Other Reserved Incentive Recipients, which indicated that the Reserved Connected Incentive Recipients are fairly treated as Other Reserved Incentive Recipients in this regard.

From a comparable analysis perspective as further elaborated in the paragraph headed “4. Comparable analysis” below, we noted that the lock-up period of the Connected Reserved Restricted Shares is comparable to that of the Comparables; while none of the Comparables had similar lock-up release vesting conditions. As mentioned above, we considered such lock-up release vesting conditions under the Incentive Scheme can provide motivations and incentives to Reserved Connected Incentive Recipients contributing to the Group’s overall development and business success, as the release of lock up is dependent on (i) achieving growth in the Group’s financial performance; and (ii) satisfactory individual performance. As such, we considered the lock-up release vesting conditions are fair and reasonable.

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In light of the above, we are of the view that the lock-up period and arrangement for lock-up release of Connected Reserved Restricted Shares is fair and reasonable and in the interests of the Company and the Shareholders as a whole, which provides motivation and incentives for the Reserved Connected Incentive Recipients to contribute to the future growth and development of the Group.

3.5 Section summary

Based on the above, we are of the view that the terms of the Proposed Grant is on normal commercial terms, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

4. Comparable analysis

In order to further assess the fairness and reasonableness of the key terms of the Proposed Grant, we have considered share award schemes adopted by comparable companies. Based on our best knowledge and publicly available information, we have reviewed and considered comparable companies based on the following criteria:

- (i) companies that are in the same industry (i.e. primarily involved in the property management and related businesses in the PRC);
- (ii) listed on the Main Board of the Stock Exchange and of comparable size to the Company with market capitalisation ranging between HK\$1 billion to HK\$10 billion (the Company's closing market capitalisation as at the date of the Announcement was approximately HK\$6.1 billion); and
- (iii) with comparable operating scale to the Group with GFA under management ranging from 15 million sq.m. to 55 million sq.m. (the Group's GFA under management was approximately 37.3 million sq.m. according to the 2022 Interim Report).

Based on the above criteria, we have identified two comparable companies which adopted share award schemes and granted award shares since 2020 (the "**Comparables**"). Notwithstanding that there are only two comparable companies, based on the above criteria, we considered the selected comparable companies are representative samples and sufficient for us to form a meaningful analysis on the fairness and reasonableness of the key terms of the Proposed Grant as the Comparables consist of all property management companies listed on the Main Board of the Stock Exchange which operate in the PRC with similar business nature and comparable operating size with the Group. We considered a review period since 2020 is reasonable to provide a representative sample of recent Comparables reflecting the prevailing market sentiment and economic and financial market cycles, in particular, since the outbreak of COVID-19 pandemic. We considered such Comparables are exhaustive based on the above criteria and to be fair and representative as they reflect the general features of the restricted share award schemes in the open market adopted by companies with principal businesses similar to the Group. Shareholders should note that the businesses, operations and prospects of

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the Company are not the same as the subject companies of the Comparables and we have not conducted any in-depth investigation into such respect.

Stock code	Name	Date of the adoption of share award scheme	Date of the grant announcement	Grantee(s)	Lock-up/Vesting Period/ Date	Performance related vesting condition	% of the grant price to the stock price
1965	Landsea Green Life Service Company Limited	18 March 2022	5 July 2022	3 grantees (including 2 connected persons)	5 July 2027	Not specific	0%
9909	Powerlong Commercial Management Holdings Limited	10 September 2020	10 September 2020	1 grantee, which is a connected person	(i) 50% of the awarded shares shall be vested on the third anniversary of the commencement date, i.e. 1 June 2023; and (ii) 50% of the awarded shares shall be vested on the fifth anniversary of the commencement date, i.e. 1 June 2025	Not specific	0%
2156	The Company	27 September 2021	15 December 2022	105 grantees (including 25 connected persons)	(i) 40% of the awarded shares shall be vested from the first trading day after 24 months from the grant date to the last trading day within 36 months from the grant date; (ii) 30% of the awarded shares shall be vested from the first trading day after 36 months from the grant date to the last trading date within 48 months from the grant date; and (iii) 30% of the awarded shares shall be vested from the first trading day after 48 months from the grant date to the last trading date within 60 months from the grant date.	Subject to (i) performance target of the Company; and (ii) individual performance evaluation results	53.1% of the closing price on the date of the Announcement

Grant Price

Based on the above table, pursuant to the share award schemes adopted by the Comparables, we noted that the shares are being awarded to the grantee at nil consideration. As compared to that of the Proposed Grant, where the Reserved Connected Incentive Recipients would have to pay the Grant Price of HK\$2.41 per Share to

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subscribe for the Connected Reserved Restricted Shares, the subscription consideration would result in enhancement of the Group's financial position as further discussed in the paragraph headed "5.1 Potential financial impact" below, which is more favourable to the Company. In addition, we consider the Grant Price, which is at a discount to the prevailing market price of the Share, can provide incentive and retain Reserved Connected Incentive Recipients to continue to contribute to the operations and further development of the Group, is in line with the purpose of the Incentive Scheme as discussed above.

As discussed in the paragraph headed "3.3 Grant Price" above, we also noted that the Grant Price is determined with reference to the relevant policies on the implementation of equity incentive in state-controlled listed company of the PRC.

Lock-up Period and Conditions for Lock-up Release

Based on the above table, we noted that the lock-up period of the share award schemes adopted by (i) Landsea Green Life Service Company Limited, being one of the Comparables, is approximately five years; and (ii) Powerlong Commercial Management Holdings Limited, being another Comparable, ranges from approximately three to five years and shall be released in two tranches. We noted that the lock-up mechanism of the Connected Reserved Restricted Shares, which shall be released in three tranches ranging from 24 months to 48 months from the Grant Date, is comparable to that of the Comparables.

In addition, we noted that the release of Connected Reserved Restricted Shares is subject to a set of comprehensive vesting conditions as abovementioned, where none of the Comparables had similar lock-up release vesting conditions.

5. Potential impact in relation to the Proposed Grant

5.1 Potential financial impact

According to the relevant accounting policies as extracted from the 2021 Annual Report, for grant of restricted shares, the amount to be expensed as share-based compensation expenses is determined by reference to the fair value of the restricted shares granted, taking into account all non-vesting conditions associated with the grants on grant date. The total expense is recognised on a straight-line basis over the relevant vesting periods, with a corresponding credit to a capital reserve under equity.

For illustrative purpose, assuming full subscription and the corresponding grants of 2,630,000 Connected Reserved Restricted Shares, the Group is expected to record approximately HK\$1.8 million and HK\$2.1 million as share-based payment expenses for the year ending 31 December 2023 and 2024 respectively, assuming the grants will be made in January 2023. For comparison purpose, the Group's revenue and profit for the year ended 31 December 2021 were approximately RMB1,556.6 million and RMB160.9 million as mentioned in the paragraph headed "1.2 Financial information of the Group" above. As such, the Management is of the view and we concur that, the financial impact on the Group's consolidated statement of profit or loss is fair, reasonable and acceptable.

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In addition, the allotment and issue of Connected Reserved Restricted Shares would bring a maximum of gross proceeds of approximately HK\$6.3 million to the Group. According to the “Letter from the Board” of the 2023 Circular, the Company intends to apply the net proceeds for general working capital. As such, it is expected that the allotment and issue of Connected Reserved Restricted Shares would enhance the Group’s liquidity position.

5.2 Potential dilution impact

The maximum number of new Shares to be granted and issued to the Reserved Connected Incentive Recipients under the Proposed Grant represents approximately 0.20% of the Company’s issued share capital as enlarged by the allotment and issue of 7,050,000 Reserved Incentive Restricted Shares. In this regard, we have obtained and reviewed the underlying working from the Management to ascertain such dilution impact. While a comparison with the potential dilutive impact of share award schemes of other corporations may not be meaningful as each company may have its own circumstances and criteria for their respective share award scheme, we believe the potential dilution impact to the Shareholders to be limited and acceptable and the benefits of the growth of the Group due to retention and motivation of talent would outweigh the potential shareholding impact to the Company and the Shareholders as a whole.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the view that, although the Proposed Grant is not in the ordinary and usual course of business of the Group, it is on normal commercial terms, and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the proposed resolution at the EGM to approve the Proposed Grant.

Yours faithfully,
For and on behalf of
Altus Capital Limited
Jeanny Leung
Executive Director

Ms. Jeanny Leung (“Ms. Leung”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. She is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Ms. Leung has over 30 years of experience in corporate finance advisory and commercial field in Greater China, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

(i) Long positions in shares and underlying shares of the Company and its associated corporation

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO); (ii) pursuant to Section 352 of the SFO, to be entered in the register of members of the Company; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long Positions in the Shares

Name of Director	Capacity/ Nature of interest	Number of issued Shares/ underlying Shares held	Approximate percentage of interest in the Company (Note 1)
Mr. Lin Weiguo	Interest of controlled corporation	52,412,000 (Note 2)	3.92%
Mr. Xu Yixuan	Beneficiary of a trust	1,541,070 (Note 2)	0.12%
Ms. Qiao Haixia	Beneficiary of a trust	770,561 (Note 2)	0.06%
	Beneficiary owner	32,000	0.002%
	Beneficiary of a trust (other than a discretionary interest)	600,000 (Note 3)	0.04%
Mr. Huang Danghui	Beneficiary of a trust	513,690 (Note 2)	0.04%
	Beneficiary of a trust (other than a discretionary interest)	600,000 (Note 3)	0.04%

Notes:

- (1) The percentage of shareholding was calculated based on the 1,336,261,106 Shares in issue as at the Latest Practicable Date.
- (2) These Shares were registered in the name of Diamond Firetail Limited (“**Diamond Firetail**”), a company incorporated in the BVI. Diamond Firetail is a wholly-owned subsidiary of Tricor Equity Trustee Limited (formerly known as Equity Trustee Limited) (“**Tricor Equity Trustee**”). Tricor Equity Trustee is a trustee of a discretionary trust and Mr. Lin Weiguo is one of the protectors of the said discretionary trust. Ms. Qiao Haixia, Mr. Xu Yixuan and Mr. Huang Danghui are beneficiaries of the said discretionary trust. Therefore, Mr. Lin Weiguo are deemed to be interested in the Shares held by Diamond Firetail by virtue of the SFO. Ms. Qiao Haixia, Mr. Xu Yixuan and Mr. Huang Danghui are interested in 770,561, 1,541,070 and 513,690 Shares, respectively, as beneficiaries of the said discretionary trust.
- (3) The Incentive Scheme was approved at the extraordinary general meeting of the Company on 27 September 2021 and 28,250,000 Shares were allotted and issued to the Trustee, who held the Shares on behalf of the Incentive Recipients. Being the Incentive Recipients, each of Ms. Qiao Haixia and Mr. Huang Danghui is interested in 600,000 Shares and 600,000 Shares held on trust by the trustee under the Incentive Scheme, respectively, which are subject to vesting.

Long positions in the shares of the Company’s associated corporations

Name of Director	Name of the Company’s associated corporation	Capacity/ Nature of interest	Number of issued shares/ underlying shares held	Approximate percentage of shareholding in issued share capital <i>(Note 1)</i>
Mr. Lin Weiguo	CDI	Interest of controlled corporation	49,263,506 <i>(Note 2)</i>	2.83%
	CDI	Beneficiary of a trust (other than a discretionary interest)	890,000 <i>(Note 3)</i>	0.05%
Ms. Qiao Haixia	CDI	Beneficiary of a trust	724,272 <i>(Note 2)</i>	0.04%
	CDI	Beneficial owner	32,000	0.00%
Mr. Xu Yixuan	CDI	Beneficiary of a trust	1,448,495 <i>(Note 2)</i>	0.08%
	CDI	Beneficiary of a trust (other than a discretionary interest)	810,000 <i>(Note 3)</i>	0.05%
Mr. Huang Danghui	CDI	Beneficiary of a trust	482,832 <i>(Note 2)</i>	0.03%

Notes:

- (1) The percentage of shareholding was calculated based on CDI's total number of 1,738,020,891 ordinary shares in issue as at the Latest Practicable Date.
- (2) These ordinary shares of CDI were registered in the name of Diamond Firetail, a company incorporated in the BVI and a wholly-owned subsidiary of Tricor Equity Trustee. Tricor Equity Trustee is a trustee of a discretionary trust and Mr. Lin Weiguo is one of the protectors of the said discretionary trust. Ms. Qiao Haixia, Mr. Xu Yixuan and Mr. Huang Danghui are beneficiaries of the said discretionary trust. Therefore, Mr. Lin Weiguo are deemed to be interested in the ordinary shares of CDI held by Diamond Firetail by virtue of the SFO. Ms. Qiao Haixia, Mr. Xu Yixuan and Mr. Huang Danghui are interested in 724,272, 1,448,495 and 482,832 CDI shares, respectively, as beneficiaries of the said discretionary trust.
- (3) The 2021 restricted share incentive scheme and 2022 restricted share incentive scheme of CDI was approved by its shareholders and 35,300,000 and 100,000,000 ordinary shares of CDI were allotted and issued to the trustee of such incentive schemes, respectively, who held the ordinary shares of CDI on behalf of the incentive recipients of such incentive schemes. Being the incentive recipients of such incentive schemes, Mr. Lin Weiguo and Mr. Xu Yixuan are deemed to interested in 890,000 and 810,000 ordinary shares of CDI held on trust by the trustee under such incentive schemes, respectively, which are subject to vesting.

(ii) Directors' positions in substantial Shareholders

As at the Latest Practicable Date, the following Directors were in the employment of those companies which had interests or short positions in the Shares or underlying Shares of the Company which are required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of Shareholder	Position held
Mr. Lin Weiguo	C&D Real Estate	Director, general manager and member of the party committee
	CDI	Executive director and chief executive officer
Ms. Qiao Haixia	C&D Real Estate	Member of the party committee
Mr. Xu Yixuan	C&D Real Estate	General manager of Southeast Regional Branch

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company:

- (a) was a director or employee of a company which had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO;

- (b) had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO), which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or were deemed to have under such provisions of the SFO); (ii) pursuant to Section 352 of the SFO, to be entered in the register of members of the Company; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

3. DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years, which is renewable automatically for successive terms of one year commencing from the day immediately after the expiry of the then current term of his/her appointment, and either the executive Director or the Company may terminate the agreement by giving the other party not less than two month's notice in writing. Each of the executive Directors is entitled to a director's emolument of RMB600,000 per annum (which was determined by the Board with reference to his/her experience, knowledge, qualification, duties and responsibilities within the Group and the prevailing market conditions), and such management bonus and other benefits as may be determined by and at the sole discretion of the Board (upon the recommendation of the remuneration committee of the Board) from time to time.

Each of the non-executive Directors has entered into a service agreement with the Company for an initial term of three years, which is renewable automatically for successive terms of one year commencing from the day immediately after the expiry of the then current term of his appointment, and either the non-executive Directors or the Company may terminate the agreement by giving the other party not less than two month's notice in writing. Each of the non-executive Directors does not receive any director's emolument but may be entitled to such discretionary bonus and/or other benefits as may be determined by and at the sole discretion of the Board (upon the recommendation of the remuneration committee of the Board) from time to time.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for an initial term of three years, which is renewable automatically for successive terms of one year commencing from the day immediately after the expiry of the then current term of his appointment, and either the independent non-executive Directors or the Company may terminate the agreement by giving the other party not less than three months' notice in writing. Each of the independent non-executive Directors is entitled to a director's emolument of HK\$100,000 per annum.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into a service contract with any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

4. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given opinions or advice which is contained in this circular:

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

The above expert has given and has not withdrawn its written consent to the issue of this circular with its letter included or references to its name in the form and context in which it is included.

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

As at the Latest Practicable Date, the above expert had no direct or indirect interests in any assets which had been acquired or disposed of by or leased to any member of the Group since 31 December 2021 (the date to which the latest published audited combined financial statements of the Company were made up) or proposed to be acquired, disposed of or leased to any member of the Group.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there were not any 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 Company were made up.

6. DIRECTORS' INTERESTS IN ASSETS AND/OR CONTRACTS

As at the Latest Practicable Date:

- (a) none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2021, being the date to which the latest published audited accounts of the Company were made up; and
- (b) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and was significant in relation to the business of the Group.

7. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates had any interest in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group, or had or might have any other conflicts of interest with the Group pursuant to Rule 8.10 of the Listing Rules.

8. GENERAL

- (a) The company secretary of the Company is Ms. Kam Mei Ha Wendy. Ms. Kam is a Chartered Secretary and a Fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute.
- (b) The registered office of the Company is at 2/F, Palm Grove House, P.O. Box 3340, Road Town, Tortola, BVI.
- (c) The principal place of business in Hong Kong of the Company is at Room 3517, 35th Floor, Wu Chung House, 213 Queen's Road East, Wan Chai, Hong Kong.
- (d) The address of the Company's branch share registrar and transfer office in Hong Kong is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (e) In the event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.cndservice.com>) from the date of this circular up to 14 days (inclusive) thereafter:

- (a) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages IBC-1 to IBC-2 of this circular;
- (b) the letter issued by the Independent Financial Adviser, the text of which is set out on pages IFA-1 to IFA-18 of this circular;
- (c) the written consent referred to in the paragraph headed "Expert's qualification and consent" in this appendix; and
- (d) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING

C&D Property Management Group Co., Ltd

建發物業管理集團有限公司

(Incorporated in the British Virgin Islands with limited liability)

(Stock Code: 2156)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “**Meeting**”) of C&D Property Management Group Co., Ltd (the “**Company**”) will be held at Room 3517, 35th Floor, Wu Chung House, 213 Queen’s Road East, Wanchai, Hong Kong on Friday, 10 February 2023 at 10 a.m., to consider, if thought fit, transact the following resolution of the Company by way of ordinary resolution:

ORDINARY RESOLUTION

“**THAT:**

1. (a) the grant of 2,630,000 restricted shares of the Company (the “**Connected Reserved Restricted Shares**”) pursuant to the 2021 Restricted Share Incentive Scheme to 25 directors, supervisors and general managers of the Company’s subsidiaries who are connected persons of the Company be and is hereby approved and confirmed; and
- (b) any one Director be and is hereby authorized to do all things and sign all documents in connection with the grant of the Connected Reserved Restricted Shares pursuant to the 2021 Restricted Share Incentive Scheme.”

Yours faithfully,

By Order of the Board

C&D Property Management Group Co., Ltd

建發物業管理集團有限公司

Lin Weiguo

Chairman and Non-executive Director

Hong Kong, 17 January 2023

Registered office:

2/F, Palm Grove House
P.O. Box 3340
Road Town, Tortola
BVI

Principal place of business in Hong Kong:

Room 3517, 35th Floor
Wu Chung House
213 Queen’s Road East
Wanchai, Hong Kong

Notes:

1. A shareholder of the Company (the “**Shareholder**”) entitled to attend and vote at the Meeting is entitled to appoint another person as his/her proxy to attend and vote in his/her stead. A Shareholder who is the holder of two or more shares in the Company (the “**Shares**”) may appoint more than one proxy to represent him/her and vote on his/her behalf at the Meeting. A proxy need not be a Shareholder.

NOTICE OF EXTRAORDINARY GENERAL MEETING

2. In the case of joint holders of Shares, any one of such joint holders may vote, either in person or by proxy, in respect of such Shares as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the Meeting, personally or by proxy, that one of the said persons so present whose name stands first in the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy must be in writing under the hand of the appointor or of his/her attorney duly authorized in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney duly authorized, and must be deposited with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) not less than 48 hours before the time fixed for holding of the Meeting (or any adjournment thereof).
4. The register of members of the Company will be closed from Tuesday, 7 February 2023 to Friday, 10 February 2023 (both days inclusive), during which period no transfer of the Shares will be effected. In order to qualify for attending the Meeting or any adjournment thereof, all transfers of Shares accompanied by the relevant share certificate(s) must be lodged with the Company's Hong Kong branch share registrar and transfer office at the above address for registration by no later than 4:30 p.m. on Monday, 6 February 2023.
5. Delivery of an instrument appointing a proxy should not preclude a Shareholder from attending and voting in person at the Meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. Due to the recent development of the COVID-19 epidemic, the Company will implement additional precautionary measures at the Meeting including, without limitation:
 - compulsory body temperature screening;
 - mandatory use of surgical face masks;
 - anyone subject to quarantine, has any flu-like symptoms or has travelled overseas within 14 days immediately before the Meeting (“**recent travel history**”), or has close contact with any person under quarantine or with recent travel history will not be permitted to attend the Meeting; and
 - anyone attending the Meeting is reminded to observe good personal hygiene at all times.
7. The Company reminds all Shareholders that physical attendance in person at the Meeting is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the Meeting as their proxy to vote on the relevant resolution(s) at the Meeting instead of attending the Meeting in person, by completing and return the form of proxy.
8. If any Shareholder chooses not to attend the Meeting in person but has any question about any resolution or about the Company, or has any matter for communication with the board of directors of the Company, he/she is welcome to send such question or matter in writing to the head office and principal place of business in Hong Kong of the Company or by fax at (852) 2525 7890. If any Shareholder has any question relating to the Meeting, please contact Tricor Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office as follows:

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road, Hong Kong
Email: is-enquiries@hk.tricorglobal.com
Tel: (852) 2980 1333
Fax: (852) 2810 8185

NOTICE OF EXTRAORDINARY GENERAL MEETING

9. Shareholders are advised to read the “PRECAUTIONARY MEASURES FOR THE EGM” section in the circular for further detail and monitor the development of the COVID-19 epidemic. Subject to the development of the COVID19 epidemic, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.
10. In view of the travelling restrictions imposed by various jurisdictions to prevent the spread of the COVID-19 epidemic, certain director(s) of the Company may attend the Meeting through video conference or similar electronic means.

As at the date of this notice, the executive Directors are Ms. Qiao Haixia (Chief Executive Officer) and Mr. Huang Danghui; the non-executive Directors are Mr. Lin Weiguo (Chairman) and Mr. Xu Yixuan; and the independent non-executive Directors are Mr. Lee Cheuk Yin Dannis, Mr. Li Kwok Tai James and Mr. Wu Yat Wai.

This notice is prepared in both English and Chinese. In the event of inconsistency, the English text of the notice shall prevail over the Chinese text.

PRECAUTIONARY MEASURES FOR THE EGM

Due to the recent development of the COVID-19 epidemic, the Company will implement additional precautionary measures at the EGM in the interests of the health and safety of our Shareholders, investors, Directors, staffs and other participants of the EGM which include without limitation:

- (1) All attendees will be required to wear surgical face masks before they are permitted to attend, and during their attendance of, the EGM. Attendees are advised to maintain appropriate social distance with each other at all times when attending the EGM.
- (2) There will be compulsory body temperature screening for all persons before entering the EGM venue. Any person with a body temperature of 37.8 degrees Celsius or above will not be given access to the EGM venue. Denied entry to the EGM venue also means the person will not be allowed to attend the EGM.
- (3) Attendees may be asked if (i) he/she has travelled outside of Hong Kong within 14 days immediately before the EGM (“**recent travel history**”); (ii) he/she is subject to any Hong Kong government prescribed quarantine requirement; and (iii) he/she has any flu-like symptoms or close contact with any person under quarantine or with recent travel history. Any person who responds positively to any of these questions will be denied entry into the EGM venue or be required to promptly leave the EGM venue.
- (4) Anyone attending the EGM is always reminded to observe good personal hygiene.
- (5) Shareholders who prefer not to attend or are restricted from attending the EGM, may still vote by proxy or appoint the chairman of the EGM as their proxy to vote on the relevant resolutions and are advised to take note of the last date and time for the lodgement of the form of proxy.
- (6) The Company reminds all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the EGM as their proxy to vote on the relevant resolution(s) at the EGM instead of attending the EGM in person, by completing and return the form of proxy attached to the notice of EGM.

PRECAUTIONARY MEASURES FOR THE EGM

- (7) If any Shareholder chooses not to attend the EGM in person but has any question about any resolution or about the Company, or has any matter for communication with the Board, he/she is welcome to send such question or matter in writing to the head office and principal place of business in Hong Kong of the Company or by fax at (852) 2525 7890. If any Shareholder has any question relating to the EGM, please contact Tricor Investor Services Limited, the Company's Branch Share Registrar as follows:

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road, Hong Kong
Email: is-enquiries@hk.tricorglobal.com
Tel: (852) 2980 1333
Fax: (852) 2810 8185

- (8) Shareholders are advised to read this section carefully and monitor the development of COVID-19 epidemic. Subject to the development of COVID-19 epidemic, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.
- (9) In view of the travelling restrictions imposed by various jurisdictions to prevent the spread of COVID-19 epidemic, certain Director(s) may attend the EGM through video conference or similar electronic means.