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If you have sold or transferred all your shares in Poly Property Services Co., Ltd., you should at once hand this circular, together with the enclosed proxy form, to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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POLY PROPERTY SERVICES CO., LTD.

保利物業服務股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 06049)

**(1) CONTINUING CONNECTED TRANSACTIONS
(2) MAJOR AND CONTINUING CONNECTED TRANSACTIONS
(3) CHANGE OF BUSINESS SCOPE AND
AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND
(4) NOTICE OF THE SECOND EXTRAORDINARY
GENERAL MEETING OF 2023**

**Independent Financial Adviser of Independent Board Committee and
Independent Shareholders**



A notice convening the EGM of Poly Property Services Co., Ltd. to be held at the Conference Room, 2nd Floor, East Tower, Poly Plaza, No. 832 Yue Jiang Zhong Road, Hai Zhu District, Guangzhou, Guangdong Province, the PRC at 9:30 a.m. on Thursday, 28 December 2023 is set out on pages EGM-1 to EGM-2 of this circular. A proxy form for use at the EGM is also enclosed in this circular. Such proxy form is also published on the designated website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.polywuye.com).

Shareholders who intend to appoint a proxy to attend the EGM shall complete and return the enclosed proxy form in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the EGM thereof should they so wish.

11 December 2023

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DEFINITIONS

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

“2021-2023 Framework Agreements”	the connected transactions framework agreements dated 24 March 2021 entered into between the Company and Poly Developments and Holdings
“2021-2023 Other Value-added Services Framework Agreement”	the other value-added services framework agreement dated 24 March 2021 entered into between the Company and Poly Developments and Holdings
“2021-2023 Pre-delivery Services Framework Agreement”	the pre-delivery services framework agreement dated 24 March 2021 entered into between the Company and Poly Developments and Holdings
“2024-2026 Non-exempt Framework Agreements”	the 2024-2026 Pre-delivery Services Framework Agreement and the 2024-2026 Other Value-added Services Framework Agreement
“2024-2026 Other Value-added Services Framework Agreement”	the other value-added services framework agreement dated 3 November 2023 entered into between the Company and Poly Developments and Holdings
“2024-2026 Pre-delivery Services Framework Agreement”	the pre-delivery services framework agreement dated 3 November 2023 entered into between the Company and Poly Developments and Holdings
“Articles of Association”	the articles of association of the Company currently in force
“Board”	the board of Directors of the Company
“CAGR”	compound annual growth rate
“China Poly Group”	China Poly Group Corporation Limited (中國保利集團有限公司), a wholly state-owned company established in the PRC on 9 February 1993 and wholly-owned by the State-owned Assets Supervision and Administration Commission of the State Council, and a controlling shareholder of the Company
“Company” or “Poly Property”	Poly Property Services Co., Ltd., a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange

DEFINITIONS

“Directors”	the director(s) of the Company
“Domestic Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB
“Domestic Shareholder(s)”	the holder(s) of Domestic Share(s)
“EGM”	the extraordinary general meeting of the Company scheduled to be convened on Thursday, 28 December 2023
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the main board of the Stock Exchange
“H Shareholder(s)”	the holder(s) of H Share(s)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors
“Independent Financial Adviser” or “Maxa Capital”	Maxa Capital Limited, a corporation licensed under the SFO to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, and appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to (i) the 2024-2026 Non-exempt Framework Agreements and the transactions contemplated thereunder (including the annual caps) and (ii) the Renewed Parking Space Agency Framework Agreement and the transactions contemplated thereunder (including the annual caps)
“Independent Shareholders”	Shareholders who do not have a material interest in the 2024-2026 Non-exempt Framework Agreements and/or the Renewed Parking Space Agency Framework Agreement

DEFINITIONS

“Independent Third Party(ies)”	an individual or a company who, as far as the Directors are aware after having made all reasonable enquiries, is not a connected person of the Company
“Latest Practicable Date”	6 December 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Parking Space Agency Framework Agreement”	the Parking Space Leasing and Sales Agency Services Framework Agreement dated 16 July 2021 entered into by the Company and Poly Developments and Holdings
“Parking Space Agency Framework Agreement (Phase II)”	the Parking Space Leasing and Sales Agency Services Framework Agreement (Phase II) dated 16 November 2022 entered into by the Company and Poly Developments and Holdings
“Poly Developments and Holdings”	Poly Developments and Holdings Group Co., Ltd. (保利發展控股集團股份有限公司), a joint stock company incorporated in the PRC with limited liability, whose shares are listed on the main board of the Shanghai Stock Exchange (stock code: 600048), and a controlling shareholder of the Company
“Poly Developments and Holdings Group”	Poly Developments and Holdings and its associates (excluding the Group)
“PRC”	the People’s Republic of China, but for the purposes of this circular and for geographical reference only and except where the context requires, references in this circular to the “PRC” do not include Hong Kong, the Macau Special Administrative Region and Taiwan region of the PRC
“Renewed Parking Space Agency Framework Agreement”	the Parking Space Leasing and Sales Agency Services Framework Agreement dated 3 November 2023 entered into by the Company and Poly Developments and Holdings
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising the Domestic Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	supervisor(s) of the Company
“Xizang Hetai”	Xizang Hetai Enterprise Management Co., Ltd. (西藏和泰企業管理有限公司), formerly known as Xizang Yingyue Investment Management Co., Ltd. (西藏贏悅投資管理有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Poly Developments and Holdings
“%”	per cent

In this circular, the terms “associate”, “connected person”, “connected transaction”, “continuing connected transaction”, “controlling shareholder” and “subsidiary” have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

The English names of Chinese entities included in this circular are unofficial translations of their Chinese names and are included for identification purposes only.



POLY PROPERTY SERVICES CO., LTD.
保利物業服務股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 06049)

Executive Director:

Ms. Wu Lanyu (*Chairman*)

Non-executive Directors:

Mr. Liu Ping

Mr. Hu Zaixin

Mr. Huang Hai

Independent Non-executive Directors:

Mr. Wang Xiaojun

Ms. Tan Yan

Mr. Zhang Liqing

*Registered office and principal place of
business in the PRC:*

48-49th Floor, Poly Plaza

No. 832 Yue Jiang Zhong Road

Hai Zhu District

Guangzhou

Guangdong Province, the PRC

Principal place of business in Hong Kong:

40/F, Dah Sing Financial Centre

248 Queen's Road East

Wanchai, Hong Kong

11 December 2023

To the Shareholders

Dear Sir/Madam,

(1) CONTINUING CONNECTED TRANSACTIONS
(2) MAJOR AND CONTINUING CONNECTED TRANSACTIONS
(3) CHANGE OF BUSINESS SCOPE AND
AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND
(4) NOTICE OF THE SECOND EXTRAORDINARY
GENERAL MEETING OF 2023

1. INTRODUCTION

The purpose of this circular is to provide you with the notice of the EGM and the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the EGM.

LETTER FROM THE BOARD

Ordinary resolutions to be proposed at the EGM:

- (1) To consider and approve the 2024-2026 Non-exempt Framework Agreements and the transactions contemplated thereunder (including the annual caps).
 - (1.1) To consider and approve the 2024-2026 Pre-delivery Services Framework Agreement and the transactions contemplated thereunder (including the annual caps); and
 - (1.2) To consider and approve the 2024-2026 Other Value-added Services Framework Agreement and the transactions contemplated thereunder (including the annual caps).
- (2) To consider and approve the Renewed Parking Space Agency Framework Agreement and the transactions contemplated thereunder (including the annual caps).

Special resolutions to be proposed at the EGM:

- (3) To consider and approve the change of business scope and amendments to the Articles of Association.
 - (3.1) To consider and approve the change of business scope and the relevant amendment to Article 14 of the Articles of Association; and
 - (3.2) To consider and approve other amendments to the Articles of Association.

In order to enable you to have a better understanding of the resolutions to be proposed at the EGM and to make an informed decision in the circumstance where sufficient and necessary information is available, the Company provided the Shareholders with detailed information in this circular.

2. BUSINESSES TO BE CONSIDERED AT THE EGM

2.1 TO CONSIDER AND APPROVE THE 2024-2026 NON-EXEMPT FRAMEWORK AGREEMENTS

(A) BACKGROUND

Reference is made to the announcement of the Company dated 3 November 2023, as the 2021-2023 Framework Agreements will expire on 31 December 2023, and the Group intends to continue with the related business with Poly Developments and Holdings Group, on 3 November 2023, the Company entered into the following 2024-2026 Non-exempt Framework Agreements with Poly Developments and Holdings, for a term from 1 January 2024 to 31 December 2026.

- (i) 2024-2026 Pre-delivery Services Framework Agreement; and
- (ii) 2024-2026 Other Value-added Services Framework Agreement.

LETTER FROM THE BOARD

(B) 2024-2026 PRE-DELIVERY SERVICES FRAMEWORK AGREEMENT

(a) *Principal terms*

The principal terms of the 2024-2026 Pre-delivery Services Framework Agreement are as follows:

Date	:	3 November 2023
Parties	:	(i) the Company; and (ii) Poly Developments and Holdings
Term	:	From 1 January 2024 to 31 December 2026
Subject matter	:	The Group will provide pre-delivery services to Poly Developments and Holdings Group, for the purposes of assisting in property sale activities, which include visitor reception, cleaning, maintenance and other customer related services.

Except for the approval of Independent Shareholders at the EGM in accordance with the Listing Rules, all the conditions precedent of the 2024-2026 Pre-delivery Services Framework Agreement have been satisfied.

(b) *Pricing policy*

The fees to be charged for pre-delivery services are determined by taking into account the prevailing market rate for similar services in the open market and the historical and prevailing charges between the Group and Poly Developments and Holdings Group after negotiations on arm's length basis. The pre-delivery services fees shall be on normal commercial terms.

Based on the principles under the 2024-2026 Pre-delivery Services Framework Agreement, the relevant subsidiaries and associates of the parties will enter into pre-delivery services agreements which shall set out specific terms and conditions. In determining the prices for individual pre-delivery services agreements, the Group's business department is required to refer to the prices of similar services provided by the Group to Independent Third Parties, and submit to the management for approval. The business department will review the relevant transaction data and terms (including comparing with at least two similar agreements (if any) entered into between the Group and Independent Third Parties) to ensure that the pre-delivery services fees shall be at least the same as the fees charged by the Group to comparable

LETTER FROM THE BOARD

Independent Third Parties for similar agreements (if any) and the relevant transactions shall be conducted based on normal commercial terms.

The payment terms for pre-delivery services will be recorded in the specific pre-delivery services agreements. Normally, the Group will charge the fees of pre-delivery services on a monthly/quarterly basis. All of the services fees are due for payment upon issuance of demand note.

(c) Historical transaction amounts

For each of the two years ended 31 December 2021 and 2022 and the six months ended 30 June 2023, the historical transaction amounts paid by Poly Developments and Holdings Group to the Group in respect of the pre-delivery services under the 2021-2023 Pre-delivery Services Framework Agreement were RMB993.2 million, RMB1,108.1 million and RMB538.0 million, respectively.

(d) Proposed annual caps and basis of determination

The table below sets out the proposed annual caps for the transactions contemplated under the 2024-2026 Pre-delivery Services Framework Agreement:

	For the year ended 31 December		
	2024	2025	2026
	(RMB	(RMB	(RMB
	million)	million)	million)
Pre-delivery services			
– Proposed annual caps	1,677.0	1,677.0	1,677.0

The above annual caps are determined after consideration of the following:

- (i) the historical transaction amounts for the pre-delivery services agreements the Group had entered into with Poly Developments and Holdings Group;
- (ii) the specific pre-delivery services agreements already entered into; and
- (iii) with reference to the outlook of the real estate market and the expected demand and strength of sales service of Poly Developments and Holdings Group, the scale of the pre-delivery services to be provided to Poly Developments and Holdings Group by the Group from 2024 to 2026 is expected to remain steady.

LETTER FROM THE BOARD

(C) 2024-2026 OTHER VALUE-ADDED SERVICES FRAMEWORK AGREEMENT

(a) *Principal terms*

The principal terms of the 2024-2026 Other Value-added Services Framework Agreement are as follows:

Date	:	3 November 2023
Parties	:	(i) the Company; and (ii) Poly Developments and Holdings
Term	:	From 1 January 2024 to 31 December 2026
Subject matter	:	The Group will provide other value-added services, i.e. (i) other value-added services to non-property owners (excluding pre-delivery services), such as consultation, inspection, delivery, projects maintenance, centralised procurement of equipment, business operations and other services; and (ii) community value-added services, such as facility maintenance, asset management, catering, material procurement and other services, to Poly Developments and Holdings Group.

Except for the approval of Independent Shareholders at the EGM in accordance with the Listing Rules, all the conditions precedent of the 2024-2026 Other Value-added Services Framework Agreement have been satisfied.

(b) *Pricing policy*

The service fees to be charged for other value-added services are determined by taking into account the prevailing market rate for similar services in the open market and the historical and prevailing charges between the Group and Poly Developments and Holdings Group after negotiations on arm's length basis. The provision of other value-added services shall be on normal commercial terms.

Based on the principles under the 2024-2026 Other Value-added Services Framework Agreement, the relevant subsidiaries and associates of the parties will enter into other value-added services agreements which shall set out specific terms and conditions. In

LETTER FROM THE BOARD

determining the prices for individual other value-added services agreements, the Group's business department is required to refer to the prices of similar services provided by the Group to Independent Third Parties, and submit to the management for approval. The business department will review the relevant transaction data and terms (including making reference to at least two similar agreements entered into between the Group and Independent Third Parties (if any)) to ensure that the price charged for the provision of other value-added services shall be at least the same as those charged to comparable Independent Third Parties.

The payment terms for other value-added services will be recorded in the specific other value-added services agreements. Normally, the Group will charge the fees of other value-added services on a monthly/quarterly basis or on a per-transaction basis. All of the services fees are due for payment upon issuance of demand note.

(c) Historical transaction amounts

For each of the two years ended 31 December 2021 and 2022 and the six months ended 30 June 2023, the historical transaction amounts paid by Poly Developments and Holdings Group to the Group in respect of other value-added services under the 2021-2023 Other Value-added Services Framework Agreement were RMB458.0 million, RMB598.1 million and RMB292.8 million, respectively.

(d) Proposed annual caps and basis of determination

The table below sets out the proposed annual caps for the transactions contemplated under the 2024-2026 Other Value-added Services Framework Agreement:

	For the year ended 31 December		
	2024	2025	2026
	(RMB	(RMB	(RMB
	million)	million)	million)
Other value-added services			
– Proposed annual caps	1,397.0	1,676.0	2,011.0

The above annual caps are determined after consideration of the following:

- (i) the historical transaction amounts for other value-added services the Group provided to Poly Developments and Holdings Group;
- (ii) the specific other value-added services agreements already entered into;

LETTER FROM THE BOARD

- (iii) the proposed annual cap for other value-added services for the year ending 31 December 2024 will increase by 50% compared to the approved annual cap for the year ending 31 December 2023, taking into account: (1) the historical transaction amount from 2019 to 2022 has increased at a CAGR of approximately 50.1% (an increase from RMB177.0 million to RMB598.1 million); and (2) the existing and on-going projects of Poly Developments and Holdings Group to the knowledge of the Group, and it is expected that there will be an increase in the volume of other value-added services to be provided by the Group to Poly Developments and Holdings Group in 2024, of which the types and contents of services in property development, delivery, sales and community asset operation and other areas will be further developed, including post-delivery project maintenance, centralised procurement, maintenance and repairs of equipment and housing management, along with the broadening and deepening of the business segment, and the corresponding transaction amount is expected to increase; and
- (iv) the proposed annual caps for other value-added services for each of the years ending 31 December 2025 and 2026 will increase by 20% annually, taking into account (1) the stable growth of the service scale of other value-added services provided to Poly Developments and Holdings Group; and (2) the expected annual increase in the fees of the Group's other value-added services with reference to the historical fees charged by the Group and the expected increase in the relevant cost and market price for such services, and taking into account, among others, the increase in the labour cost for the relevant services in the forthcoming years.

(D) REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Poly Developments and Holdings Group has maintained long-term and stable cooperative relationships with the Group. In particular, the provision of pre-delivery services and other value-added services to Poly Developments and Holdings Group brings a long-term and stable source of income to the Group. The entering into of the 2024-2026 Non-exempt Framework Agreements will enable the Group to give full play to the advantages of intra-group resources, capture the demand for the integration of property management services, value-added services to non-property owners and community value-added services and promote a diversified business portfolio, creating a sustainable performance contribution to the Group.

LETTER FROM THE BOARD

(E) OPINION OF THE BOARD

In light of the above reasons and benefits, on the basis that the 2024-2026 Non-exempt Framework Agreements and the transactions contemplated thereunder (including the annual caps) are conducted in the ordinary and usual course of business of the Company and on normal commercial terms or better, the Board (including independent non-executive Directors) considers that the 2024-2026 Non-exempt Framework Agreements and the transactions contemplated thereunder (including the annual caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Ms. Wu Lanyu, Mr. Liu Ping, Mr. Hu Zaixin and Mr. Huang Hai, all being Directors, have abstained from voting on the Board resolutions approving the 2024-2026 Non-exempt Framework Agreements and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has any material interest in the 2024-2026 Non-exempt Framework Agreements and the transactions contemplated thereunder.

(F) INTERNAL CONTROL MEASURES

The Company has adopted relevant internal policies and measures to ensure that the continuing connected transactions of the Group are conducted in accordance with the relevant framework agreements, such policies and measures include:

- (1) the management and the finance department of the Group will closely monitor the execution of the specific contracts under the 2024-2026 Non-exempt Framework Agreements, transaction data will be provided periodically (as one of the items in the management accounts) to the management of the Company for reviewing and monitoring the continuing connected transactions of the Group. The finance department of the Company will arrange designated personnel to closely monitor the actual amount of the connected transactions under the framework agreements on a monthly basis, and will submit the transaction data to the management of the Company monthly to assess the actual amount of the connected transactions as a percentage of the annual caps in a timely manner, in order to monitor and ensure that the above businesses are falling within the applicable annual caps;
- (2) the implementation of specific contracts shall be subject to the proper approval of the relevant personnel of the finance department, the compliance department and the management of the Group to ensure that the specific contracts are in compliance with the pricing policy and principal terms of the 2024-2026 Non-exempt Framework Agreements, and that the pricing of the transactions is at least on par with those obtained from/offered by comparable Independent Third Parties for similar transactions;

LETTER FROM THE BOARD

- (3) the auditors of the Company will also conduct an annual review on the 2024-2026 Non-exempt Framework Agreements and the relevant annual caps and provide confirmation in the annual report of the Company;
- (4) the independent non-executive Directors of the Company will also conduct an annual review on the implementation and execution of the specific contracts entered into pursuant to the 2024-2026 Non-exempt Framework Agreements to monitor that the specific contracts are conducted in accordance with the terms (including the pricing policy) set out in the 2024-2026 Non-exempt Framework Agreements and provide confirmation in the annual report of the Company;
- (5) while reviewing the total transaction amounts of the continuing connected transactions, the management of the Company will verify the estimated transaction amounts with the finance and operation departments. If the actual transaction amount reaches 80% of the proposed annual cap at any time, upon assessment by the management (if necessary), advice shall be sought from the audit committee of the Company and the Board on appropriate measures, including but not limited to revising the relevant proposed annual cap (if necessary) in accordance with the Listing Rules; and
- (6) if it is necessary to adjust the annual caps for business development needs or other reasons, arrangements will be made in advance, the relevant requirements of the Listing Rules will be strictly complied with and the review and disclosure process will be timely proceeded by the Company.

The Board is of the view that the above methods and procedures can ensure that the pricing and other contractual terms of the continuing connected transactions of the Group are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders, and that the continuing connected transactions are conducted as agreed in the relevant framework agreements and in compliance with the requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

(G) IMPLICATIONS UNDER THE LISTING RULES

As at the Latest Practicable Date, Poly Developments and Holdings is interested in an aggregate of 72.289% of the total issued share capital of the Company and is a controlling shareholder of the Company, thus is a connected person of the Company under the Listing Rules. As such, the transactions contemplated under the 2024-2026 Non-exempt Framework Agreements will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of each of the 2024-2026 Non-exempt Framework Agreements exceeds 5%, such transactions are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2.2 TO CONSIDER AND APPROVE THE RENEWED PARKING SPACE AGENCY FRAMEWORK AGREEMENT

(A) BACKGROUND

Reference is made to the announcement of the Company dated 3 November 2023, as the Parking Space Agency Framework Agreement will expire on 31 December 2023, and the Group intends to continue the related business with Poly Developments and Holdings Group to cope with the needs of the continuing expansion of the Group's business, on 3 November 2023, the Company and Poly Developments and Holdings entered into the Renewed Parking Space Agency Framework Agreement to renew the transactions contemplated under the Parking Space Agency Framework Agreement for a term from 1 January 2024 to 31 December 2026.

(B) PRINCIPAL TERMS

The principal terms of the Renewed Parking Space Agency Framework Agreement are as follows:

Date	:	3 November 2023
Parties	:	(i) the Company; and (ii) Poly Developments and Holdings
Term	:	From 1 January 2024 to 31 December 2026

LETTER FROM THE BOARD

Subject matter : Pursuant to the Renewed Parking Space Agency Framework Agreement, the Group will provide exclusive parking spaces sales and leasing agency services (the “**Exclusive Leasing and Sales Rights**”) in respect of the target parking spaces (the “**Target Parking Spaces**”) to Poly Developments and Holdings Group to facilitate the sales and leasing activities of parking space properties. Poly Developments and Holdings Group shall not entrust the Target Parking Spaces to other third parties for sales or leasing.

In respect of the Target Parking Spaces, the Exclusive Leasing and Sales Rights are the sole and exclusive rights entitled to the Group, and Poly Developments and Holdings Group shall not sell, transfer or dispose of in any other manner any of the Target Parking Spaces to third parties unless agreed by both parties through negotiation.

The Group and Poly Developments and Holdings Group will enter into specific contracts (the “**Specific Contracts**”) to specify the agreed cooperation of both parties on specific projects and the number of Target Parking Spaces, etc..

Except for the approval of Independent Shareholders at the EGM in accordance with the Listing Rules, all the conditions precedent of the Renewed Parking Space Agency Framework Agreement have been satisfied.

(C) *PRICING POLICY*

Leasing and sales at the base price model

The Group and Poly Developments and Holdings Group will enter into specific negotiations on the base price for the sales and leasing of the Target Parking Spaces (the “**Cooperation Rights on Leasing and Sales at Base Price**”). The base price for sales or leasing is the price to be charged by Poly Developments and Holdings Group for the sales or leasing of the Target Parking Spaces, which in principle shall not exceed 80% of the agency price for sales or leasing. In determining the base price for sales or leasing, the discount of base price to the agency price of a specific project will be determined by factors such as occupancy rate, parking spaces ratio, stage of sales and quality of parking spaces of the project.

The agency price will be determined through negotiation by relevant members of the Group and Poly Developments and Holdings

LETTER FROM THE BOARD

Group with reference to the historical leasing and sales prices and the comparable average price in the nearby markets of the Target Parking Spaces. In determining the agency price, projects (i) within the immediate vicinity of the specific project; and (ii) of similar type and target customer base will be selected as comparables, taking into account (i) whether the comparables are at similar stages of the sales cycle; and (ii) the average sales/leasing price in the past 12 months, and adjustment may be made considering the most recent market trends and economic developments.

Agency service fees

Poly Developments and Holdings Group will transfer or lease (as the case may be) the Target Parking Spaces to any third-party customers designated by the Group at the request of the Group at an actual leasing or sales price not lower than the aforesaid base price, and the excess of the actual leasing or sales price over the base price for sales and leasing will be attributable to the Group as agency service fees. In determining the agency service fees, the Group will estimate the costs of such services, taking into account factors such as labour costs, marketing expenses and difficulties of the leasing and sales agency.

Poly Developments and Holdings Group generally requires third-party customers to pay the sales/leasing price in full or by instalments upon signing of a parking spaces sales/leasing agreement. As the Group is responsible for introducing third-party customers to Poly Developments and Holdings Group, the Group will closely follow up the payment status of third-party customers. Poly Developments and Holdings Group will settle the agency service fees to the Group on a monthly basis upon receipt of payment from third-party customers. All of the agency services fees are due for payment upon issuance of demand note. Such transactions will be conducted on normal commercial terms.

Deposits

In order to obtain the Exclusive Leasing and Sales Rights and the Cooperation Rights on Leasing and Sales at Base Price for the Target Parking Spaces, the Group shall pay fully refundable deposits to Poly Developments and Holdings Group in an amount not exceeding 50% of the sum of the base price for sales and leasing of the Target Parking Spaces under the Specific Contracts.

During the term of the agreement, the Group may replace the unleased and unsold Target Parking Spaces with other parking spaces of the same value. If there are no other parking spaces of the same value, Poly Developments and Holdings Group shall refund the corresponding deposits to the Group.

LETTER FROM THE BOARD

Before 30 June and 31 December of each year, Poly Developments and Holdings Group is required to return the existing deposits. Meanwhile, the Group will evaluate and decide whether to make adjustments to the business, and pay the corresponding deposits to Poly Developments and Holdings Group based on the subsequent evaluation results. The evaluation will be conducted based on (i) the number of remaining parking spaces available for sales or leasing; (ii) the average premium for sales or leasing, being the difference between the actual leasing and sales price and the base price; and (iii) the turnover rate of the Target Parking Spaces for sales or leasing. In the event that the Group attains an early completion of the leasing and sales of all Target Parking Spaces or the Specific Contracts are not renewed upon expiry, Poly Developments and Holdings Group shall return the corresponding deposits after the completion of the leasing and sales or the expiry of the Specific Contracts. If the Renewed Parking Space Agency Framework Agreement is rescinded or terminated for any reason, Poly Developments and Holdings Group will revoke the Exclusive Leasing and Sales Rights and the Cooperation Rights on Leasing and Sales at Base Price for unleased and unsold Target Parking Spaces and return the corresponding deposits within 7 business days after the rescission or termination.

The deposits payable by the Group under the Renewed Parking Space Agency Framework Agreement are expected to be funded by internal resources of the Group.

By paying the deposits to obtain the Exclusive Leasing and Sales Rights and the Cooperation Rights on Leasing and Sales at Base Price, the Group can obtain a preferential discounted base price for sales and leasing, and the Group will receive the amount in excess of the base price for sales and leasing as the agency service fees with considerable potential returns, and the risk of holding unsold and vacant parking spaces will not be passed on to the Group. In addition, the amount of deposits shall not exceed 50% of the sum of the base price for sales or leasing of the Target Parking Spaces under the Specific Contracts, the deposits are fully refundable with limited risks. Accordingly, the Board considers the deposits and the deposit ratio to be normal commercial terms.

The Group has maintained a long-term business relationship with Poly Developments and Holdings Group. Poly Developments and Holdings is listed on the main board of the Shanghai Stock Exchange (stock code: 600048). Poly Developments and Holdings undertakes that it shall pay default interest if Poly Developments and Holdings Group fails to return the deposits in accordance with the Renewed Parking Space Agency Framework Agreement. Meanwhile, the Directors did not note any material adverse credit events and/or defaults in relation to Poly Developments and Holdings Group based on its public announcements in the past 24 months. In addition, since the commencement of the parking spaces sales and leasing agency

LETTER FROM THE BOARD

co-operation business in 2021, Poly Developments and Holdings Group has returned the corresponding deposits to the Group according to the agreement as scheduled and there has been no history of default. Therefore, the Board considers that the default risk of Poly Developments and Holdings Group is minimal.

In view of the above, the Board is of the view that the risks of the payment of deposits under the Renewed Parking Space Agency Framework Agreement are remote, and the above measures are sufficient to properly safeguard the assets of the Company.

(D) HISTORICAL TRANSACTION AMOUNTS

The following table sets out the approved annual caps of the deposits payable (the maximum balance at any time during the year) and the historical transaction amounts by the Group under the Parking Space Agency Framework Agreement:

	From the effective date of the Parking Space Agency Services Framework Agreement to 31 December 2021 <i>RMB million</i>	For the year ended 31 December 2022 <i>RMB million</i>	For the six months ended 30 June 2023 <i>RMB million</i>
Approved annual caps	3,000	3,000	3,000
Historical maximum balance of deposits	3,000	3,000	3,000

The following table sets out the historical transaction amounts and the approved annual caps of the agency service fees receivable by the Group under the Parking Space Agency Framework Agreement:

	From the effective date of the Parking Space Agency Services Framework Agreement to 31 December 2021 <i>RMB million</i>	For the year ended 31 December 2022 <i>RMB million</i>	For the six months ended 30 June 2023 <i>RMB million</i>
Approved annual caps	300	750	750
Historical transaction amounts of agency service fees	60.4	290.2	117.4

LETTER FROM THE BOARD

(E) PROPOSED ANNUAL CAPS AND BASIS OF DETERMINATION

Proposed annual caps for deposits

The following table sets out the proposed annual caps (the maximum balance at any time during the year) for the deposits payable by the Group under the Renewed Parking Space Agency Framework Agreement:

	For the year ended 31 December 2024 <i>RMB million</i>	For the year ended 31 December 2025 <i>RMB million</i>	For the year ended 31 December 2026 <i>RMB million</i>
Proposed annual caps	3,000	3,000	3,000

The above proposed annual caps were determined after considering the following:

- (i) the estimated value of parking spaces of Poly Developments and Holdings Group available for sales/leasing by the Group as an agent for each of the years during the term of the agreement pursuant to the Renewed Parking Space Agency Framework Agreement, taking into account factors including, but not limited to, the number of parking space agency projects under negotiation currently known to the Group, historical sales of parking spaces of relevant projects and the comparable average price range in the nearby markets;
- (ii) resources that the Group may allocate to the business, the ability to meet the service demand, and the steady business development strategy of the Group;
- (iii) the deposits agreed to be paid under the Renewed Parking Space Agency Framework Agreement shall not exceed 50% of the sum of the base price for sales and leasing of the Target Parking Spaces, and the daily maximum balance of deposits shall not be over RMB3 billion during the term of agreement; and
- (iv) the historical maximum balance of the deposits payable by the Group pursuant to the Parking Space Agency Framework Agreement.

LETTER FROM THE BOARD

Proposed annual caps for agency service fees

The following table sets out the proposed annual caps for the agency service fees receivable by the Group under the Renewed Parking Space Agency Framework Agreement:

	For the year ended 31 December 2024 <i>RMB million</i>	For the year ended 31 December 2025 <i>RMB million</i>	For the year ended 31 December 2026 <i>RMB million</i>
Proposed annual caps	750	750	750

The above proposed annual caps were determined after considering the following:

- (i) since the commencement of the parking space leasing and sales agency service business between the Group and Poly Developments and Holdings Group in September 2021, following continuous enlargement of the Group's business team and the projects' area, the business experience has become mature, the business capacity has been increasing steadily, and the synergy effect of the projects have been enhanced continuously. The agency service income of the Group in 2021 and 2022 under the Parking Space Agency Framework Agreement was approximately RMB60.4 million and RMB290.2 million, respectively, representing a clear increasing trend. As the parking space leasing and sales agency service business was still at the early stage from 2021 to the first half of 2023, the actual transaction amount was some distance from the approved annual caps. In response, the Group has formed a dedicated team for parking space leasing and sales agency services and will further improve its sales and leasing business capacities, achieving continuous performance contribution in the future;
- (ii) the estimated value of parking spaces of Poly Developments and Holdings Group available for sales/leasing by the Group as an agent under the Renewed Parking Space Agency Framework Agreement is expected to remain at a relevantly sufficient level during its term. After considering that under the Renewed Parking Space Agency Framework Agreement, (i) the amount of deposits payable by the Group to Poly Developments and Holdings shall not exceed 50% of the sum of the base price for sales or leasing of the Target Parking Spaces under the Specific Contracts; and (ii) the base price standards for sales and leasing determined by the Group and Poly Developments and Holdings Group, being

LETTER FROM THE BOARD

not exceeding 80% of the agency price for sales and leasing in principle, the estimated upper limit of the total value of parking spaces available for sales/leasing is calculated to be at least RMB7.5 billion for each of the three years from 2024 to 2026; and

- (iii) despite the business performance of the parking spaces sales and leasing agency service is expected to further improve in the future, the proposed annual caps for agency service for 2024-2026 under the Renewed Parking Space Agency Framework Agreement will remain the same as the approved annual caps for agency service for 2022-2023 under the Parking Space Agency Framework Agreement.

(F) REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Group is a leading comprehensive property management service provider in China with extensive property management scale and state-owned background. The Group continues to pay close attention to the diversified community needs of property owners and builds a community value-added service ecosystem by connecting internal and external quality resources, so as to provide property owners with high-quality, convenient and value-for-money community services and products and create high-quality living experience.

Since the commencement of the parking space leasing and sales agency cooperation business, the Group has built a professional asset operation team, and has fully leveraged the advantages brought by the property business and industry synergies. We have also continuously enhanced our asset operation and management capabilities, and further optimized the layout of services.

The renewal of the Parking Space Agency Framework Agreement with Poly Developments and Holdings is beneficial for enhancing the Group's ability in the sales and leasing of diversified asset, further accumulating experience in asset operation services; at the same time, it can also optimize the Group's overall industry layout in value-added community services, thereby achieving sustainable performance contribution.

(G) OPINION OF THE BOARD

In view of the above reasons and benefits and given the Renewed Parking Space Agency Framework Agreement and the transactions contemplated thereunder (including the annual caps) are conducted in the ordinary and usual course of business of the Company and on normal commercial terms or better, the Board is of the view that the Renewed Parking Space Agency Framework Agreement and the transactions contemplated thereunder (including the annual caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Ms. Wu Lanyu, Mr. Liu Ping, Mr. Hu Zaixin and Mr. Huang Hai, all being Directors, have abstained from voting on the Board resolution approving the Renewed Parking Space Agency Framework Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has any material interest in the Renewed Parking Space Agency Framework Agreement and the transactions contemplated thereunder.

(H) INTERNAL CONTROL MEASURES

The Company will adopt the following internal policies and measures to ensure that the transactions under the Renewed Parking Space Agency Framework Agreement are implemented in accordance with the Renewed Parking Space Agency Framework Agreement, which, in particular, include but not limited to:

- (1) the management and the finance department of the Company will closely monitor through continuous and timely inquiries the execution of the Specific Contracts under the Renewed Parking Space Agency Framework Agreement, in order to monitor and ensure that the above businesses are falling within the applicable annual caps;
- (2) the auditors of the Company will also conduct an annual review on the Renewed Parking Space Agency Framework Agreement and the relevant annual caps and provide confirmation in the annual report of the Company;
- (3) before entering into Specific Contracts, the business department of the Group will review and compare (i) (if any) the margin of return of similar parking space sales agency transactions (i.e. transactions of similar nature in terms of service type and content, project location, quality of the subject parking spaces, etc.) between the Group and Independent Third Parties during the same period; and (ii) (if any) levels of agency service fees of comparable projects in the nearby markets of the project (i.e. transactions of similar nature in terms of service type and content, project location, pricing method, etc.), so as to ensure that the agency service fees to be received by the Company are no less favourable than those offered by Independent Third Parties;
- (4) the business department of the Group will (i) review the project proposal submitted each time before entering into a Specific Contract; and (ii) re-evaluate the transaction with reference to the overall average selling and leasing price of the project and the market conditions of the surrounding area of the Target Parking Spaces as at 30 June and 31 December of each year, and make use of process control to ensure that the agency price is fair and reasonable and on par with the average price in the surrounding comparable market of the Target Parking Spaces;

LETTER FROM THE BOARD

- (5) the business department of the Group will review and consider each Specific Contract on a case-by-case basis, including but not limited to the specific project scale, project location, discount of the base price to the agency price and potential returns etc., so as to ascertain that the deposits ratio agreed in each Specific Contract does not exceed 50% of the aggregate of the sales and leasing base price of the Target Parking Spaces and is on normal commercial terms;
- (6) the implementation of Specific Contracts shall be subject to the proper approval of the relevant personnel of the finance department, the compliance department and the management of the Group to ensure that the Specific Contracts are in compliance with the pricing policy and principal terms of the Renewed Parking Space Agency Framework Agreement, and that the agency service fees are determined at prices not lower than those offered by the Group to Independent Third Parties and the deposits ratio is on normal commercial terms;
- (7) the independent non-executive Directors of the Company will also conduct an annual review on the implementation and execution of the Specific Contracts entered into pursuant to the Renewed Parking Space Agency Framework Agreement to ensure that the Specific Contracts are conducted in accordance with the terms (including the pricing policy) set out in the Renewed Parking Space Agency Framework Agreement;
- (8) provision of transaction data (as one of the items in the management accounts) regularly to the management of the Company for review and monitoring. The finance department of the Company will arrange designated personnel to closely monitor the actual amount of the connected transactions under the Renewed Parking Space Agency Framework Agreement on a monthly basis, and will submit the transaction data to the management of the Company every month to assess the actual amount of the connected transactions as a percentage of the annual caps in a timely manner;
- (9) when reviewing the total transaction amount under the Renewed Parking Space Agency Framework Agreement, the management of the Company will check the forecasted transaction amount with the finance and operation departments. If the actual transaction amount at any time reaches 80% of the proposed annual caps, upon assessment by the management (if necessary), advice shall be sought from the audit committee of the Company and the Board on appropriate measures, including but not limited

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to revising the proposed annual caps (if necessary) in accordance with the requirements of the Listing Rules;

- (10) the finance department of the Group will remind Poly Developments and Holdings Group of its obligation to return the deposit three working days before 30 June and 31 December of each year. If the deposit is not returned as scheduled, the legal department of the Group will take appropriate actions 30 days after the due date, including but not limited to the issuance of a reminder letter and/or initiating formal legal proceedings to recover the deposits. In addition, the management of the Group will regularly review the announcements and financial reports issued by Poly Developments and Holdings, and promptly assess the financial and operating conditions of Poly Developments and Holdings Group; and
- (11) if it is necessary to adjust the annual caps for business development needs or other reasons, arrangements will be made in advance and the relevant requirements of the Listing Rules will be strictly followed and the review and disclosure process will be timely proceeded by the Company when necessary.

(I) IMPLICATIONS UNDER THE LISTING RULES

As at the Latest Practicable Date, Poly Developments and Holdings is interested in an aggregate of 72.289% of the total issued share capital of the Company and is a controlling shareholder and a connected person of the Company. Accordingly, the transactions contemplated under the Renewed Parking Space Agency Framework Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios, in accordance with the Listing Rules in respect of the relevant annual caps for the deposit expense portion and the agency service fees income portion under the Renewed Parking Space Agency Framework Agreement are higher than 5%, such transactions are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio, if calculated on an aggregate basis, in accordance with the Listing Rules in respect of the relevant annual caps for the deposit expense portion under the Renewed Parking Space Agency Framework Agreement together with the Parking Space Agency Framework Agreement (Phase II) is higher than 25% but lower than 100%, the deposit expense portion under the Renewed Parking Space Agency Framework Agreement also constitutes a major transaction of the Company. Such transaction is subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

2.3 INFORMATION ON THE PARTIES

Information on the Group

The Company is a joint stock company with limited liability established in the PRC on 26 June 1996. The Group is a leading comprehensive property management service provider in the PRC with extensive property management scale and state-owned background, and is mainly engaged in providing property management services, value-added services to non-property owners and community value-added services.

Information on Poly Developments and Holdings

Poly Developments and Holdings, whose shares are listed on the main board of Shanghai Stock Exchange, is a joint stock company established in the PRC with limited liability on 14 September 1992. Based on the strategic vision of “building a real estate ecological platform with excellent competitiveness”, Poly Developments and Holdings insists on real estate investment and development as its core, good life services, industrial finance and other business as clusters, and advancing together to realize high-quality development.

2.4 TO CONSIDER AND APPROVE THE CHANGE OF BUSINESS SCOPE AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Reference is made to the announcement of the Company dated 4 December 2023 in relation to the proposed change of business scope and proposed amendments to the Articles of Association.

In order to satisfy the needs of the business development of the Company, and in accordance with the latest requirements from the Guangzhou Administration for Market Regulation, the Board proposed to expand the business scope of the Company to include fire protection technical services, and amend Articles 14 and 23 of the Articles of Association currently in force.

Please refer to Appendix III to this circular for details of the proposed amendments to the Articles of Association.

The Articles of Association is prepared in Chinese with no official English version. Any English translation is for reference only. In the event of any inconsistency, the Chinese version shall prevail.

LETTER FROM THE BOARD

3. EGM AND PROXY ARRANGEMENT

The proxy form of the EGM is enclosed herewith.

If you intend to appoint a proxy to attend the EGM, you are required to complete and return the accompanying proxy form in accordance with the instructions printed thereon. H Shareholders are required to return the proxy form to the Company's H Share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong and Domestic Shareholders are required to return the proxy form to the Company's principal place of business in the PRC at 48-49th Floor, Poly Plaza, No. 832 Yue Jiang Zhong Road, Hai Zhu District, Guangzhou, Guangdong Province, the PRC by personal delivery or by post not less than 24 hours before the time fixed for holding the EGM or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or at any adjourned meeting should you so wish.

The register of members of the Company will be closed from Thursday, 21 December 2023 to Thursday, 28 December 2023, both days inclusive, during which period no transfer of the Shares will be registered. In order for the H Shareholders to qualify for attending and voting at the EGM, all properly completed share transfer forms together with the relevant H Shares certificates shall be lodged with the Company's H Share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 20 December 2023. Shareholders whose names appear on the register of members of the Company on Thursday, 28 December 2023 are entitled to attend and vote at the EGM.

4. VOTING BY POLL

According to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a shareholders' general meeting must be taken by poll. Accordingly, the chairman of the EGM will exercise his power under the Articles of Association to demand a poll in relation to the proposed resolutions at the EGM. The Company shall announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules. In respect of the resolutions in relation to (i) the 2024-2026 Non-exempt Framework Agreements and the transactions contemplated thereunder (including the annual caps); and (ii) the Renewed Parking Space Agency Framework Agreement and the transactions contemplated thereunder (including the annual caps), China Poly Group and its associates (including Poly Developments and Holdings and Xizang Hetai), which were interested in an aggregate of 72.289% of the total issued share capital of the Company as at the Latest Practicable Date, will abstain from voting on the relevant resolutions in accordance with the requirements under the Listing Rules.

LETTER FROM THE BOARD

5. RECOMMENDATION

The Board (including independent non-executive Directors) considers all resolutions proposed at the EGM are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of these proposed resolutions at the EGM.

6. FURTHER INFORMATION

Your attention is drawn to other parts of this circular, which contain further information on the Group and other information required to be disclosed under the Listing Rules.

Yours faithfully,
By Order of the Board
POLY PROPERTY SERVICES CO., LTD.
Wu Lanyu
Chairman of the Board and Executive Director



POLY PROPERTY SERVICES CO., LTD.
保利物業服務股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 06049)

11 December 2023

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
AND
MAJOR AND CONTINUING CONNECTED TRANSACTIONS**

We refer to the circular of the Company to the Shareholders of even date (the “Circular”), to which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter have the same meanings given to them in the section headed “Definitions” of the Circular.

We have been appointed to form the Independent Board Committee to advise the Independent Shareholders on whether (i) the 2024-2026 Non-exempt Framework Agreements and the transactions contemplated thereunder (including the annual caps) and (ii) the Renewed Parking Space Agency Framework Agreement and the transactions contemplated thereunder (including the annual caps) are on normal commercial terms or better, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of Company and the Shareholders as a whole.

We wish to draw your attention to the letter of advice from the Independent Financial Adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to (i) the 2024-2026 Non-exempt Framework Agreements and the transactions contemplated thereunder (including the annual caps) and (ii) the Renewed Parking Space Agency Framework Agreement and the transactions contemplated thereunder (including the annual caps), as set out on pages 30 to 59 of the Circular, and the letter from the Board as set out on pages 5 to 27 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the information contained in the letter from the Board, and the factors and reasons considered by, and the opinion of the Independent Financial Adviser as stated in their letter of advice, we consider that (i) the 2024-2026 Non-exempt Framework Agreements and the transactions contemplated thereunder (including the annual caps) and (ii) the Renewed Parking Space Agency Framework Agreement and the transactions contemplated thereunder (including the annual caps) are on normal commercial terms or better, in the ordinary and usual course of business of the Group, fair and reasonable, and in the interests of the Company and the Shareholders as a whole. We recommend the Independent Shareholders to vote in favour of the ordinary resolutions in respect of (i) the 2024-2026 Non-exempt Framework Agreements and the transactions contemplated thereunder (including the annual caps) and (ii) Renewed Parking Space Agency Framework Agreement and the transactions contemplated thereunder (including the annual caps) to be proposed at the EGM.

Yours faithfully,

**The Independent Board Committee of
POLY PROPERTY SERVICES CO., LTD.**
Wang Xiaojun, Tan Yan, Zhang Liqing
Independent Non-Executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the letter of advice from Maxa Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2024-2026 Non-exempt Framework Agreements and the Renewed Parking Space Agency Framework Agreement, which have been prepared for the purpose of inclusion in this circular.



Unit 1908, Harbour Center
25 Harbour Road
Wan Chai
Hong Kong

11 December 2023

*To: The Independent Board Committee and the Independent Shareholders of
Poly Property Services Co., Ltd.*

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS AND MAJOR AND CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the 2024-2026 Non-exempt Framework Agreements and the transactions contemplated thereunder (including the annual caps); and (ii) the Renewed Parking Space Agency Framework Agreement and the transactions contemplated thereunder (including the annual caps), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 11 December 2023 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the announcements of the Company dated 3 November 2023, in relation to, among others, (i) the entering into the 2024-2026 Framework Agreements to renew the provisions in respect of certain transactions contemplated under the 2021-2023 Framework Agreements for a term from 1 January 2024 to 31 December 2026; and (ii) the entering into the Renewed Parking Space Agency Framework Agreement for a term from 1 January 2024 to 31 December 2026.

As at the Latest Practicable Date, Poly Developments and Holdings is interested in an aggregate of 72.289% of the total issued share capital of the Company and is a controlling shareholder of the Company, thus is a connected person of the Company under the Listing Rules. As such, the transactions contemplated under the 2024-2026 Non-exempt Framework Agreements and the Renewed Parking Space Agency Framework Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As the highest applicable percentage ratio in respect of each of the 2024-2026 Non-exempt Framework Agreements exceeds 5%, such transactions are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios, in accordance with the Listing Rules in respect of the relevant annual caps for the deposit expense portion and the agency service fees income portion under the Renewed Parking Space Agency Framework Agreement are higher than 5%, and in addition, as the highest applicable percentage ratio, if calculated on an aggregated basis, in accordance with the Listing Rules in respect of the relevant annual caps for the deposit expense portion under the Renewed Parking Space Agency Framework Agreement together with the Parking Space Agency Framework Agreement (Phase II) is higher than 25% but lower than 100%, the deposit expense portion under the Renewed Parking Space Agency Framework Agreement also constitutes a major transaction. As such, the transactions contemplated under the Renewed Parking Space Agency Framework Agreement is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of (i) the 2024-2026 Non-exempt Framework Agreements and the transactions contemplated thereunder (including the annual caps); and (ii) the Renewed Parking Space Agency Framework Agreement and the transactions contemplated thereunder (including the annual caps). We, Maxa Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Company, Poly Developments and Holdings, and any of their respective associates that could reasonably be regarded as relevant to our independence in accordance with Rule 13.84 of the Listing Rules and accordingly, are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the 2024-2026 Non-exempt Framework Agreements and the Renewed Parking Space Agency Framework Agreement. In the past two years, we were appointed once by the Company as the independent financial adviser, details of which were set out in the circular of the Company dated 14 December 2022. The aforesaid past appointment was limited to providing one-off independent advisory service pursuant to the Listing Rules, for which Maxa Capital received normal professional fees. Accordingly, we do not consider the past appointment gives rise to any conflict of interest for Maxa Capital in acting as the Independent Financial Adviser in respect of the 2024-2026 Non-exempt Framework Agreements and the Renewed Parking Space Agency Framework Agreement. Apart from the normal advisory fee payable to us in connection with this appointment and the past appointment, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion, we consider that we have reviewed sufficient and relevant information and documents, and have taken reasonable steps as required under Rule 13.80 of the Listing Rules to reach an informed view and to provide a reasonable basis for our recommendation. We have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and the management of the Group (the “**Management**”). We have reviewed, inter alia, the statements, the information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and the Management. We have assumed that (i) all statements, information and representations provided by the Directors and the Management; and (ii) the information referred to in the Circular, for which they are solely responsible, were true and accurate at the time when they were provided and continued to be so as at the Latest Practicable Date and the Shareholders will be notified of any material changes to such information and representations before the EGM. We have also assumed that all statements of belief, opinion, intention and expectation made by the Directors in the Circular were reasonably made after due enquiry and careful consideration.

The Company confirmed that they have, at our request, provided us with all currently available information and documents which are available under present circumstances to enable us to reach an informed view and we have relied on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our opinion. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the representation and opinions expressed by the Company, its advisers and/or the Directors. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors and the Management nor have we conducted any form of in-depth investigation into the business and affairs or the prospects of the Group and Poly Developments and Holdings.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the 2024-2026 Non-exempt Framework Agreements and the Renewed Parking Space Agency Framework Agreement, we have taken into consideration the following principal factors and reasons:

1. Background information of the Group

The Company is a joint stock company with limited liability established in the PRC on 26 June 1996. The Group is a leading comprehensive property management service provider in the PRC with extensive property management scale and state-owned background, and is mainly engaged in providing property management services, value-added services to non-property owners and community value-added services.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the summarised financial information of the Group (i) for the two years ended respectively on 31 December 2021 (“FY2021”) and 31 December 2022 (“FY2022”), as extracted from the annual report for the year ended 31 December 2022 (“2022 AR”) of the Company; and (ii) for the six months ended respectively on 30 June 2022 (“1H2022”) and 30 June 2023 (“1H2023”), as extracted from the interim report for the six months ended 30 June 2023 (“2023 IR”) of the Company.

	For the year ended		For the six months ended	
	31 December		30 June	
	2021	2022	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	10,782,549	13,686,662	6,449,437	7,141,206
– Property management services	6,670,397	8,428,388	3,954,900	4,818,132
– Value-added services to non-property owners	1,811,231	2,194,641	1,092,241	1,050,623
– Community value-added services	2,300,921	3,063,633	1,402,296	1,272,451
Profit for the year/period	870,884	1,133,349	635,533	776,843

As disclosed in the 2022 AR and the 2023 IR of the Company, the revenue of the Group amounted to approximately RMB13.69 billion for FY2022, representing an increase of approximately 26.9% as compared to approximately RMB10.78 billion for FY2021. The revenue of the Group was approximately RMB7.14 billion for 1H2023, representing an increase of approximately 10.7% as compared to approximately RMB6.45 billion in 1H2022.

The Group recorded a profit for the year of approximately RMB1.13 billion in FY2022, representing a substantial increase of approximately 30.1% as compared to approximately RMB0.87 billion in FY2021; and recorded a profit for the period of approximately RMB0.78 billion in 1H2023, representing a substantial increase of approximately 22.2% as compared to approximately RMB0.64 billion in 1H2022.

	As at 31 December		As at
			30 June
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(unaudited)
Total assets	11,137,923	13,109,537	14,626,415
Total equity	6,888,762	7,844,829	8,328,553

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As disclosed in the 2022 AR and the 2023 IR of the Company, the Group had total assets of approximately RMB13.11 billion as at 31 December 2022, representing an increase in total assets of approximately 17.7% from approximately RMB11.14 billion as at 31 December 2021. The Group had total assets of approximately RMB14.63 billion as at 30 June 2023, representing an increase in total assets of approximately 11.6% from approximately RMB13.11 billion as at 31 December 2022.

The Group had total equity of approximately RMB7.84 billion as at 31 December 2022, representing an increase in total equity of approximately 13.9% from approximately RMB6.89 billion as at 31 December 2021. The Group had total equity of approximately RMB8.33 billion as at 30 June 2023, representing an increase in total equity of approximately 6.2% from approximately RMB7.84 billion as at 31 December 2022.

2. Background information of Poly Developments and Holdings

Poly Developments and Holdings, whose shares are listed on the main board of Shanghai Stock Exchange, is a joint stock company established in the PRC with limited liability on 14 September 1992. Based on the strategic vision of “building a real estate ecological platform with excellent competitiveness”, Poly Developments and Holdings insists on real estate investment and development as its core, good life services, industrial finance and other business as clusters, and advancing together to realise high-quality development.

Set out below is the summarised financial information of the Poly Developments and Holdings Group (i) for FY2021 and FY2022, as extracted from 2022 AR of Poly Developments and Holdings; and (ii) for 1H2022 and 1H2023, as extracted from the 2023 IR of Poly Developments and Holdings.

	For the year ended		For the six months ended	
	31 December		30 June	
	2021	2022	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(unaudited)	(unaudited)
Total operating revenue	285,024,104	281,108,238	110,762,602	137,026,708
Net profit for the year/period	37,189,476	27,011,095	14,947,382	15,067,285

As disclosed in the 2022 AR and the 2023 IR of Poly Developments and Holdings, the total operating revenue of the Poly Developments and Holdings Group amounted to approximately RMB281.11 billion for FY2022, representing a decrease of approximately 1.4% as compared to approximately RMB285.02 billion for FY2021. The total operating revenue of the Poly Developments and Holdings Group amounted to approximately RMB137.03 billion for 1H2023, representing an increase of approximately 23.7% as compared to approximately RMB110.76 billion for 1H2022.

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The Poly Developments and Holdings Group recorded a net profit for the year of approximately RMB27.01 billion in FY2022, representing a decrease of approximately 27.4% as compared to approximately RMB37.19 billion in FY2021; and recorded a net profit for the period of approximately RMB15.07 billion in 1H2023, representing an increase of approximately 0.8% as compared to approximately RMB14.95 billion in 1H2022.

	As at 31 December		As at 30 June
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(unaudited)
Total assets	1,399,933,053	1,470,464,408	1,431,839,039
Total equity	302,914,461	322,191,508	329,498,943

As disclosed in the 2022 AR and the 2023 IR of Poly Developments and Holdings, the Poly Developments and Holdings Group had total assets of approximately RMB1,470.46 billion as at 31 December 2022, representing an increase of approximately 5.0% from approximately RMB1,399.93 billion as at 31 December 2021. The Poly Developments and Holdings Group had total assets of approximately RMB1,431.84 billion as at 30 June 2023, representing a decrease of approximately 2.6% from approximately RMB1,470.46 billion as at 31 December 2022.

Poly Developments and Holdings Group had total equity of approximately RMB322.19 billion as at 31 December 2022, representing an increase of approximately 6.4% from approximately RMB302.91 billion as at 31 December 2021. Poly Developments and Holdings Group had total equity of approximately RMB329.50 billion as at 30 June 2023, representing an increase of approximately 2.3% from approximately RMB322.19 billion as at 31 December 2022.

3. **Reasons for and benefits of the entering into of the 2024-2026 Non-exempt Framework Agreement and the Renewed Parking Space Agency Framework Agreement**

As set out in the Letter from the Board, Poly Developments and Holdings Group has maintained long-term and stable cooperative relationships with the Group. In particular, the provision of pre-delivery services and other value-added services to Poly Developments and Holdings Group brings a long-term and stable source of income to the Group. The entering into of the 2024-2026 Non-exempt Framework Agreements will enable the Group to give full play to the advantages of intra-group resources, capture the demand for the integration of property management services, value-added services to non-property owners and community value-added services and promote a diversified business portfolio, creating a sustainable performance contribution to the Group.

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The Group is a leading comprehensive property management service provider in China with extensive property management scale and state-owned background. The Group continues to pay close attention to the diversified community needs of property owners and builds a community value-added service ecosystem by connecting internal and external quality resources, so as to provide property owners with high-quality, convenient and value-for-money community services and products and create high-quality living experience.

Since the commencement of the parking space leasing and sales agency cooperation business, the Group has built a professional asset operation team, and has fully leveraged the advantages brought by the property business and industry synergies. The Group has also continuously enhanced its asset operation and management capabilities, and further optimized the layout of services.

The renewal of the Parking Space Agency Framework Agreement with Poly Developments and Holdings is beneficial for enhancing the Group's ability in the sales and leasing of diversified asset, further accumulating experience in asset operation services; at the same time, it can also optimize the Group's overall industry layout in value-added community services, thereby achieving sustainable performance contribution.

Based on our discussion with the Company, we noted that (i) the Company has established long-term business relationship with Poly Developments and Holdings Group; (ii) the cooperation with Poly Developments and Holdings Group contributed considerable revenue to the Company; (iii) no substantial negative record was found in relation to the transactions under the 2021-2023 Framework Agreements and the Parking Space Agency Framework Agreement as at the Latest Practicable Date; (iv) the Group is principally engaged in the provision of property management services and value-added services in the PRC; (v) the transactions contemplated thereunder the Renewed Parking Space Agency Framework Agreement are a furtherance of the Group's asset management business; (vi) the revenue to be generated from the provision of parking space sales and leasing agency services shall broaden the income base of the Group; and (vii) the proposed annual caps, if approved, would facilitate the transactions contemplated under the 2024–2026 Non-exempt Framework Agreements and the Renewed Parking Space Agency Framework Agreement for a period of three years, from 1 January 2024 to 31 December 2026, to ensure that they can be carried out in an effective and efficient manner without the need for the Company to seek Shareholders' approval on a transaction-by-transaction basis. Given the price and payment terms offered to Poly Developments and Holdings Group are no less favourable to the Company than those offered to Independent Third Parties customers for the same type of service, we are of the opinion that the transactions contemplated under the 2024–2026 Non-exempt Framework Agreements and the Renewed Parking Space Agency Framework Agreement are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business.

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4. Principal terms of the 2024-2026 Non-exempt Framework Agreements and the Renewed Parking Space Agency Framework Agreement

The 2024-2026 Non-exempt Framework Agreements include the 2024-2026 Pre-delivery Services Framework Agreement and the 2024-2026 Other Value-added Services Framework Agreement.

4.1 2024-2026 Pre-delivery Services Framework Agreement

4.1.1 Principal terms

The principal terms of the 2024-2026 Pre-delivery Services Framework Agreement are as follows:

Date	:	3 November 2023
Parties	:	(i) the Company; and (ii) Poly Developments and Holdings
Term	:	From 1 January 2024 to 31 December 2026
Subject matter	:	The Group will provide pre-delivery services to Poly Developments and Holdings Group, for the purposes of assisting in property sale activities, which include visitor reception, cleaning, maintenance and other customer related services.

Except for the approval of Independent Shareholders at the EGM in accordance with the Listing Rules, all the conditions precedent of the 2024-2026 Pre-delivery Services Framework Agreement have been satisfied.

4.1.2 Pricing policy

The fees to be charged for pre-delivery services are determined by taking into account the prevailing market rate for similar services in the open market and the historical and prevailing charges between the Group and Poly Developments and Holdings Group after negotiations on arm's length basis. The pre-delivery services fees shall be on normal commercial terms.

Based on the principles under the 2024-2026 Pre-delivery Services Framework Agreement, the relevant subsidiaries and associates of the parties will enter into pre-delivery services agreements which shall set out specific terms and conditions. In determining the prices for individual pre-delivery services agreements, the Group's business department is required to refer to the prices of similar services provided by the Group to Independent Third Parties, and submit to the management for approval. The business

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department will review the relevant transaction data and terms (including comparing with at least two similar agreements (if any) entered into between the Group and Independent Third Parties) to ensure that the pre-delivery services fees shall be at least the same as the fees charged by the Group to comparable Independent Third Parties for similar agreement (if any) and the relevant transactions shall be conducted based on normal commercial terms.

The payment terms for pre-delivery services will be recorded in the specific pre-delivery services agreements. Normally, the Group will charge the fees of pre-delivery services on a monthly/quarterly basis. All of the services fees are due for payment upon issuance of demand note.

4.1.3 Historical transaction amounts

For each of the two years ended 31 December 2021 and 2022 and the six months ended 30 June 2023, the historical transaction amounts paid by Poly Developments and Holdings Group to the Group in respect of the pre-delivery services under the 2021-2023 Pre-delivery Services Framework Agreement were RMB993.2 million, RMB1,108.1 million and RMB538.0 million, respectively.

4.1.4 Proposed annual caps

The table below sets out the proposed annual caps for the transactions contemplated under the 2024-2026 Pre-delivery Services Framework Agreement:

	For the year ending 31 December		
	2024	2025	2026
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Pre-delivery services			
– Proposed annual caps	1,677.0	1,677.0	1,677.0

4.1.5 Determination basis of proposed annual caps

The above annual caps are determined after consideration of the following:

- (i) the historical transaction amounts for the pre-delivery services agreements the Group had entered into with Poly Developments and Holdings Group.
- (ii) the specific pre-delivery services agreements already entered into; and
- (iii) with reference to the outlook of the real estate market and the expected demand and strength of sales service of Poly Developments and Holdings Group, the scale of the pre-delivery services to be provided to Poly Developments and Holdings Group by the Group from 2024 to 2026 is expected to remain steady.

4.1.6 Our analysis and view

We have obtained and reviewed the terms of the 2021-2023 Pre-delivery Services Framework Agreement signed by the Company and Poly Developments and Holdings and the 2024-2026 Pre-delivery Services Framework Agreement. It is noted that the terms in relation to pricing basis and service content in these two framework agreements are basically the same.

We have obtained and reviewed six pre-delivery services contracts effective between 2021 and 2023 covering all range of service types, among which three were entered into between the Group and Poly Developments and Holdings Group while the other three contracts were entered into between the Group and Independent Third Parties customers. We noted that the respective major terms in the contracts signed with connected parties are comparable to that in the contracts signed with Independent Third Parties customers. The service fees charged were primarily determined by the aggregate labour costs for each type of service.

We have reviewed the pricing policy and payment terms for each specific type of pre-delivery services provided by the Group, and noted that (i) the corresponding service fees charged on Poly Developments and Holdings Group are no less favourable to the Company than that charged on Independent Third Parties customers; and (ii) the corresponding payment terms required for Poly Developments and Holdings Group are no less favourable to the Company than that for Independent Third Parties customers.

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Given that (i) there is no material deviation between the terms offered to Poly Developments and Holdings Group and to the Independent Third Parties customers; and (ii) the prices and the payment terms for pre-delivery services to Poly Developments and Holdings Group are no less favourable to the Company than those for the similar services to Independent Third Parties customers, we concur with the Board that the terms of the 2024-2026 Pre-delivery Services Framework Agreement are on normal commercial terms, and it is in the interest of the Company and Shareholders as a whole to continue to enter into the connected transactions contemplated under the 2024-2026 Pre-delivery Services Framework Agreement so as to secure a sustainable income stream from provision of pre-delivery services to Poly Developments and Holdings Group.

In order to evaluate the reasonableness of the proposed annual caps for the 2024-2026 Pre-delivery Services Framework Agreement, we have reviewed the relevant information provided by the Company, and discussed with the Company on the basis and assumptions of determining the proposed annual caps. As disclosed in the 2022 AR of the Company, the Group's revenue from pre-delivery services amounted to approximately RMB1.25 billion in FY2022, representing an increase of approximately 11.4% as compared to that in FY2021, which is primarily attributable to the increase in the number of projects to which the Group provided pre-delivery services. In FY2022, the revenue from pre-delivery services takes a proportion of approximately 9.1% of the Group's total revenue. In addition, we noted that the utilisation rates of the annual caps for FY2021 and FY2022 are approximately 92.5% and 82.6%, respectively. It is also noted that the historical service fees for the pre-delivery services provided by the Group to Poly Developments and Holdings Group increased from approximately RMB682.9 million in the year ended 31 December 2019 ("FY2019") to approximately RMB1,108.1 million in FY2022, represents a CAGR of approximately 17.5%. Based on the above, we consider that the Company's conservative approach of setting the proposed annual caps for each of the next three years ending 31 December 2026 equal to the approved annual cap for the year ending 31 December 2023 ("FY2023") under the 2021-2023 Pre-delivery Services Framework Agreement is reasonable.

Taking into account the above, we consider that the terms and the proposed annual caps of the 2024-2026 Pre-delivery Services Framework Agreement are fair and reasonable and we concur the Board that the 2024-2026 Pre-delivery Services Framework Agreement is on normal commercial terms and is in the interest of the Group and the Shareholders of the Company as a whole.

4.2 2024-2026 Other Value-added Services Framework Agreement

4.2.1 Principal terms

The principal terms of the 2024-2026 Other Value-added Services Framework Agreement are as follows:

Date	:	3 November 2023
Parties	:	(i) the Company; and (ii) Poly Developments and Holdings
Term	:	From 1 January 2024 to 31 December 2026
Subject matter	:	The Group will provide other value-added services, i.e. (i) other value-added services to non-property owners (excluding pre-delivery services), such as consultation, inspection, delivery, projects maintenance, centralised procurement of equipment, business operations and other services; and (ii) community value-added services, such as facility maintenance, asset management, catering, material procurement and other services, to Poly Developments and Holdings Group.

Except for the approval of Independent Shareholders at the EGM in accordance with the Listing Rules, all the conditions precedent of the 2024-2026 Other Value-added Services Framework Agreement have been satisfied.

4.2.2 Pricing policy

The service fees to be charged for other value-added services are determined by taking into account the prevailing market rate for similar services in the open market and the historical and prevailing charges between the Group and Poly Developments and Holdings Group after negotiations on arm's length basis. The provision of other value-added services shall be on normal commercial terms.

Based on the principles under the 2024-2026 Other Value-added Services Framework Agreement, the relevant subsidiaries and associates of the parties will enter into other value-added services agreements which shall set out specific terms and conditions. In determining the prices for individual other value-added services agreements, the Group's business department is required to refer to the prices of similar services provided by the Group to Independent Third Parties, and submit to the management for approval. The

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business department will review the relevant transaction data and terms (including making reference to at least two similar agreements entered into between the Group and Independent Third Parties (if any)) to ensure that the price charged for the provision of other value-added services shall be at least the same as those charged to comparable Independent Third Party customers.

The payment terms for other value-added services will be recorded in the specific other value-added services agreements. Normally, the Group will charge the fees of other value-added services on a monthly/quarterly basis or on a per-transaction basis. All of the services fees are due for payment upon issuance of demand note.

4.2.3 Historical transaction amounts

For each of the two years ended 31 December 2021 and 2022 and the six months ended 30 June 2023, the historical transaction amounts paid by Poly Developments and Holdings Group to the Group in respect of other value-added services under the 2021-2023 Other Value-added Services Framework Agreement were RMB458.0 million, RMB598.1 million and RMB292.8 million, respectively.

4.2.4 Proposed annual caps

The table below sets out the proposed annual caps for the transactions contemplated under the 2024-2026 Other Value-added Services Framework Agreement:

	For the year ending 31 December		
	2024	2025	2026
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Other value-added services			
– Proposed annual caps	1,397.0	1,676.0	2,011.0

4.2.5 Determination basis of proposed annual caps

The proposed annual caps are determined after consideration of the following:

- (i) the historical transaction amounts for other value-added services the Group provided to Poly Developments and Holdings Group;
- (ii) the specific other value-added services agreements already entered into;

- (iii) the proposed annual cap for other value-added services for the year ending 31 December 2024 will increase by 50% compared to the approved annual cap for the year ending 31 December 2023, taking into account: (1) the historical transaction amount from 2019 to 2022 has increased at a CAGR of approximately 50.1% (an increase from RMB177.0 million to RMB598.1 million); and (2) the existing and on-going projects of Poly Developments and Holdings Group to the knowledge of the Group, and it is expected that there will be an increase in the volume of other value-added services to be provided by the Group to Poly Developments and Holdings Group in 2024, of which the types and contents of services in property development, delivery, sales and community asset operation and other areas will be further developed, including post-delivery project maintenance, centralised procurement, maintenance and repairs of equipment and housing management, along with the broadening and deepening of the business segment, and the corresponding transaction amount is expected to increase; and

- (iv) the proposed annual caps for other value-added services for each of the years ending 31 December 2025 and 2026 will increase by 20% annually, taking into account (1) the stable growth of the service scale of other value-added services provided to Poly Developments and Holdings Group; and (2) the expected annual increase in the fees of the Group's other value-added services with reference to the historical fees charged by the Group and the expected increase in the relevant cost and market price for such services, and taking into account, among others, the increase in the labour cost for the relevant services in the forthcoming years.

4.2.6 Our analysis and view

We have reviewed the terms of the 2021-2023 Other Value-added Services Framework Agreement signed by the Company and Poly Developments and Holdings and the 2024-2026 Other Value-added Services Framework Agreement. It is noted that the terms in respect of pricing basis and service content in these two framework agreements are basically the same.

To evaluate the fairness of pricing basis, we have obtained and reviewed six other value-added services contracts effective in FY2022 and FY2023 covering both of the two types of other value-added services, namely other value-added services to non-property owners (excluding pre-delivery services) and community value-added services, among which three were entered into between the Group and Poly Developments and Holdings Group and the other three contracts were entered into between the Group and Independent Third Parties customers. We noted that the respective major

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terms in the contracts signed with Poly Developments and Holdings are comparable to that in the contracts signed with Independent Third Parties customers.

We have reviewed the pricing terms and payment terms for each of the specific sub-type service under other value-added services. It is noted that (i) the charges for each sub-type service charged on Poly Developments and Holdings Group are no less favourable to the Company than that charged on Independent Third Parties customers; and (ii) the corresponding payment terms required for Poly Developments and Holdings Group are no less favourable to the Company than that for Independent Third Parties customers.

Given that (i) there is no material deviation between the terms offered to Poly Developments and Holdings Group and to the Independent Third Parties customers, and (ii) the service fees and payment terms for other value-added services offered to Poly Developments and Holdings Group are no less favourable to the Company than those for the similar services offered to Independent Third Parties customers, we concur with the Directors that the terms of the 2024-2026 Other Value-added Services Framework Agreement are on normal commercial terms, and it is in the interest of the Company and Shareholders as a whole to continue to enter into the connected transactions contemplated under the 2024-2026 Other Value-added Services Framework Agreement so as to secure a sustainable income stream from provision of other value-added services to Poly Developments and Holdings Group.

In order to evaluate the reasonableness of the proposed annual caps for the 2024-2026 Other Value-added Framework Agreement, we have reviewed the relevant information provided by the Company and discussed with the Company on the basis and assumptions of determining the proposed annual caps. We noted that the utilisation rates of the approved annual caps for FY2021 and FY2022 are approximately 83.1% and 83.5%, respectively. The historical service fees for the other value-added services to be provided by the Group to Poly Developments and Holdings Group increased from approximately RMB177.0 million in FY2019 to approximately RMB598.1 million in FY2022, representing a CAGR of approximately 50.1% (the “**Historical CAGR**”). Furthermore, we understood from the Management that the proposed annual caps were calculated by taking into account the (i) current and future prospects of the PRC property development market; (ii) the new business segments in relation to other value-added services that the Group will be entered into, including post-delivery project maintenance, centralised procurement, maintenance and repairs of equipment and housing management, etc; and (iii) with a buffer based on the expected overall increase in demand from the Poly Developments and Holdings Group. We noted (i) the proposed annual cap for 2024 represented a CAGR of approximately 52.8% based on the historical transaction amount paid by Poly Developments and Holdings Group to the Group in respect of other value-added services for FY2022, which is close to the Historical CAGR; and (ii) the proposed annual

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caps for 2025 and 2026 represented an annual growth rate of 20%, which is below the Historical CAGR. Based on the above, we consider the growth rates adopted in the calculation for the proposed annual caps under the 2024-2026 Other Value-added Services Framework Agreement are fair and reasonable.

Taking into account the above, we consider that the terms and the proposed annual caps of the 2024-2026 Other Value-added Framework Agreement are fair and reasonable and we concur with the Board that the 2024-2026 Other Value-added Services Framework Agreement is on normal commercial terms and is in the interest of the Group and the Shareholders of the Company as a whole.

4.3 *Renewed Parking Space Agency Framework Agreement*

4.3.1 *Principal terms*

The principal terms of the Renewed Parking Space Agency Framework Agreement are as follows:

Date	:	3 November 2023
Parties	:	(i) the Company; and (ii) Poly Developments and Holdings
Term	:	From 1 January 2024 to 31 December 2026
Subject matter	:	Pursuant to the Renewed Parking Space Agency Framework Agreement, the Group will provide exclusive parking spaces sales and leasing agency services (the “ Exclusive Leasing and Sales Rights ”) in respect of the target parking spaces (the “ Target Parking Spaces ”) to Poly Developments and Holdings Group to facilitate the sales and leasing activities of parking space properties. Poly Developments and Holdings Group shall not entrust the Target Parking Spaces to other third parties for sales or leasing.

In respect of the Target Parking Spaces, the Exclusive Leasing and Sales Rights are the sole and exclusive rights entitled to the Group, and Poly Developments and Holdings Group shall not sell, transfer or dispose of in any other manner any of the Target Parking Spaces to third parties unless agreed by both parties through negotiation.

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The Group and Poly Developments and Holdings Group will enter into specific contracts (the “**Specific Contracts**”) to specify the agreed cooperation of both parties on specific projects and the number of Target Parking Spaces, etc..

Except for the approval of Independent Shareholders at the EGM in accordance with the Listing Rules, all the conditions precedent of the Renewed Parking Space Agency Framework Agreement have been satisfied.

4.3.2 Pricing policy

Leasing and sales at the base price model

The Group and Poly Developments and Holdings Group will enter into specific negotiations on the base price for the sales and leasing of the Target Parking Spaces (the “**Cooperation Rights on Leasing and Sales at Base Price**”). The base price for sales or leasing is the price to be charged by Poly Developments and Holdings Group for the sales or leasing of the Target Parking Spaces, which in principle shall not exceed 80% of the agency price for sales or leasing. In determining the base price for sales or leasing, the discount of base price to the agency price of a specific project will be determined by factors such as occupancy rate, parking spaces ratio, stage of sales and quality of parking spaces of the project.

The agency price will be determined through negotiation by relevant members of the Group and Poly Developments and Holdings Group with reference to the historical leasing and sales prices and the comparable average price in the nearby markets of the Target Parking Spaces. In determining the agency price, projects (i) within the immediate vicinity of the specific project; and (ii) of similar type and target customer base will be selected as comparables, taking into account (i) whether the comparable projects are at similar stages of the sales cycle; and (ii) the average sales/leasing price in the past 12 months, and adjustment may be made considering the most recent market trends and economic developments.

Agency service fees

Poly Developments and Holdings Group will transfer or lease (as the case may be) the Target Parking Spaces to any third-party customers designated by the Group at the request of the Group at an actual leasing or sales price not lower than the aforesaid base price, and the excess of the actual leasing or sales price over the base price for sales and leasing will be attributable to the Group as agency service fees. In determining the agency service fees, the Group will estimate the costs of such

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services, taking into account factors such as labour costs, marketing expenses and difficulties of the leasing and sales agency.

Poly Developments and Holdings Group generally requires third-party customers to pay the sales/leasing price in full or by instalments upon signing of a parking spaces sales/leasing agreement. As the Group is responsible for introducing third-party customers to Poly Developments and Holdings Group, the Group will closely follow up the payment status of third-party customers. Poly Developments and Holdings Group will settle the agency service fees to the Group on a monthly basis upon receipt of payment from third-party customers. All of the agency services fees are due for payment upon issuance of demand note. Such transactions will be conducted on normal commercial terms.

Deposits

In order to obtain the Exclusive Leasing and Sales Rights and the Cooperation Rights on Leasing and Sales at Base Price for the Target Parking Spaces, the Group shall pay fully refundable deposits to Poly Developments and Holdings Group in an amount not exceeding 50% of the sum of the base price for sales and leasing of the Target Parking Spaces under the Specific Contracts.

During the term of the agreement, the Group may replace the unleased and unsold Target Parking Spaces with other parking spaces of the same value. If there are no other parking spaces of the same value, Poly Developments and Holdings Group shall refund the corresponding deposits to the Group.

Before 30 June and 31 December of each year, Poly Developments and Holdings Group is required to return the existing deposits. Meanwhile, the Group will evaluate and decide whether to make adjustments to the business, and pay the corresponding deposits to Poly Developments and Holdings Group based on the subsequent evaluation results. The evaluation will be conducted based on (i) the number of remaining parking spaces available for sales or leasing; (ii) the average premium for sales or leasing, being the difference between the actual leasing and sales price and the base price; and (iii) the turnover rate of the Target Parking Spaces for sales or leasing. In the event that the Group attains an early completion of the leasing and sales of all Target Parking Spaces or the Specific Contracts are not renewed upon expiry, Poly Developments and Holdings Group shall return the corresponding deposits after the completion of the leasing and sales or the expiry of the Specific Contracts. If the Renewed Parking Space Agency Framework Agreement is rescinded or terminated for any reason, Poly Developments and Holdings Group will revoke the Exclusive Leasing and Sales Rights and the Cooperation Rights on Leasing and Sales at

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Base Price for unleased and unsold Target Parking Spaces and return the corresponding deposits within 7 business days after the rescission or termination.

The deposits payable by the Group under the Renewed Parking Space Agency Framework Agreement are expected to be funded by internal resources of the Group.

By paying the deposits to obtain the Exclusive Leasing and Sales Rights and the Cooperation Rights on Leasing and Sales at Base Price, the Group can obtain a preferential discounted base price for sales and leasing, and the Group will receive the amount in excess of the base price for sales and leasing as the agency service fees with considerable potential returns, and the risk of holding unsold and vacant parking spaces will not be passed on to the Group. In addition, the amount of deposits shall not exceed 50% of the sum of the base price for sales or leasing of the Target Parking Spaces under the Specific Contracts, the deposits are fully refundable with limited risks. Accordingly, the Board considers the deposits and the deposit ratio to be normal commercial terms.

The Group has maintained a long-term business relationship with Poly Developments and Holdings Group. Poly Developments and Holdings is listed on the main board of the Shanghai Stock Exchange (stock code: 600048). Poly Developments and Holdings undertakes that it shall pay default interest if Poly Developments and Holdings Group fails to return the deposits in accordance with the Renewed Parking Space Agency Framework Agreement. Meanwhile, the Directors did not note any material adverse credit events and/or defaults in relation to Poly Developments and Holdings Group based on its public announcements in the past 24 months. In addition, since the commencement of the parking spaces sales and leasing agency co-operation business in 2021, Poly Developments and Holdings Group has returned the corresponding deposits to the Group according to the agreement as scheduled, and there has been no history of default. Therefore, the Board considers that the default risk of Poly Developments and Holdings Group is minimal.

In view of the above, we concur with the Board's view that the risks of the payment of deposits under the Renewed Parking Space Agency Framework Agreement are remote, the above measures are sufficient to properly safeguard the assets of the Company, and the recoverability of the deposits is relatively secured.

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4.3.3 Historical transaction amounts

The following table sets out the approved annual caps of the deposits payable (the maximum balance at any time during the year) and the historical transaction amounts by the Group under the Parking Space Agency Framework Agreement:

	From the effective date of the Parking Space Agency Services Framework Agreement to 31 December 2021 (RMB million)	For the year ended 31 December 2022 (RMB million)	For the six months ended 30 June 2023 (RMB million)
Approved annual caps	3,000	3,000	3,000
Historical maximum balance of deposits	3,000	3,000	3,000

The following table sets out the historical transaction amounts and the approved annual caps of the agency service fees receivable by the Group under the Parking Space Agency Framework Agreement:

	From the effective date of the Parking Space Agency Services Framework Agreement to 31 December 2021 (RMB million)	For the year ended 31 December 2022 (RMB million)	For the six months ended 30 June 2023 (RMB million)
Approved annual caps	300	750	750
Historical transaction amounts of agency service fees	60.4	290.2	117.4

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4.3.4 Proposed annual caps

The following table sets out the proposed annual caps (the maximum balance at any time during the year) for the deposits payable by the Group under the Renewed Parking Space Agency Framework Agreement:

	For the year ending 31 December		
	2024	2025	2026
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Proposed annual caps	3,000	3,000	3,000

The following table sets out the proposed annual caps for the agency service fees receivable by the Group under the Renewed Parking Space Agency Framework Agreement:

	For the year ending 31 December		
	2024	2025	2026
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Proposed annual caps	750	750	750

4.3.5 Determination basis of proposed annual caps

The proposed annual caps for the deposits payable by the Group were determined after consideration of the following:

- (i) the estimated value of parking spaces of Poly Developments and Holdings Group available for sales/leasing by the Group as an agent for each of the years during the term of the agreement pursuant to the Renewed Parking Space Agency Framework Agreement, taking into account factors including, but not limited to, the number of parking space agency projects under negotiation currently known to the Group, historical sales of parking spaces of relevant projects and the comparable average price range in the nearby market;
- (ii) resources that the Group may allocate to the business, the ability to meet the service demand, and the steady business development strategy of the Group;

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- (iii) the deposits agreed to be paid under the Renewed Parking Space Agency Framework Agreement shall not exceed 50% of the sum of the base price for sales and leasing of the Target Parking Spaces, and the daily maximum balance of deposits shall not be over RMB3 billion during the term of agreement; and
- (iv) the historical maximum balance of the deposits payable by the Group pursuant to the Parking Space Agency Framework Agreement.

The proposed annual caps for the agency service fees receivable by the Group are determined after consideration of the following:

- (i) since the commencement of the parking space leasing and sales agency service business between the Group and Poly Developments and Holdings Group in September 2021, following continuous enlargement of the Group's business team and the projects' area, the business experience has becoming mature, the business capacity has been increasing steadily, and the synergy effect of the projects have been enhanced continuously. The agency service income of the Group in 2021 and 2022 under the Parking Space Agency Framework Agreement was approximately RMB60.4 million and RMB290.2 million, respectively, representing a clear increasing trend. As the parking space leasing and sales agency service business was still at the early stage from 2021 to the first half of 2023, the actual transaction amount was some distance from the approved annual caps. In response, the Group has formed a dedicated team for parking space leasing and sales agency services and will further improve its sales and leasing business capacities, achieving continuous performance contribution in the future;
- (ii) the estimated value of parking spaces of Poly Developments and Holdings Group available for sales/leasing by the Group as an agent under the Renewed Parking Space Agency Framework Agreement is expected to remain at a relevantly sufficient level during its term. After considering that under the Renewed Parking Space Agency Framework Agreement, (i) the amount of deposits payable by the Group to Poly Developments and Holdings shall not exceed 50% of the sum of the base price for sales or leasing of the Target Parking Spaces under the Specific Contracts; and (ii) the base price standards for sales and leasing determined by the Group and Poly Developments and Holdings Group, being not exceeding 80% of the agency price for sales and leasing in principle, the estimated upper limit of the total value of

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parking spaces available for sales/leasing is calculated to be at least RMB7.5 billion for each of the three years from 2024 to 2026; and

- (iii) despite the business performance of the parking spaces sales and leasing agency service is expected to further improve in the future, the proposed annual caps for agency service for 2024-2026 under the Renewed Parking Space Agency Framework Agreement will remain the same as the approved annual caps for agency service for 2022-2023 under the Parking Space Agency Framework Agreement.

4.3.6 Our analysis and view

Based on our discussion with the Company, we noted that in order to negotiate for (i) the base price to be set at not exceeding 80% of the agency price; and (ii) the Exclusive Leasing and Sales Rights in respect of the Target Parking Spaces, the Group was requested to pay a deposit in an amount not exceeding 50% of the aggregate of the relevant value of the Target Parking Spaces under the Specific Contracts (being the sum of the Base Price for sales and leasing). In order to assess the fairness and reasonableness of the terms of the Renewed Parking Space Agency Framework Agreement, we have conducted a search of transactions in relation to exclusive parking spaces sales and leasing agency services entered into and announced by property management companies listed on the Main Board of the Stock Exchange since 1 January 2022 until 3 November 2023, being the date of the Renewed Parking Space Agency Framework Agreement, and with available relevant transaction details, such as base price/reserve price, rate of agency fees and rate of deposit/earnest money. We have identified 10 precedent transactions based on the above criteria, which forms an exhaustive list, and set out the details of such transactions in the table below:

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Company name (stock code)	Date of announcement	Market capitalisation as at 3 November 2023 (HK\$ millions)	Highest annual cap for the deposit (RMB millions)	Percentage of deposit to market capitalisation ⁽¹⁾	Base price/reserve price	Rate of agency fees	Rate of deposit/earnest money
A-Living Smart City Services Co., Ltd. (3319)	22 April 2022	5,495.4	700.0	13.9%	shall not exceed 65% of the market value for the sales and leasing	sum of (i) the multiple of the total base price and an agreed rate and (ii) the multiple of the difference between the total sales price and the total base price and another agreed rate	shall not exceed 30% of the total base price
New Hope Service Holdings Limited (3658)	10 May 2022	936.2	230.0	26.8%	shall not exceed 80% of the agreed price	the difference between the agreed price and the base price	shall not exceed 30% of the total base price
Powerlong Commercial Management Holdings Limited (9909)	11 May 2022	2,038.0	200.0	10.7%	set as 65% of the agreed on a market value	sum of (i) the multiple of the total base price and an agreed rate and (ii) the multiple of the difference between the total sales price and the total base price and another agreed rate	shall be 30% of the total agreed value

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Company name (stock code)	Date of announcement	Market capitalisation as at 3 November 2023 (HK\$ millions)	Highest annual cap deposit for the deposit (RMB millions)	Percentage of deposit to market capitalisation ⁽¹⁾	Base price/reserve price	Rate of agency fees	Rate of deposit/earnest money
Dexin Services Group Limited (2215)	9 June 2022	2,174.6	300.0	15.1%	shall not exceed 80% of the agreed price for sales or leasing	at least 20% of the agreed price for sales or leasing	not exceeding 50% of the aggregate of the relevant value of the parking spaces
Sino-Ocean Service Holding Limited (6677)	14 October 2022	935.4	450.0	52.5%	shall not exceed 80% of the average price of comparable parking spaces in the surrounding markets	at least 20% of the respective selling price will be generated	shall not exceed 50% of the total base price
The Company (6049)	16 November 2022	16,959.7	2,000.0	12.9%	shall not exceed 80% of the agreed price for sales or leasing	excess of the agreed price over the base price for sales and leasing	not exceeding 50% of the aggregate of the relevant value of the sum of the base price for sales and leasing of the target parking spaces
Jiayuan Services Holdings Limited (1153)	29 November 2022	168.2	205.0	133.0%	not less than the relevant pre-determined minimum prices	at least 20% of the estimated sales prices of parking spaces	equivalent to the aggregate pre-determined minimum prices for the parking spaces

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Company name (stock code)	Date of announcement	Market capitalisation as at 3 November 2023 (HK\$ millions)	Highest annual cap for the deposit (RMB millions)	Percentage of deposit to market capitalisation ⁽¹⁾	Base price/reserve price	Rate of agency fees	Rate of deposit/earnest money
S-Enjoy Service Group Co., Limited (1755)	14 December 2022, 21 April 2023 and 8 May 2023	3,084.5	591.0	20.9%	pre-determined acceptable lowest sales price	ranged from 15% to 32% of the sales amount	base price of each parking lot times number of parking lots
Xinyuan Property Management Service (Cayman) Ltd. (1895)	22 September 2023	493.7	11.2	2.5%	minimum selling price for each parking space agreed	any amount above the minimum price paid by the buyer	total sum of the minimum selling price for car parking space
Beijing Capital Jiaye Property Services Co., Limited (2210)	10 October 2023	484.0	67.9	15.3%	shall not exceed 80% of the agreed sales/leasing price negotiated between the two parties	the excess of the agreed price exceeding the base price of the carpark space sales	not exceeding the aggregate of the base price times number of the carpark spaces to be leased or sold
The Company	3 November 2023	16,969.7	3,000.0	19.3%	shall not exceed 80% of the agency price for sales or leasing	the excess of the actual leasing or sales price over the base price for sales and leasing	not exceeding 50% of the sum of the base price for sales and leasing of the Target Parking Spaces

Note 1: It is calculated as the highest annual cap for the deposit divided by the market capitalisation of the listed company as at 3 November 2023 (based on exchange rate of HKD1 to RMB0.9161).

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Based on the above precedent transactions, we noted it is not an uncommon market practice for a party to pay a deposit in return for an exclusive leasing and sales right over a period of time, and that the rate of deposits and the rate of agency service fees under the Renewed Parking Space Agency Framework Agreement are both within the range of the precedent transactions. Since (i) the percentage of the deposit under Renewed Parking Space Agency Framework Agreement to the market capitalisation of the Company is within the range of and below the average of such percentages of the precedent transactions; (ii) all ten comparable transactions were connected transactions; and (iii) none of the deposits of the precedent transactions were secured by any collaterals, we consider that the above precedent transactions are comparable to the Renewed Parking Space Agency Framework Agreement.

Having considered, among others, the following analysis and factors:

- (i) we have obtained and reviewed the terms of the Parking Space Agency Framework Agreement signed by the Company and Poly Developments and Holdings and the Renewed Parking Space Agency Framework Agreement. It is noted that the terms in relation to pricing basis, payment, and service content in these two framework agreements are basically the same;
- (ii) Poly Developments and Holdings Group shall return the corresponding deposits to the Group before 30 June and 31 December of each year and/or after the termination of the Renewed Parking Space Agency Framework Agreement;
- (iii) the deposit enabled the Group to negotiate for the Discount, the Exclusive Leasing and Sales Rights in respect of the Target Parking Spaces;
- (iv) the key terms of the Renewed Parking Space Agency Framework Agreement are in line with recent market practice as analysed above;
- (v) we noted that the historical maximum balance of deposits in FY2021, FY2022 and 1H2023 equals to the approved annual caps. The vast majority of the Group's cash and cash equivalents are cash at banks and financial institution, which amounted to approximately RMB6.90 billion as at 30 June 2023. We have checked and compared the RMB benchmark deposit interest rates of financial institutions (金融機構人民幣存款基準利率) published in the website of the Central Bank of the People's Republic of China and consider that the terms of the Renewed Parking Space Agency Framework Agreement would provide an opportunity allowing the Group to generate a comparatively higher return for the Group than saving the relevant financial resources at banks;

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- (vi) the Group has maintained a long-term business relationship with Poly Developments and Holdings. The Group assessed the financial position of Poly Developments and Holdings Group and noted that the proposed annual caps for the deposits during the term of Renewed Parking Space Agency Framework Agreement represented only approximately 2.0% and 0.9% of cash and cash equivalents and net assets, respectively, of Poly Developments and Holdings Group as at 30 June 2023 based on its published 2023 IR; and
- (vii) the Directors did not note any material adverse development to the latest financial position, credit events and/or defaults in relation to Poly Developments and Holdings Group based on its public announcements in the past 24 months. Therefore, the Board considers that the default risk of Poly Developments and Holdings Group to be minimal;

we concur with the Board that (i) the terms of the Renewed Parking Space Agency Framework Agreement to be fair and reasonable as a whole; and (ii) the risks in repayment of deposits by the Poly Developments and Holdings Group under the Renewed Parking Space Agency Framework Agreement is relatively low.

In assessing the reasonableness of the proposed annual caps for deposits and agency service fees under the Renewed Parking Space Agency Framework Agreement, we have obtained and reviewed the calculation model of such annual caps, and discussed with the Management in this regard. We noted that such calculation model was determined based on various factors, including but not limited to (i) the number and the estimated value of car parking spaces held by Poly Developments and Holdings Group in the PRC available for sales/leasing by the Group as an agent; (ii) the base price standards for sales and leasing determined by the Group and Poly Developments and Holdings Group, being not exceeding 80% of the agency price for sales and leasing in principle; (iii) the deposits agreed to be paid under the Renewed Parking Space Agency Framework Agreement shall not exceed 50% of the sum of the base price for sales and leasing of the Target Parking Spaces; and (iv) the expected sales and leasing business for each of the years ending 31 December 2024, 2025 and 2026 after taken into considerations of the increasing trend of the agency service income of the Group under the Parking Space Agency Framework Agreement from RMB60.4 million in FY2021 and to RMB290.2 million in FY2022 and the future expansion of the parking space rental and sales agency team as well as the accumulated experience of the Group in parking space rental and sales agency services over the past three years.

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Based on the aforesaid factors, and that the proposed annual caps for deposits and agency service fees under the Renewed Parking Space Agency Framework Agreement are the same as the approved annual caps for deposits and agency service fees under Parking Space Agency Framework Agreement for FY2023, we concur with the Board that the proposed annual caps for deposits and agency service fees under the Renewed Parking Space Agency Framework Agreement are fair and reasonable.

5. Internal control measures

For the purpose of evaluating the effectiveness of internal control measures of the Company, we received and reviewed the Connected Transaction Management Regulations adopted by the Company. A series of strict internal monitoring and management measures are adopted to guarantee the fairness of the transactions, followed by prompt reporting, auditing and disclosure. When reviewing the annual reports of the Company for FY2021 and FY2022, we noted that the independent non-executive Directors of the Company and the auditor of the Company have reviewed the connected transactions conducted in both FY2021 and FY2022 and provided the relevant confirmation in relation to the continuing connected transactions during such year. We have also obtained and reviewed the monthly data monitoring summary on the amounts of continuing connected transactions issued by the finance departments of the Company in 2023 and noted the approved annual caps have not been exceeded.

As confirmed by the Company, the internal control measures on continuing connected transactions of the Company have operated effectively for the past years, the Company has taken necessary measures to strengthen the Group's internal control on continuing connected transactions. Furthermore, the Company, upon assessment by the Management (if necessary), will seek advice from the audit committee of the Company and the Board when the total transaction amount of the continuing connected transactions reaches a given threshold. In the event where the proposed annual caps require adjustment due to business development needs or other reasons, arrangements shall be subject to strict compliance with the applicable requirements under the Listing Rules and to be made in advance. For further details of the additional internal control measures adopted by the Company, please refer to the Letter from the Board. Based on our discussion with the Company as well as our review of the compliance record of the Company and the internal control measures such as monthly data monitoring summary as mentioned above, we concur with the Directors that the internal control measures in place are adequate to ensure that all of the connected transactions of the Company are properly controlled and monitored and could effectively mitigate any non-compliance.

In light of the above, we consider that there are adequate measures in place to monitor and review the continuing connected transactions under the relevant framework agreements as well as the relevant annual caps, and hence the interest of the Independent Shareholders would be safeguarded.

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RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the 2024-2026 Non-exempt Framework Agreements and the transactions contemplated thereunder (including the annual caps); and (ii) the Renewed Parking Space Agency Framework Agreement and the transactions contemplated thereunder (including the annual caps) are on normal commercial terms or better and are fair and reasonable so far as the Independent Shareholders are concerned, and such transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group. Accordingly, we advise the Independent Board Committee to recommend and we also recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM in respect of (i) the 2024-2026 Non-exempt Framework Agreements and the transactions contemplated thereunder (including the annual caps); and (ii) the Renewed Parking Space Agency Framework Agreement and the transactions contemplated thereunder (including the annual caps).

Yours faithfully,
For and on behalf of
Maxa Capital Limited
Dian Deng
Managing Director

Ms. Dian Deng is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Maxa Capital to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has over 15 years of experience in corporate finance industry.

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for the financial year ended 31 December 2020 including the auditors' report thereon and the notes thereto published on 19 April 2021, have been set out on pages 84 to 186 of the annual report of the Company for the year ended 31 December 2020 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0419/2021041901270.pdf>) and are incorporated by reference into this circular.

The audited consolidated financial statements of the Group for the financial year ended 31 December 2021 including the auditors' report thereon and the notes thereto published on 19 April 2022, have been set out on pages 86 to 180 of the annual report of the Company for the year ended 31 December 2021 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0419/2022041901321.pdf>) and are incorporated by reference into this circular.

The audited consolidated financial statements of the Group for the financial year ended 31 December 2022 including the auditors' report thereon and the notes thereto published on 25 April 2023, have been set out on pages 83 to 187 of the annual report of the Company for the year ended 31 December 2022 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0425/2023042502529.pdf>) and are incorporated by reference into this circular.

2. STATEMENT OF INDEBTEDNESS

As at 31 October 2023, being the latest practicable date for the purpose of this indebtedness statement, the Group had lease liabilities of approximately RMB105.3 million.

Save as disclosed above, as at 31 October 2023, the Group did not have any issued and outstanding or authorised but unissued debt securities, term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances, acceptance credits, hire purchase commitments, mortgages and charges, contingent liabilities or guarantees outstanding.

3. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, after taking into consideration the effect of the Renewed Parking Space Agency Framework Agreement and the transactions contemplated thereunder and the present financial resources available to the Group, including funds internally generated from its business operations, the Group will have sufficient working capital for its business operations for at least the next twelve months from the date of this circular in the absence of unforeseen circumstances.

The Company has obtained the confirmation by its auditor Baker Tilly Hong Kong Limited on the statement in the preceding paragraph as required under Rule 14.66(12) of the Listing Rules.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

For the year ended 31 December 2022, the Group's revenue amounted to approximately RMB13,686.7 million, and profit for the year amounted to approximately RMB1,133.3 million, representing an increase of approximately 26.9% and 30.1% respectively, as compared to the year ended 31 December 2021.

As a fundamental and people-oriented service industry, the property management and service industry has provided active support to community security, commercial services and public governance, demonstrating credible resilience and stability. With the implementation of a series of supportive economic policies, the industry is also expected to meet with new development opportunities in areas such as old city transformation, urban and community services. We will take "capturing market share, maintaining high quality and enhancing operation efficiency" as the Group's main line of work, build up our core competence and focus on the concept of high-quality development, accelerate the increase in market share, and continue the efforts in strengthening the Group's professional service capability and lean management capability, so as to promote the Group's high-quality development.

5. FINANCIAL IMPACT OF THE TRANSACTIONS CONTEMPLATED UNDER THE RENEWED PARKING SPACE AGENCY FRAMEWORK AGREEMENT ON THE GROUP

The Company believes that the renewal of the Parking Space Agency Framework Agreement with Poly Developments and Holdings is beneficial for enhancing the Group's ability in the sales and leasing of diversified asset, further accumulating experience in asset operation services; at the same time, it can also optimize the Group's overall industry layout in value-added community services, thereby broadening the Group's revenue base, enhancing profitability and bringing valuable returns to the Shareholders.

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 Group. 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.

INTERESTS OF DIRECTORS, SUPERVISORS AND THE CHIEF EXECUTIVE

As at the Latest Practicable Date, the interests and/or short positions of the Directors, Supervisors and the chief executive of the Company in the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they were taken or deemed to have under such provisions of the SFO), or under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”), were as follows:

Name of Director/ Supervisor/ chief executive	Name of the Company or its associated corporation	Capacity	Number of shares held in the Company or its associated corporation	Approximate percentage of the total issued shares of the Company or its associated corporation (%)
Wu Lanyu	Poly Property ⁽¹⁾	Other ⁽²⁾	116,800 (L) ⁽²⁾	0.02
Liu Ping	Poly Developments and Holdings	Beneficial owner	7,723,184 (L)	0.06
Hu Zaixin	Poly Developments and Holdings	Beneficial owner	925,497 (L)	0.007
Huang Hai	Poly Developments and Holdings	Beneficial owner	1,115,697 (L)	0.009
Yao Yucheng	Poly Property ⁽¹⁾	Other ⁽²⁾	81,400 (L) ⁽²⁾	0.01

Notes:

As shown in the disclosed information:

Long position — L;

(1) As at the Latest Practicable Date, the Company had a total of 553,333,400 issued shares, comprising 400,000,000 domestic shares and 153,333,400 H Shares.

(2) Ms. Wu Lanyu and Mr. Yao Yucheng have accepted 116,800 and 81,400 restricted shares respectively, granted by the Company under the Restricted Share Incentive Scheme.

Save as disclosed above, as at the Latest Practicable Date,

- (a) none of the Directors, Supervisors and chief executive had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO); or which are recorded in the register required to be kept pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code; and
- (b) Mr. Liu Ping is the chairman and a director of Poly Developments and Holdings. Mr. Hu Zaixin is a director and the deputy secretary of the party committee of Poly Developments and Holdings. Mr. Huang Hai is the secretary of the board of Poly Developments and Holdings. Mr. Yang Haibo is the general counsel of Poly Developments and Holdings. Saved as disclosed herein, none of the Directors, Supervisors or chief executive of the Company 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 and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS/ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors or Supervisors of the Company had any direct or indirect interest in any assets which have since 31 December 2022 (being the date to which the latest published audited financial statements of the Group were made up), been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors or Supervisors of the Company was materially interested in any contract or arrangement subsisting which is significant in relation to the business of the Group.

DIRECTORS' AND SUPERVISORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, to the best knowledge and belief of the Directors and the Supervisors after having made all reasonable enquiries, none of the Directors, Supervisors or their respective close associates was considered to have any interest in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the Directors and Supervisors has entered into a service contract with the Company.

As at the Latest Practicable Date, none of the Directors or Supervisors had entered into any service contract with any members of the Group which was not expiring or determinable by the employer within one year without payment of compensation other than statutory compensation.

MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) which had been entered into by any member of the Group within two years immediately preceding the Latest Practicable Date.

LITIGATION

As at the Latest Practicable Date, none of the members of the Group was involved in any material litigation or arbitration which could have a material effect on its financial condition or results of operations. So far as the Directors are aware, no such litigation or arbitration of material importance is pending or threatened against any member of the Group.

MATERIAL ADVERSE CHANGE

The Directors confirm that there is no material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited financial statements of the Company were made up.

EXPERT

The following is the qualification of the expert who has provided its opinion or advice, which are contained in this circular:

Name	Qualification
Maxa Capital	a licensed corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to (i) 2024-2026 Non-exempt Framework Agreements and the transactions contemplated thereunder (including the annual caps) and (ii) the Renewed Parking Space Agency Framework Agreement and the transactions contemplated thereunder (including the annual caps)

Maxa Capital has given and has not withdrawn its written consent to the issue of this circular, with the inclusion therein of its letter and/or report or the references to its name in the form and context in which it appears.

As at the Latest Practicable Date, Maxa Capital did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group and did not have any interest, either direct or indirect, in any assets which had since 31 December 2022, being the date to which the latest published audited financial statements of the Company were made up, been acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to any member of the Group.

MISCELLANEOUS

- (a) The registered office of the Company is at 48-49th Floor, Poly Plaza, No. 832 Yue Jiang Zhong Road, Hai Zhu District, Guangzhou, Guangdong Province, the PRC.
- (b) The principal place of business in Hong Kong of the Company is at 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong.
- (c) The joint company secretaries of the Company are Mr. Yin Chao, who was qualified as a secretary of the board of directors by the Shanghai Stock Exchange; and Mr. Lau Kwok Yin, a member of the Hong Kong Institute of Certified Public Accountants, a Chartered Financial Analyst charterholder and a fellow of The Chartered Governance Institute and The Hong Kong Chartered Governance Institute.
- (d) The Company's H Share Registrar is Tricor Investor Services Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the designated website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.polywuye.com) from the date of this circular to (and including) the date of the EGM:

- (a) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out in this circular;
- (b) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out in this circular;
- (c) the written consent from Maxa Capital referred to in the paragraph headed "EXPERT" in this appendix;
- (d) the 2024-2026 Non-exempt Framework Agreements; and
- (e) the Renewed Parking Space Agency Framework Agreement.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Details of the proposed amendments to the Articles of Association are as follows (newly added texts are underlined>):

Numbering	Original Articles	Amended Articles
1	<p>Article 14. Business scope of the Company: property management; hotel management; conference and exhibition services; real estate agency; residential lease; non-residential real estate lease; housekeeping services; building cleaning services; landscaping construction works; general contracting of building construction and municipal infrastructure projects; furniture sale; residential interior decoration and refurbishment; water and electricity installation and maintenance services for residential properties; intelligent building construction works; security system monitoring services; wholesale of daily necessities; corporate management; enterprise credit management and consulting services; catering management; sale of general merchandise; fresh fruit retail; sale of raw nuts and dried fruit; raw meat retail; fresh egg retail; aquatic products retail; tourism solicitation and consultancy services at travel agency outlets; urban greening management; sale of construction and decorative materials; sale of office equipment and consumables; office services; singing and dancing entertainment activities; recreational activities; parking lot services; laundry and ironing service; retail of kitchen utensils, sanitary ware and daily sundries; sale of communication equipment; health consultancy services (excluding</p>	<p>Article 14. Business scope of the Company: property management; hotel management; conference and exhibition services; real estate agency; residential lease; non-residential real estate lease; housekeeping services; building cleaning services; landscaping construction works; general contracting of building construction and municipal infrastructure projects; furniture sale; residential interior decoration and refurbishment; water and electricity installation and maintenance services for residential properties; intelligent building construction works; security system monitoring services; wholesale of daily necessities; corporate management; enterprise credit management and consulting services; catering management; sale of general merchandise; fresh fruit retail; sale of raw nuts and dried fruit; raw meat retail; fresh egg retail; aquatic products retail; tourism solicitation and consultancy services at travel agency outlets; urban greening management; sale of construction and decorative materials; sale of office equipment and consumables; office services; singing and dancing entertainment activities; recreational activities; parking lot services; laundry and ironing service; retail of kitchen utensils, sanitary ware and daily sundries; sale of communication equipment; health consultancy services (excluding</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Numbering	Original Articles	Amended Articles
	<p>diagnosis and treatment services); nursing facility services (excluding medical services); retail of cosmetic products; sale of hygiene products and disposable medical supplies; medical equipment rental; elder care services; business services for urban domestic wastes; sale of food (sale of prepackaged food only); alcoholic beverage business; sale of health food (prepackaged); labour dispatch service; automobile repair and maintenance; sale of Class I medical devices; sale of Class II medical devices; car cleaning services; collection of recyclable resources (except for production scrap metals); takeaway and delivery services; catering service; snack and grocery; management of hospitals; patient caring services; management of the appearance of urban and rural areas; advertisement design and agency; advertisement production; advertisement publication; literature and art creation; professional design services; socio-economic consulting services; corporate image planning; marketing planning; etiquette service; photography and photographic processing services; real estate consulting; business agency service; sale of daily sundries; retail of fresh vegetables; retail of tobacco products; ticketing agency service; dealership of second-hand automobiles; repair of electronic appliances; designated driving service; water pollution management; atmospheric pollution management; solid waste management; soil pollution control and remediation services; sewage treatment and recycling; environmental protection consultation service; Internet of</p>	<p>diagnosis and treatment services); nursing facility services (excluding medical services); retail of cosmetic products; sale of hygiene products and disposable medical supplies; medical equipment rental; elder care services; business services for urban domestic wastes; sale of food (sale of prepackaged food only); alcoholic beverage business; sale of health food (prepackaged); labour dispatch service; automobile repair and maintenance; sale of Class I medical devices; sale of Class II medical devices; car cleaning services; collection of recyclable resources (except for production scrap metals); takeaway and delivery services; catering service; snack and grocery; management of hospitals; patient caring services; management of the appearance of urban and rural areas; advertisement design and agency; advertisement production; advertisement publication; literature and art creation; professional design services; socio-economic consulting services; corporate image planning; marketing planning; etiquette service; photography and photographic processing services; real estate consulting; business agency service; sale of daily sundries; retail of fresh vegetables; retail of tobacco products; ticketing agency service; dealership of second-hand automobiles; repair of electronic appliances; designated driving service; water pollution management; atmospheric pollution management; solid waste management; soil pollution control and remediation services; sewage treatment and recycling; environmental protection consultation service; Internet of</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Numbering	Original Articles	Amended Articles
	<p>Things application services; operation of sports venues and facilities (excluding high-risk sports activities); consulting and planning services; aviation business services; road cargo transportation (including dangerous goods); insurance agency business; small and mini passenger vehicles leasing and management services; sale of car; sale of charging piles; sale of forestry products; sale of refrigeration and air-conditioning equipment; sale of knitwear and textile products; retail of hard ware products; sale of home appliances; sale of labour protection products; sale of disinfectants (excluding hazardous chemicals); retail of automobile parts; professional sanitary, cleaning and disinfection services; home appliance installation service; fire protection facilities construction works; overseas contracted projects; general mechanical equipment installation services; maintenance of electronic and mechanical equipment (excluding special equipment); category 2 value-added telecommunication business; internet information services; construction management service. (Items subject to the legal approval shall be allowed for operations only after approval by the relevant authorities is obtained).</p> <p>The business scope as referred to in the preceding paragraph shall be subject to the approval of registration by the company registration authority.</p>	<p>Things application services; operation of sports venues and facilities (excluding high-risk sports activities); consulting and planning services; aviation business services; road cargo transportation (including dangerous goods); insurance agency business; small and mini passenger vehicles leasing and management services; sale of car; sale of charging piles; sale of forestry products; sale of refrigeration and air-conditioning equipment; sale of knitwear and textile products; retail of hard ware products; sale of home appliances; sale of labour protection products; sale of disinfectants (excluding hazardous chemicals); retail of automobile parts; professional sanitary, cleaning and disinfection services; home appliance installation service; fire protection facilities construction works; overseas contracted projects; general mechanical equipment installation services; maintenance of electronic and mechanical equipment (excluding special equipment); category 2 value-added telecommunication business; internet information services; construction management service; <u>fire protection technical services</u>. (Items subject to the legal approval shall be allowed for operations only after approval by the relevant authorities is obtained).</p> <p>The business scope as referred to in the preceding paragraph shall be subject to the approval of registration by the company registration authority.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Numbering	Original Articles	Amended Articles
2	<p>Article 23. At the time of its overall conversion into a joint stock company with limited liability, the Company issued a total of 100,000,000 ordinary shares, all of which were subscribed for and held by the promoters of the Company, of which:</p> <p>95,000,000 shares were subscribed for and held by Poly Developments and Holdings Group Co., Ltd., representing 95% of the total ordinary shares issued when the Company was established;</p> <p>5,000,000 shares were subscribed for and held by Xizang Yingyue Investment Management Co., Ltd. (currently known as Xizang Hetai Corporate Management Co., Ltd.), representing 5% of the total ordinary shares issued when the Company was established.</p>	<p>Article 23. At the time of its overall conversion into a joint stock company with limited liability, the Company issued a total of 100,000,000 ordinary shares, all of which were subscribed for and held by the promoters of the Company, of which:</p> <p>95,000,000 shares were subscribed for and held by Poly Developments and Holdings Group Co., Ltd., representing 95% of the total ordinary shares issued when the Company was established, <u>the capital was contributed by way of net assets converted into shares on 21 October 2016;</u></p> <p>5,000,000 shares were subscribed for and held by Xizang Yingyue Investment Management Co., Ltd. (currently known as Xizang Hetai Corporate Management Co., Ltd.), representing 5% of the total ordinary shares issued when the Company was established, <u>the capital was contributed by way of net assets converted into shares on 21 October 2016.</u></p>



POLY PROPERTY SERVICES CO., LTD.
保利物業服務股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 06049)

**NOTICE OF THE SECOND EXTRAORDINARY
GENERAL MEETING OF 2023**

NOTICE IS HEREBY GIVEN THAT the second extraordinary general meeting of 2023 (the “EGM”) of Poly Property Services Co., Ltd. (the “Company”) will be held at 9:30 a.m. at the Conference Room, 2nd Floor, East Tower, Poly Plaza, No. 832 Yue Jiang Zhong Road, Hai Zhu District, Guangzhou, Guangdong Province, the PRC on Thursday, 28 December 2023 for the purposes of considering and, if thought fit, approving the following resolutions. In this notice, unless the context otherwise requires, terms used herein shall have the same meanings as defined in the Company’s circular dated 11 December 2023 (the “Circular”).

ORDINARY RESOLUTIONS

1. To consider and approve the 2024-2026 Non-exempt Framework Agreements and the transactions contemplated thereunder (including the annual caps).
 - 1.1 To consider and approve the 2024-2026 Pre-delivery Services Framework Agreement and the transactions contemplated thereunder (including the annual caps); and
 - 1.2 To consider and approve the 2024-2026 Other Value-added Services Framework Agreement and the transactions contemplated thereunder (including the annual caps).
2. To consider and approve the Renewed Parking Space Agency Framework Agreement and the transactions contemplated thereunder (including the annual caps).

SPECIAL RESOLUTIONS

3. To consider and approve the change of business scope and amendments to the Articles of Association.
 - 3.1 To consider and approve the change of business scope and the relevant amendment to Article 14 of the Articles of Association; and
 - 3.2 To consider and approve other amendments to the Articles of Association.

By Order of the Board
POLY PROPERTY SERVICES CO., LTD.
Wu Lanyu
Chairman of the Board and Executive Director

Guangzhou, China, 11 December 2023

As at the date of this notice, the executive Director of the Company is Ms. Wu Lanyu; the non-executive Directors of the Company are Mr. Liu Ping, Mr. Hu Zaixin and Mr. Huang Hai; and the independent non-executive Directors of the Company are Mr. Wang Xiaojun, Ms. Tan Yan and Mr. Zhang Liqing.

Notes:

1. All resolutions at the EGM will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the designated website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Company (www.polywuye.com) in accordance with the Listing Rules.
2. All shareholders of the Company are eligible for attending the EGM. Any shareholder of the Company entitled to attend and vote at the EGM convened by the above notice is entitled to appoint a proxy or more than one proxy to attend the EGM and vote instead of him/her. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant proxy form. Every shareholder of the Company present in person or by proxy shall be entitled to one vote for each share held by him/her.
3. In order to be valid, the proxy form together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be completed and returned to (i) the Company’s principal place of business in the People’s Republic of China (the “**PRC**”) at 48-49th Floor, Poly Plaza, No. 832 Yue Jiang Zhong Road, Hai Zhu District, Guangzhou, Guangdong Province, the PRC (for domestic shareholders) or (ii) the Company’s H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for H shareholders) not less than 24 hours before the time appointed for the EGM. Completion and return of the proxy form will not preclude a shareholder of the Company from attending and voting at the EGM or any adjourned meeting thereof should he/she so wish.
4. The register of members of the Company will be closed from Thursday, 21 December 2023 to Thursday, 28 December 2023, both days inclusive, during which period no transfer of the shares will be registered. In order for the H shareholders to qualify for attending and voting at the EGM, all properly completed share transfer forms together with the relevant H share certificates shall be lodged with the Company’s H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 20 December 2023. Shareholders whose names appear on the register of members of the Company on Thursday, 28 December 2023 are entitled to attend and vote at the EGM.
5. The EGM is expected to take no more than half a day. Shareholders of the Company who attend the EGM (in person or by proxy) shall bear their own travelling and accommodation expenses. Shareholders of the Company may contact the Company via telephone at +86 20 8989 9959 and email at stock@polywuye.com for any enquiries in respect of the EGM.