
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in GR Life Style Company Limited (the “**Company**”), you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or transferee.

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

**Independent financial adviser to
the Independent Board Committee and
the Independent Shareholders**



Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as defined under the section headed “Definitions” of this circular.

A letter from the Board is set out on pages 5 to 23 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 24 to 25 of this circular. A letter from Zijing Capital Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 26 to 51 of this circular.

A notice convening the EGM to be held at 7/F, Wheelock House, 20 Pedder Street, Central, Hong Kong on Friday, 2 February 2024 at 4:00 p.m. or any adjournment thereof is set out on pages 59 to 61 of this circular. Whether or not you are able to attend the meeting, you are advised to read the notice and complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company’s share registrar and transfer office in Hong Kong, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not later than Wednesday, 31 January 2024 at 4:00 p.m. (Hong Kong Time) (i.e. at least 48 hours (excluding any part of a day that is a public holiday) before the time appointed for holding the meeting or adjourned meeting (as the case may be)). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish, and in such event, the form of proxy shall be deemed to be revoked.

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and, 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.

9 January 2024

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DEFINITIONS

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

“2021 New Heat Supply Services Agreement”	the conditional agreement dated 2 November 2020 entered into between AOCEAN Property Management and Beijing Guorui Property, pursuant to which AOCEAN Property Management shall provide heat supply and maintenance services of heat exchange stations and facilities and pipeline networks to the vacant units and units occupied by Beijing Guorui Group of certain property projects developed by Beijing Guorui Group
“2021 New Property Management Agreement”	the conditional agreement dated 2 November 2020 entered into between AOCEAN Property Management and Beijing Guorui Property, pursuant to which AOCEAN Property Management shall provide property management services to the vacant units and units occupied by Beijing Guorui Group of certain property projects developed by Beijing Guorui Group
“2024 New Heat Supply Services Agreement”	the conditional agreement dated 29 November 2023 entered into between AOCEAN Property Management and Beijing Guorui Property, pursuant to which AOCEAN Property Management shall provide heat supply and maintenance services of heat exchange stations and facilities and pipeline networks to the vacant units and units occupied by Beijing Guorui Group of certain property projects developed by Beijing Guorui Group
“2024 New Property Management Agreement”	the conditional agreement dated 29 November 2023 entered into between AOCEAN Property Management and Beijing Guorui Property, pursuant to which AOCEAN Property Management shall provide property management services to the vacant units and units occupied by Beijing Guorui Group of certain property projects developed by Beijing Guorui Group
“Aggregated Annual Cap(s)”	the aggregate of annual caps under the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement for each of the three years ending 31 December 2024, 2025 and 2026

DEFINITIONS

“Announcement”	the announcement of the Company dated 29 November 2023 regarding, among other things, the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement
“AOCEAN Property Management”	Beijing AOCEAN Property Management Company Limited* (北京澳西物業管理有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beijing Guorui Group”	Beijing Guorui Property and its subsidiaries and associates
“Beijing Guorui Property”	Beijing Guorui Property Development Company Limited* (北京國銳房地產開發有限公司), a company established under the laws of the PRC with limited liability and a connected person of the Company
“Board”	the board of Directors
“Company”	GR Life Style Company Limited, a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 108)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting to be convened by the Company for the Independent Shareholders to consider and approve, if thought fit, the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement and the transactions contemplated thereunder and the annual caps thereof
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, established for the purpose of advising the Independent Shareholders in connection with the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement and the transactions contemplated thereunder and the annual caps thereof
“Independent Financial Adviser” or “Zijing Capital”	Zijing Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO which has been appointed by the Company to be the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement and the transactions contemplated thereunder and the annual caps thereof
“Independent Shareholders”	Shareholders other than Wintime and Mr. Sun, together with their respective associates who are required by the Listing Rules to abstain from voting on the resolutions approving the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement and the transactions contemplated thereunder
“Independent Third Party(ies)”	person(s) or company(ies) who is/are not connected person(s) of the Company and its subsidiaries and who together with its/ their ultimate beneficial owner(s) are third parties independent of the Company and its connected persons
“Latest Practicable Date”	3 January 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Mr. Sun”	Mr. Sun Zhongmin, an executive Director, who is deemed to be interested in 136,752,350 Shares (representing approximately 4.27% of the issued Shares as at the date of this circular), and indirectly owns approximately 9% equity interest of Beijing Guorui Property
“Mr. Wei”	Mr. Wei Chunxian, an executive Director and chairman of the Board, who is deemed to be interested in 2,246,160,464 Shares (representing approximately 70.21% of the issued Shares as at the date of this circular), and indirectly owns approximately 82% equity interest of Beijing Guorui Property
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed thereto in the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Wintime”	Wintime Company Limited, a company incorporated in the British Virgin Islands with limited liability and a Controlling Shareholder of the Company, the shares of which are indirectly wholly-owned by Mr. Wei
“%”	Per cent.

The English names of Chinese entities marked with “” are translations of their Chinese names and are included for identification purpose only, and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese name prevails.*

LETTER FROM THE BOARD



GR Life Style

国锐生活

GR LIFE STYLE COMPANY LIMITED

國銳生活有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 108)

Executive Directors:

Mr. Wei Chunxian

Mr. Sun Zhongmin

Ms. Li Bing

*Registered Office and the Principal Place
of Business in Hong Kong:*

Room 3505

Tower One, Lippo Centre

No. 89 Queensway

Hong Kong

Independent non-executive Directors:

Mr. Tung Woon Cheung Eric

Ms. To Tsz Wan Vivien

Mr. Leung Louis Ho Ming

9 January 2024

To the Shareholders,

Dear Sir/Madam,

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

INTRODUCTION

Reference is made to the Announcement in relation to, among other matters, the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement.

The purpose of this circular is to provide you with (i) further details regarding, amongst others, the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement; (ii) recommendation of the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) other information as required to be disclosed under the Listing Rules; and (v) notice of the EGM and the accompanying form of proxy.

RENEWAL OF THE CONTINUING CONNECTED TRANSACTIONS

The 2021 New Heat Supply Services Agreement and the 2021 New Property Management Agreement expired on 31 December 2023.

LETTER FROM THE BOARD

In order to continue the provision of services by AOCEAN Property Management (an indirect wholly-owned subsidiary of the Company) to Beijing Guorui Group, on 29 November 2023, AOCEAN Property Management and Beijing Guorui Property entered into the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement.

(A) 2024 New Heat Supply Services Agreement

On 29 November 2023, AOCEAN Property Management and Beijing Guorui Property entered into the 2024 New Heat Supply Services Agreement, pursuant to which AOCEAN Property Management has agreed to provide heat supply and maintenance services of heat exchange stations and facilities and pipeline networks to the vacant units and units occupied by Beijing Guorui Group of certain property projects developed by Beijing Guorui Group.

The salient terms of the 2024 New Heat Supply Services Agreement are summarised as follows:

Date	:	29 November 2023
Parties	:	(1) AOCEAN Property Management (2) Beijing Guorui Property (for itself and for and on behalf of Beijing Guorui Group)
Term	:	From 1 January 2024 to 31 December 2026 (both days inclusive)
Nature of transactions	:	AOCEAN Property Management shall provide to the members of Beijing Guorui Group heat supply and maintenance services of heat exchange stations and facilities and pipeline networks to the vacant units and units occupied by Beijing Guorui Group of certain property projects developed by Beijing Guorui Group.

As at the Latest Practicable Date, the relevant property projects include (i) Fortune Street Phase One* (財滿街一期), Fortune Street Phase Two* (財滿街二期), Fortune Street Phase Three* (財滿街三期), Yigou project* (易購項目) and Golden Tower* (金長安大廈) in Chaoyang District, Beijing; (ii) Beijing Guorui Square* (國銳廣場) and Kingdom Guorui* (國銳•金嶺) in Daxing District, Beijing; and (iii) Beijing North Garden* (北花園) at Gaobeidian, Chaoyang District, Beijing.

LETTER FROM THE BOARD

AOCEAN Property Management's responsibilities include (i) overseeing the daily operation and provision of repair and maintenance services of heat exchange station and facilities and the pipeline network to the vacant units and units occupied by Beijing Guorui Group of certain property projects developed by Beijing Guorui Group; and (ii) ensuring that the heat supply complies with governmental guidelines and standards, etc.

Condition precedent : Subject to the compliance of the requirements under the Listing Rules (including but not limited to the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the 2024 New Heat Supply Services Agreement and the transactions contemplated thereunder (including the annual caps)), the 2024 New Heat Supply Services Agreement will become effective on 1 January 2024.

Fees : Members of Beijing Guorui Group will be responsible for payment of the service fees in respect of vacant units which are delivered for use but not sold or units occupied by Beijing Guorui Group within the aforesaid property projects.

For property units which are sold and occupied by Independent Third Party users, AOCEAN Property Management will charge the individual owners/tenants of the property units for the service fees directly.

As at the Latest Practicable Date, the range of standard service fees for residential properties in Beijing, the PRC is from RMB18 to RMB30 per square metre per heat supply season. The range of standard service fees for commercial properties in Beijing, the PRC is from RMB18 to RMB45 per square metre per heat supply season.

LETTER FROM THE BOARD

The heat supply service fees charged by AOCEAN Property Management to vacant residential property units owned by Beijing Guorui Group is RMB18 per square metre per heat supply season whereas for commercial property units occupied by Beijing Guorui Group, the heat supply service fee is RMB45 (for Chengliu District) and RMB43 (for other districts) per square metre per heat supply season. AOCEAN Property Management does not provide heat supply services to vacant commercial property units owned by Beijing Guorui Group. AOCEAN Property Management makes reference to one contract with Independent Third Party users of each different property projects to ensure the heat supply service fees charged to Beijing Guorui Group is not lower than the market price charged to Independent Third Party users.

The heat supply service fees per square metre per heat supply season charged to both residential and commercial properties are standardised. However, in any event, the service fees under the 2024 New Heat Supply Services Agreement shall not be lower than (a) the fees for similar heat supply services charged by AOCEAN Property Management to Independent Third Party users; and (b) the prices as stipulated by relevant laws and regulations (where applicable). The service fees will be payable on an annual basis by cash.

Historical Transaction Amounts and Annual Caps

The table below summarises the actual transaction amounts, being the fees paid by Beijing Guorui Group to AOCEAN Property Management in respect of the heat supply services provided by AOCEAN Property Management for vacant property units and units occupied by Beijing Guorui Group for the two years ended 31 December 2022 and nine months ended 30 September 2023 under the 2021 New Heat Supply Services Agreement and their historical annual caps and utilisation rate.

	For the year ended 31 December 2021 (RMB)	For the year ended 31 December 2022 (RMB)	For the nine months ended 30 September 2023 (RMB)
Actual transaction amounts	4,192,619	2,599,405	2,019,423
Historical annual caps	10,000,000	11,000,000	12,100,000
Utilisation rate	42%	24%	17%

LETTER FROM THE BOARD

The proposed annual caps under the 2024 New Heat Supply Services Agreement for the three years ending 31 December 2026 are as follows:

	For the year ending 31 December 2024 (RMB)	For the year ending 31 December 2025 (RMB)	For the year ending 31 December 2026 (RMB)
Proposed annual caps	10,000,000	11,000,000	12,100,000

The proposed annual caps have been determined by the Company after taking into account of (i) the historical actual transaction amounts as disclosed above; (ii) the estimated number of vacant units or units occupied by Beijing Guorui Group of the relevant property projects during the three years ending 31 December 2026; and (iii) the fees chargeable per square metre per heat supply season during such period as stipulated under the 2024 New Heat Supply Services Agreement.

Regarding the heat supply service fee for the year ended 31 December 2023, as the official period for the heat supply season in Beijing starts from November of every year till March of the next year, the actual transaction amounts in respect of the heat supply services is expected to be further increased by approximately RMB2.0 million for the three months ended 31 December 2023. The increase was mainly attributable to (i) the increase of approximately 14,360 square metres of Kingdom Guorui* (國銳•金嶺), contributing the increase of heat supply service fees of approximately RMB646,000 (i.e. 14,360 square metres multiply by RMB45 per square metre per heat supply season); and (ii) the increase of approximately 65,600 square metres of Beijing North Garden* (北花園), contributing the increase of heat supply service fees of approximately RMB1,181,000 (i.e. 65,600 square metres multiply by RMB18 per square metre per heat supply season), for the provision of heat supply services commencing from the forth quarter of 2023. The expected increase of the actual transaction amounts in respect of the heat supply services for the year ended 31 December 2023, compared to the actual transaction amounts in respect of the heat supply services of approximately RMB2.60 million for the year ended 31 December 2022, will result in an utilisation rate of over 30% of the historical annual caps.

On the other hand, as at the Latest Practicable Date, one of the existing property projects of Beijing Guorui Group, Beijing North Garden* (北花園) is expected to further expand with increment of approximately 75,390 square metres as vacant units during the three years ending 31 December 2026. The heat supply service fees is expected to increase by approximately RMB1,357,000 (i.e. 75,390 square metres multiply by RMB18 per square metre per heat supply season) each year commencing from the financial year of 2024. Moreover, AOCEAN Property Management is expected to provide heat supply services to (i) the headquarter of Beijing Guorui Property; (ii) the occupied units of Golden Tower* (金長安大廈); and (iii) the occupied units of Beijing Guorui Square* (國銳廣場), of which the aggregated floor area is approximately 39,500 square metres, during the three years ending 31 December 2026. The heat supply service fee is expected to increase by approximately RMB1,778,000 (i.e. 39,500

LETTER FROM THE BOARD

square metres multiply by RMB45 per square metre per heat supply season) for each year commencing from the financial year of 2024. The expected increment in vacant units and new heat supply services are the major factors in determining the proposed annual caps under the 2024 New Heat Supply Services Agreement.

Besides, as at the Latest Practicable Date, the standard service fees charged for residential properties in Beijing, the PRC ranged from RMB18 to RMB30 per square metre per heat supply season while for commercial properties the service fees were ranged from RMB18 to RMB45 (for Chengliu District) and RMB43 (for other districts) per square metre per heat supply season. In November 2019, the standard service fees charged for commercial properties was adjusted by an increment of RMB3 per square metre per heat supply season. By considering the possibility of increment of heat supply standard service fees during the three years ending 31 December 2026, which is expected to contribute an increase of heat supply service fees of approximately RMB885,000 (i.e. 295,000 square metres (expected total heat supply service area rendered to Beijing Guorui Group) multiply by RMB3 per square metre per heat supply season) for each year commencing from the financial year of 2024, this is another major factor for determining the proposed annual caps under the 2024 New Heat Supply Services Agreement.

As mentioned above, (i) the annualised heat supply service fee projection during the year ended 31 December 2023; (ii) the increment of vacant units of one existing property project, Beijing North Garden* (北花園); (iii) provision of heat supply services to the headquarter of Beijing Guorui Property, the occupied units of Golden Tower* (金長安大廈) and Beijing Guorui Square* (國銳廣場); and (iv) the possibility of increment of standard heat supply service fees are important factors in determining the proposed annual caps for the three years ending 31 December 2026 under the 2024 New Heat Supply Services Agreement. Therefore, the proposed annual caps, excluding heat supply service fees charged to Independent Third Parties under the 2024 New Heat Supply Services Agreement, is considered to be fair and reasonable for the three years ending 31 December 2026 under the 2024 New Heat Supply Services Agreement.

Pricing and Payment Terms

AOCEAN Property Management charges heat supply services fees in accordance with the prevailing heat supply prices as stipulated by the relevant regulatory authorities of the Beijing municipal government.

On 7 November 2019, the Beijing Municipal Commission of Development and Reform re-leased the Notice Regarding Questions on the Adjustment of the Heat Supply Price for Non-Residential Purpose in the City (Jing Fa Gai [2019] No. 1545) (《關於調整本市非居民供熱價格有關問題的通知(京發改[2019]1545號)》), pursuant to which the heat supply price for non-residential purpose in Beijing was adjusted to RMB45 (for Chengliu District) and RMB43 (for other districts) per square metre for every heat supply season. If the floor height of the relevant non-residential property exceeds 4 metres, the heat supplier may charge heat supply price at a higher rate based on a prescribed formula, but such price shall not double the regulated price for property with floor height lower than 4 metres. Such heat supply government regulated prices have remained unchanged since its implementation.

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On 17 October 2001, the Beijing Municipal Price Bureau issued the Notice Regarding the Adjustment of Residential-use Heat Supply Price and Ex-Factory Price of Heat from Thermal Power Plants for the City (Jing Jia (Shang) Zi [2001] No. 372) (《關於調整我市民用供熱價格和熱電廠熱力出廠價格的通知(京價(商)字[2001]372號)》), in which it was stipulated that the heat supply price for residential purpose in Beijing shall be adjusted to RMB30 per square metre for every heat supply season. Such heat supply government regulated prices have remained unchanged since its implementation.

Residential and commercial property units which are vacant are not subject to the abovementioned regulations yet as currently they have not yet been imposed by the PRC government officially. Heat suppliers in Beijing generally, taking into account the guidance contract jointly issued by Beijing Municipal Commission of Urban Management and Beijing Municipal Administration for Market Regulation, charge heat supply price for vacant units at a rate approximately 40% lower than the abovementioned government regulated price.

The Directors are of the opinion that AOCEAN Property Management strictly complies with the heat supply government regulated prices of the regulatory authorities (*where applicable*), and charge at a price no less favourable than those chargeable to Independent Third Party users, for the purpose of charging heat supply fees under the 2024 New Heat Supply Services Agreement.

The Company will take the following measures for monitoring the pricing and terms of the 2024 New Heat Supply Services Agreement and for ensuring that the transactions conducted thereunder are entered into on normal commercial terms:

- (1) continuously monitoring and checking the government regulated heat supply prices, in order to ensure that the price paid by property owners remains consistent with the government regulated prices; and
- (2) complying with the Company's internal control measures in relation to connected transactions, in order to ensure that the heat supply prices charged by AOCEAN Property Management and the relevant terms of the 2024 New Heat Supply Services Agreement are compliant with the government regulated prices or not lower than the market price chargeable to Independent Third Party users (where applicable). AOCEAN Property Management will strictly implement the latest heat supply prices in accordance with the government regulated prices.

The Directors (excluding the independent non-executive Directors whose views will be given after considering the advice from the Independent Financial Adviser) are of the view that the terms of the 2024 New Heat Supply Services Agreement (including the annual caps thereunder) are fair and reasonable, the transactions contemplated under the 2024 New Heat Supply Services Agreement are on normal commercial terms or better, and the entering into of the 2024 New Heat Supply Services Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

(B) 2024 New Property Management Agreement

On 29 November 2023, AOCEAN Property Management and Beijing Guorui Property entered into the 2024 New Property Management Agreement, pursuant to which AOCEAN Property Management has agreed to provide property management services to the vacant units and unit occupied by Beijing Guorui Group of certain property projects developed by Beijing Guorui Group.

The salient terms of the 2024 New Property Management Agreement are summarised as follows:

Date	:	29 November 2023
Parties	:	(1) AOCEAN Property Management (2) Beijing Guorui Property (for itself and for and on behalf of Beijing Guorui Group)
Term	:	From 1 January 2024 to 31 December 2026 (both days inclusive)
Premises	:	Property units designated by Beijing Guorui Property under its property projects, including (i) vacant units which are delivered for use but not sold; and (ii) units occupied by Beijing Guorui Group.

As at the Latest Practicable Date, the relevant property projects include (i) Fortune Street Phase One* (財滿街一期), Fortune Street Phase Two* (財滿街二期), Fortune Street Phase Three* (財滿街三期), Yigou project* (易購項目), Golden Tower* (金長安大廈) and Guorui Business Center* (國銳商務中心) in Chaoyang District, Beijing; (ii) Beijing Guorui Square* (國銳廣場) and Kingdom Guorui* (國銳 • 金嶺) in Daxing District, Beijing; (iii) Beijing North Garden* (北花園) at Gaobeidian, Chaoyang District, Beijing; (iv) Majuqiao Project* (馬駒橋項目) at Tongzhou District, Beijing; and (v) Sanya Project* (三亞項目), Yixing Project* (宜興項目), Chengdu Project* (成都項目) and Changzhou Project* (常州項目).

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Nature of transactions : AOCEAN Property Management is responsible for (i) safekeeping of the keys of the vacant units; (ii) carrying out monthly inspections of the vacant units and keeping records accordingly; (iii) carrying out monthly cleaning of the vacant units; (iv) inspecting the vacant units during bad weather conditions; (v) providing security services; and (vi) maintaining and managing facilities and assets for public use, etc.

Moreover, for particular property units, AOCEAN Property Management will also provide initial clean up services after completion of their construction (the “**Initial Clean Up Services**”).

Condition precedent : Subject to the compliance of the requirements under the Listing Rules (including but not limited to the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the 2024 New Property Management Agreement and the transactions contemplated thereunder (including the annual caps)), the 2024 New Property Management Agreement will become effective on 1 January 2024.

Fees : The management fee ranges from RMB0.80 to RMB33.60 per square metre per month for different types of property units, payable on an annual basis by cash.

The management fees charged to residential property units owned by Independent Third Party users range from RMB0.80 to RMB6.52. The management fees charged to commercial property units occupied by Independent Third Party users ranges from RMB0.98 to RMB33.60.

The management fees charged to vacant residential property units owned by Beijing Guorui Group range from RMB1.25 to RMB6.52. The management fees charged to commercial property units occupied by Beijing Guorui Group ranges from RMB2.22 to RMB33.60.

LETTER FROM THE BOARD

AOCEAN Property Management makes reference to one contract with Independent Third Party users of each different property projects (i.e. residential property projects and commercial property projects) to ensure the property management fees charged to Beijing Guorui Group is not lower than the market price charged to Independent Third Party users.

The management fees for each property project will be determined based on the specific circumstances of each property project, including the location, size, nature (i.e. commercial or residential) and other construction specifications of the relevant properties, and the requirement of resources on the part of AOCEAN Property Management. For instance, AOCEAN Property Management is required to provide extra repair and maintenance services for commercial property projects in order to maintain a good building appearance for attracting potential tenants. As to residential property projects, they would be charged at different range of management fees depending on the size of common area for the purpose of preserving them for different environmental purposes.

In any event, the management fees under the 2024 New Property Management Agreement shall not be lower than (a) the fees for similar property management services charged by AOCEAN Property Management against Independent Third Party users; and (b) the prices as stipulated by relevant laws and regulations (where applicable).

For the Initial Clean Up Services, AOCEAN Property Management charges a fee calculated based on its actually incurred disbursement plus a margin of 10%.

Historical Transaction Amounts and Annual Caps

The table below summarises the actual transaction amounts, being the fees paid by Beijing Guorui Group to AOCEAN Property Management in respect of the property management services provided by AOCEAN Property Management for vacant property units and units occupied by Beijing Guorui Group for the two years ended 31 December 2022 and nine months ended 30 September 2023 under the 2021 New Property Management Agreement and their historical annual caps and utilisation rate.

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	For the year ended 31 December 2021 (RMB)	For the year ended 31 December 2022 (RMB)	For the nine months ended 30 September 2023 (RMB)
Actual transaction amounts	25,786,198	19,434,303	19,635,532
Historical annual caps	47,500,000	52,250,000	57,475,000
Utilisation rate	54%	37%	34%

The proposed annual caps under the 2024 New Property Management Agreement for the amount receivable by AOCEAN Property Management for the three years ending 31 December 2026 are as follows:

	For the year ending 31 December 2024 (RMB)	For the year ending 31 December 2025 (RMB)	For the year ending 31 December 2026 (RMB)
Proposed annual caps	47,500,000	52,250,000	57,475,000

The proposed annual caps have been determined by the Company after taking into account of (i) the historical actual transaction amounts as disclosed above; (ii) the estimated number of vacant units or units occupied by Beijing Guorui Group of the relevant property projects during the three years ending 31 December 2026; and (iii) the fees chargeable per square metre per month during such period as stipulated under the 2024 New Property Management Agreement.

Regarding the property management fee for the year ended 31 December 2023, the actual transaction amounts in respect of the property management is expected to be further increased by approximately RMB6.5 million for the three months ended 31 December 2023, mainly due to the increase of the new property projects of approximately 14,490 square metres in aggregate for the Sanya Project* (三亞項目), Yixing Project* (宜興項目), Chengdu Project* (成都項目) and Changzhou Project* (常州項目) as well as Guorui Business Center* (國銳商務中心) for the provision of property management services commenced in 2023, which is expected to contribute approximately RMB1,461,000 (i.e. 14,490 square metres multiply by monthly property management fees of RMB33.60 per square metre) for the fourth quarter of 2023. The expected increase of the actual transaction amounts in respect of the property management fee for the year ended 31 December 2023, compared to the actual transaction amounts in respect of the property management fee of approximately RMB19.40 million for the year ended 31 December 2022, will result in an utilisation rate of over 40% of the historical annual caps.

On the other hand, as disclosed in the paragraphs headed “(A) 2024 New Heat Supply Services Agreement — Historical Transaction Amounts and Annual Caps” above, one of the existing property projects of Beijing Guorui Group, Beijing North Garden* (北花園) is expected to further expand with increment of approximately 75,390 square metres as vacant

LETTER FROM THE BOARD

units during the three years ending 31 December 2026. The property management fee is expected to increase by approximately RMB1,131,000 (i.e. 75,390 square metres multiply by property management fees of RMB15 per square metre per year (i.e. RMB1.25 per square metre per month, which make reference to the historical property management fees charged to vacant units of Beijing North Garden* (北花園))) each year during the three years ending 31 December 2026. Moreover, AOCEAN Property Management established a branch in Guangzhou in October 2023 for providing property management services to two new property projects, which are located in Huangpu district and Huadu district, respectively, developed by Beijing Guorui Group, contributing an increment of approximately 112,420 square metres as vacant units during three years ending 31 December 2026. The property management fees is expected to increase by approximately RMB13,490,000 (i.e. 112,420 square metres multiply by property management fees of RMB120 per square metre per year (i.e. RMB10 per square metre per month, which make reference to the AOCEAN Property Management's forecast towards those property projects)) each year during the three years ending 31 December 2026. The expected increment in vacant units and the two new property projects in Guangzhou are the major factors in determining the proposed annual caps under the 2024 New Property Management Agreement.

Besides, as at the Latest Practicable Date, the management fee ranged from RMB0.80 to RMB33.60 per square metre per month for different types of property units. Compared to 2021 New Property Management Agreement, the increment of minimum management fee ranged from RMB0.49 to RMB0.80 per square metre per month. Therefore, this is another major factor in determining the proposed annual caps under the 2024 New Property Management Agreement.

As mentioned above, (i) the increment of vacant units of one existing property project, Beijing North Garden* (北花園); (ii) the provision of property management services to the two new property projects, which are developed by Beijing Guorui Group in Guangzhou; and (iii) the increase in the minimum management fee per square metre per month are important factors in determining the proposed annual caps for the three years ending 31 December 2026 under the 2024 New Property Management Agreement. Therefore, the proposed annual caps, excluding property management fees charged to Independent Third Parties, under the 2024 New Property Management Agreement, is considered to be fair and reasonable for the three years ending 31 December 2026 under the 2024 New Property Management Agreement.

Pricing and Payment Terms

AOCEAN Property Management charges property management fees in accordance with the applicable laws and regulations of the relevant government authorities, the details of which are set out below.

As stipulated in Article 5 of the Measures on the Administration of Property Service Charges in Beijing (《北京市物業服務收費管理辦法(試行)》) (the “**Measures**”) issued by Beijing Municipal Commission of Development and Reform in 2005 under Jing Fa Gai [2005] No. 2662 (京發改[2005]2662號), either the market adjusted price or government regulated price shall apply to property service charges in Beijing. In respect of those property service

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charges to which the market-adjusted price applies, the charge rates shall be stipulated in a property service contract to be entered into by the landlord and the property management enterprise. In respect of those property service charges to which the government regulated prices apply, the basic charge rates and range of adjustments shall be formulated by the competent municipal price authorities together with the competent property administrative authorities.

Pursuant to Article 6 of the Measures, the types of property adopting the government regulated price shall include economically affordable housing communities, and communities in which unsafe buildings are rebuilt into replacement housing. The property units under the management of AOCEAN Property Management fall into the category of either general residential property or commercial property, for which the market-adjusted price shall be implemented instead of the government regulated price. In other words, AOCEAN Property Management is entitled to independently negotiate and fix the charge rates with the landlord in accordance with the prevailing market price levels and charging practices in the industry, and taking into account the nature, quality, location etc. of the relevant properties.

In accordance with the Measures, AOCEAN Property Management will collect property management fees based on the market-adjusted price approach under the 2024 New Property Management Agreement. The charge rates and fee calculation methods have been specifically stipulated in the said agreement. Based on the aforesaid, the Directors are of the opinion that AOCEAN Property Management strictly complies with the Measures in respect of the charges and fees under the 2024 New Property Management Agreement.

The Company will take the following measures for monitoring the pricing and terms of the 2024 New Property Management Agreement and for ensuring that the transactions conducted thereunder are entered into on normal commercial terms:

- (1) continuously monitoring and checking the relevant laws and regulations on property management prices, in order to ensure that the price paid by property owners pursuant to the 2024 New Property Management Agreement remains consistent with the requirements pursuant to the relevant laws and regulations; and
- (2) complying with the Company's relevant internal control measures in relation to connected transactions, in order to ensure that the property management prices charged by AOCEAN Property Management are not lower than the price chargeable to Independent Third Parties and the relevant terms of the 2024 New Property Management Agreement are no less favourable to the Company than those available to or from Independent Third Parties.

The Directors (excluding the independent non-executive Directors whose views will be given after considering the advice from the Independent Financial Adviser) are of the view that the terms of the 2024 New Property Management Agreement (including the annual caps thereunder) are fair and reasonable, the transactions contemplated under the 2024 New Property Management Agreement are on normal commercial terms or better, and the entering into of the 2024 New Property Management Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

REASONS FOR ENTERING INTO THE 2024 NEW HEAT SUPPLY SERVICES AGREEMENT AND THE 2024 NEW PROPERTY MANAGEMENT AGREEMENT

AOCEAN Property Management, an indirect wholly-owned subsidiary of the Company, provides property management services for office buildings, residential properties and car parks.

AOCEAN Property Management has a track record of providing property management services to some of the residential and commercial property projects developed by Beijing Guorui Group since 2004. Throughout the years, AOCEAN Property Management has been selected by Beijing Guorui Group through tender process for the management of a number of property projects developed by Beijing Guorui Group and a strong and stable business relationship has been developed. Further, since 2005, AOCEAN Property Management started to provide heat supply and maintenance services of heat exchange stations and facilities and pipeline networks to the property projects developed by Beijing Guorui Group.

As at the Latest Practicable Date, AOCEAN Property Management provided to Beijing Guorui Group its property management services and heat supply and maintenance services for 15 and 8 property projects, respectively.

The entering into of the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement allows the Group to continue to provide heat supply and maintenance services and property management services to the current and future property projects developed by Beijing Guorui Group respectively.

As Beijing Guorui Property is indirectly owned by Mr. Wei, Mr. Sun and Ms. Hazel Wong, an Independent Third Party, as to 82%, 9% and 9%, respectively, Mr. Wei and Mr. Sun are considered to have a material interest in the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement and the transactions contemplated thereunder, and have therefore abstained from voting on the Board resolutions approving, inter alia, the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement.

The Directors (excluding the independent non-executive Directors whose views will be given after considering the advice from the Independent Financial Adviser) consider it beneficial to the Group to continue to conduct the continuing connected transactions contemplated under the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement given that they are in line with the Group's strategies to maintain and further its property management business in the PRC, and are able to continue to generate stable revenue and income to the Group.

LETTER FROM THE BOARD

INTERNAL CONTROL

The Group has adopted the following internal control procedures over the continuing connected transactions of the Company (including the transactions contemplated under the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement):

- throughout the term of each continuing connected transaction of the Company, the operation department of the relevant member of the Group will review and check whether the pricing is fair and reasonable and adhering to the pricing terms. In addition to reviewing the pricing before entering into a continuing connected transaction where the pricing terms under the relevant agreements are applied for the first time or the pricing terms are different from those used previously, the accounting department of the relevant member of the Group will review the aforesaid works carried out by the operation department on a quarterly basis. In respect of the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement, (i) the operation department of AOCEAN Property Management will review and check the pricing terms, in particular that the fees to be charged are not lower than the fee charged by the Group against Independent Third Parties; and (ii) the accounting department of AOCEAN Property Management will review the pricing terms before entering into each transaction and regularly review the work carried out by the operation department;
- the accounting department of the Company is primarily responsible for reviewing and monitoring the continuing connected transactions of the Group in order to ensure that the annual caps of the relevant transactions are not exceeded and the transactions have been conducted in accordance with the pricing policies or mechanisms under the framework agreements relating to such continuing connected transactions. The accounting department of the Company will consult with the Group's independent professional internal control advisor in respect of continuing connected transaction compliance issues and annually report to the chief financial officer of the Company, who (in his/her own capacity and on behalf of the Group's management designated for the purposes of the Group's enterprise risk management and internal controls) will report to the audit committee of the Company and also provide a confirmation to the audit committee that the continuing connected transactions of the Company which are subject to the annual review and disclosure requirements under the Listing Rules have been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and that the Group's internal control procedures applicable to continuing connected transactions are adequate and effective to ensure that such transactions were so conducted. The audit committee of the Company will consider this accordingly;
- the external auditors of the Company will review the continuing connected transactions (which are subject to the annual review and disclosure requirements under the Listing Rules) annually to check and confirm (among others) whether the pricing terms have been adhered to and whether the relevant caps have been exceeded; and

LETTER FROM THE BOARD

- the independent non-executive Directors will review the continuing connected transactions of the Company (which are subject to the annual review and disclosure requirements under the Listing Rules) annually to check and confirm whether such continuing connected transactions are conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and whether the internal control procedures put in place by the Company are adequate and effective to ensure that such continuing connected transactions were conducted in accordance with the pricing policies set out in the relevant agreements.

INFORMATION ON BEIJING GUORUI PROPERTY

Beijing Guorui Property is a company established under the laws of the PRC with limited liability and is principally engaged in property development and investment business.

As at the Latest Practicable Date, Beijing Guorui Property is wholly-owned by Beijing Guorui Holdings Co. Limited* (北京國銳控股有限公司), which in turn is indirectly owned by Mr. Wei, Mr. Sun and Ms. Hazel Wong, an Independent Third Party, as to 82%, 9% and 9%, respectively.

As at the Latest Practicable Date, Mr. Lin Houliang (林厚亮) is the sole director of Beijing Guorui Property.

INFORMATION ON THE GROUP AND AOCEAN PROPERTY MANAGEMENT

The Group is principally engaged in property development and investments in the PRC, the United States and the United Kingdom, and the provision of property management services in the PRC.

AOCEAN Property Management is a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the provision of property management services for office buildings, residential properties and car parks.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Beijing Guorui Property is wholly-owned by Beijing Guorui Holdings Co. Limited* (北京國銳控股有限公司), which in turn is indirectly owned by Mr. Wei, Mr. Sun and Ms. Hazel Wong, an Independent Third Party, as to 82%, 9% and 9%, respectively, and is therefore an associate of Mr. Wei under the Listing Rules. Mr. Wei, being an executive Director and a substantial shareholder of the Company, is a connected person of the Company, and hence Beijing Guorui Property, being an associate of Mr. Wei, is regarded as a connected person of the Company under the Listing Rules.

LETTER FROM THE BOARD

As a result, the transactions contemplated under each of the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Given that the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement are both related to the services provided by the Group to Beijing Guorui Group for its property projects, the transactions contemplated thereunder are required to be aggregated pursuant to Rules 14A.81 to 14A.83 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the highest Aggregated Annual Cap exceeds 5% and the Aggregated Annual Caps are more than HK\$10,000,000, the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement and the transactions contemplated thereunder are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee has been established to advise the Independent Shareholders as to whether the terms of the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms or better, the entering into of the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and on how to vote at the EGM. The Independent Financial Adviser has also been appointed to advise the Independent Board Committee and the Independent Shareholders in the same regard.

EGM

A notice convening the EGM to be held at 7/F, Wheelock House, 20 Pedder Street, Central, Hong Kong on Friday, 2 February 2024 at 4:00 p.m., is set out on pages 59 to 61 of this circular. The EGM will be convened and held for the Independent Shareholders to consider, and if thought fit, approve, among other matters, the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement and the transactions contemplated thereunder. At the EGM, ordinary resolutions will be proposed for the Independent Shareholders to consider and, if thought fit, to approve the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement.

The ordinary resolutions proposed at the EGM will be determined by way of poll by the Independent Shareholders.

As Beijing Guorui Property is indirectly owned by Mr. Wei, Mr. Sun and Ms. Hazel Wong, an Independent Third Party, as to 82%, 9% and 9%, respectively, Mr. Wei and Mr. Sun are considered to have a material interest in the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement and the transactions contemplated thereunder. As Wintime is a company indirectly wholly-owned by Mr. Wei that is holding 1,434,421,537 Shares (representing approximately 44.83% of the total issued Shares as at the Latest Practicable Date), Wintime is also considered to have a material interest in the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

Pursuant to Rule 14A.36 of the Listing Rules, Wintime and Mr. Sun and their respective associates will therefore abstain from voting on the EGM on the proposed resolutions to approve, among other things, the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement and the transactions contemplated thereunder. Save for the aforesaid and to the best of the information, knowledge and belief of the Directors having made all such reasonable enquiries, no other Shareholder is required to abstain from voting at the EGM.

PROXY ARRANGEMENT

A form of proxy for use in connection with the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the share registrar of the Company in Hong Kong, Tricor Standard Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event no later than Wednesday, 31 January 2024 at 4:00 p.m. (Hong Kong Time) (i.e. at least 48 hours (excluding any part of a day that is a public holiday) before the time of the EGM or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish, and in such event, the form of proxy shall be deemed to be revoked.

CLOSURE OF REGISTER OF MEMBERS

Shareholders whose names appear on the Company's register of members at close of business on Friday, 2 February 2024 will be eligible to attend and vote at the EGM. The transfer books and register of members will be closed from Friday, 26 January 2024 to Friday, 2 February 2024 (both days inclusive) during which period no transfer of Shares will be effected. In order to determine the identity of Shareholders who are entitled to attend and vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 25 January 2024.

RECOMMENDATIONS OF THE BOARD

The Directors (including the Independent Board Committee, having taken into account the advice of Zijing Capital whose views are set out in the section headed "Letter from the Independent Board Committee" in this circular) are of the view that (i) the terms of the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement and, together with the bases of determining the proposed annual caps, are fair and reasonable; (ii) the transactions contemplated under the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement are on normal commercial terms; and (iii) the entering into of the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the Independent Board Committee) recommend the Independent Shareholders to vote in favour of the ordinary resolutions to approve the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement at the EGM.

LETTER FROM THE BOARD

GENERAL

Your attention is drawn to the letter from the Independent Board Committee, the letter from Zijing Capital, the additional information set out in the appendix to this circular and the notice of the EGM.

Yours faithfully
For and on behalf of the Board
GR Life Style Company Limited
Wei Chunxian
Chairman

The English names of Chinese entities marked with “” are translations of their Chinese names and are included for identification purpose only, and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese name prevails.*



GR Life Style

国锐生活

GR LIFE STYLE COMPANY LIMITED

國銳生活有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 108)

9 January 2024

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 9 January 2024 of the Company (the “**Circular**”) of which this letter forms part. Capitalised terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to advise you regarding the fairness and reasonableness of the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement and the transactions contemplated thereunder, together with the proposed annual caps. Zijing Capital has been appointed as the independent financial adviser to advise us and the Independent Shareholders in this regard.

Having considered the terms of the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement as well as the proposed annual caps, and having taken into account the principal factors and reasons considered by, and the opinion of, Zijing Capital as stated in its letter dated 9 January 2024, we consider that (i) the terms of the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement and, together with the bases of determining the proposed annual caps, are fair and reasonable; (ii) the transactions contemplated under the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement are on normal commercial terms; and (iii) the entering into of the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions proposed at the EGM.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We draw the attention of the Independent Shareholders to (i) the letter from the Board; (ii) the letter from Zijing Capital; and (iii) the appendix to the Circular.

Yours faithfully,

For and on behalf of the Independent Board Committee

Mr. Tung Woon Cheung Eric
*Independent non-executive
Director*

Ms. To Tsz Wan Vivien
*Independent non-executive
Director*

Mr. Leung Louis Ho Ming
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Zijing Capital Limited to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



Units 502A-503A,
5/F, Tower 2,
Admiralty Centre,
No. 18 Harcourt Road,
Hong Kong

9 January 2024

*To: The Independent Board Committee and the Independent Shareholders of
GR Life Style Company Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement and the transactions contemplated thereunder, as well as the proposed annual caps for the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement respectively for each of the three years ending 31 December 2024, 2025 and 2026 (collectively, the “**Proposed Annual Caps**”) thereof, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular (the “**Circular**”) of the Company to the Shareholders dated 9 January 2024, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Reference is made to the announcement dated 2 November 2020 and the circular dated 4 December 2020 of the Company in relation to, among other things, the 2021 New Heat Supply Services Agreement and the 2021 New Property Management Agreement. The 2021 New Heat Supply Services Agreement and the 2021 New Property Management Agreement expired on 31 December 2023.

In order to continue the provision of services by AOCEAN Property Management (an indirect wholly-owned subsidiary of the Company) to Beijing Guorui Group, on 29 November 2023, AOCEAN Property Management and Beijing Guorui Property entered into the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement.

As at the Latest Practicable Date, Beijing Guorui Property is wholly-owned by Beijing Guorui Holdings Co. Limited* (北京國銳控股有限公司), which in turn is indirectly owned by Mr. Wei, Mr. Sun and Ms. Hazel Wong, an Independent Third Party, as to approximately 82%, 9% and 9%

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

respectively, and is therefore an associate of Mr. Wei under the Listing Rules. Mr. Wei, being an executive Director and a substantial shareholder of the Company, is a connected person of the Company, and hence Beijing Guorui Property, being an associate of Mr. Wei, is regarded as a connected person of the Company under the Listing Rules. As a result, the transactions contemplated under each of the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. Given that the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement are both related to the services provided by the Group to Beijing Guorui Group for its property projects, the transactions contemplated thereunder are required to be aggregated pursuant to Rules 14A.81 to 14A.83 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the highest Aggregated Annual Cap exceeds 5% and the Aggregated Annual Caps are more than HK\$10,000,000, the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement and the transactions contemplated thereunder are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising Mr. Tung Woon Cheung Eric, Ms. To Tsz Wan Vivien and Mr. Leung Louis Ho Ming (all being independent non-executive Directors) has been formed to advise the Independent Shareholders on whether the terms of the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement and the transactions contemplated thereunder, as well as the Proposed Annual Caps, are in the interests of the Company and the Independent Shareholders as a whole and to advise the Independent Shareholders on how to vote. We, Zijing Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in the regard.

As at the Latest Practical Date, we do not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. Apart from normal professional fees in connection with this appointment as the independent financial adviser, no other arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. We have not acted as an independent financial adviser to the Company's other transactions in the past two years, and accordingly, we are independent from the Company pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR ADVICE

In arriving at our recommendation, we have relied on the information and facts provided by the Company and have assumed that any representations made to us are true, accurate and complete. We have also 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 Company. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information, representations and opinions which have

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

been provided by the Directors and the management of the Company for which they are solely responsible, are true and accurate at the time they were made and will continue to be accurate at the date of the dispatch of the Circular.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular misleading.

In formulating our opinion, we consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion, and we have discussed with the management of the Company so as to assess the fairness and reasonableness of the terms of the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement as well as the respective Proposed Annual Caps. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the Directors and the management of the Company, nor have we conducted any independent investigation into the business and affairs of the Company, Beijing Guorui Property or their respective subsidiaries or associates. We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinion expressed herein, which may come or be brought to our attention after the Latest Practicable Date. Except for its inclusion in the Circular, this letter is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinions and recommendations, we have considered the following principal factors and reasons:

1. Background of the Group, AOCEAN Property Management and Beijing Guorui Property

1.1 Background information of the Group and AOCEAN Property Management

The Group is principally engaged in property development and investments in the PRC, the United States and the United Kingdom, and the provision of property management services in the PRC.

AOCEAN Property Management is a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the provision of property management services for office buildings, residential properties and car parks.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1.2 Financial performance of the Group

Set out below is a summary of the consolidated statements of profit or loss of the Group for each of two years ended 31 December 2021 and 2022 and the six months ended 30 June 2022 and 2023, which are extracted from the Group's annual report for the year ended 31 December 2022 (the "2022 Annual Report") and the Group's interim report for the six months ended 30 June 2023 (the "2023 Interim Report") respectively.

Consolidated statement of profit or loss

	For the year ended		For the six months ended	
	31 December		30 June	
	2021	2022	2022	2023
	(audited)	(audited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	331,335	352,276	180,061	169,507
Profit (loss) for the year/period attributable to Shareholders of the Company	207,625	(320,126)	22,179	39,275

As stated in the 2022 Annual Report, the revenue of the Group increased from approximately HK\$331.3 million for the year ended 31 December 2021 to approximately HK\$352.3 million for the year ended 31 December 2022, which was mainly attributable to the increase in the revenue generated from its continuing operations, including (i) the increase in revenue generated from the property management segment which reported segment revenue of approximately HK\$218.6 million for the year ended 31 December 2022 as compared to approximately HK\$205.2 million for the year ended 31 December 2021. In particular, the revenue generated from the rendering of property management services and other services in the property management segment was increased from HK\$195.4 million for the year ended 31 December 2021 to HK\$211.7 million for the year ended 31 December 2022, representing an increase of approximately 8.3%; and (ii) the increase in the property development and investment segment which reported segment revenue of approximately HK\$133.7 million for the year ended 31 December 2022 as compared to approximately HK\$126.2 million for the year ended 31 December 2021. The Group recorded a loss of approximately HK\$320.1 million for the year ended 31 December 2022 as compared to a profit attributable to Shareholders of the Company of approximately of HK\$207.6 million for the year ended 31 December 2021. The decrease in profit was mainly attributable to the following non-cash items, (i) the oneoff gain on disposal of discontinued operation of approximately HK\$143.0 million during the year ended 31 December 2021 while there is no such gain for the year ended 31 December 2022; (ii) decrease in the remeasurement gain upon transfer of certain properties held for sale to investment properties as compared to that

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recorded in the year of 2021 as less properties (originally held for sale) in the PRC were being leased out during the year of 2022; and (iii) increase in fair value loss on investment properties.

As stated in the 2023 Interim Report, the revenue of the Group decreased from approximately HK\$180.1 million for the six months ended 30 June 2022 to approximately HK\$169.5 million for the six months ended 30 June 2023, which was mainly attributable to (i) the decrease in the property management segment which reported segment revenue of approximately HK\$103.8 million for the six months ended 30 June 2023 as compared to approximately HK\$108.2 million for the six months ended 30 June 2022; and (ii) the decrease in the property development and investment segment which reported segment revenue of approximately HK\$65.7 million for the six months ended 30 June 2023 as compared to approximately HK\$71.9 million for the six months ended 30 June 2022. The Group recorded a profit of approximately HK\$39.3 million for the six months ended 30 June 2023, which represented an increase in profit by approximately HK\$17.1 million as compared to a profit of approximately HK\$22.2 million for the six months ended 30 June 2022, representing an increase of approximately 77.0%. The increase in profit was mainly attributable to the combined effect of (i) the increase of remeasurement gain upon transfer of certain properties held for sale to investment properties of approximately HK\$48.6 million; and (ii) the fair value loss of investment properties of approximately HK\$28.4 million during the period for the six months ended 30 June 2023.

1.3 Background information of Beijing Guorui Property

Beijing Guorui Property is a company established under the laws of the PRC with limited liability and is principally engaged in property development and investment business.

As at the Latest Practicable Date, Beijing Guorui Property is wholly-owned by Beijing Guorui Holdings Co. Limited* (北京國銳控股有限公司), which in turn is indirectly owned by Mr. Wei, Mr. Sun and Ms. Hazel Wong, an independent third party, as to 82%, 9% and 9%, respectively.

As at the Latest Practicable Date, Mr. Lin Houliang (林厚亮) is the sole director of Beijing Guorui Property.

1.4 Reasons for and benefits of the entering into the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement

As stated in the Letter from the Board, AOCEAN Property Management has a track record of providing property management services to some of the residential and commercial property projects developed by Beijing Guorui Group since 2004. Throughout the years, AOCEAN Property Management has been selected by Beijing Guorui Group through tender process for the management of a number of property projects developed by

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Beijing Guorui Group and a strong and stable business relationship has been developed. Further, since 2005, AOCEAN Property Management started to provide heat supply and maintenance services of heat exchange stations and facilities and pipeline networks to the property projects developed by Beijing Guorui Group.

As at the Latest Practicable Date, AOCEAN Property Management provided to Beijing Guorui Group its property management services and heat supply and maintenance services for 15 and 8 property projects, respectively.

The entering into of the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement allows the Group to continue to provide heat supply and maintenance services and property management services to the current and future property projects developed by Beijing Guorui Group respectively.

Based on the above, in particular that (i) it is the principal business of the Group to provide property management services and heat supply and maintenance services in its property management segment; (ii) business relationship between AOCEAN Property Management and Beijing Guorui Group is well-established; and (iii) the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement allows the Group to continue to provide heat supply and maintenance services and property management services to the current and future property projects developed by Beijing Guorui Group, we concur with the view of the Directors that the transactions contemplated under the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement are in the ordinary and usual course of business of the Group and that the entering of the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement are in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the 2024 New Heat Supply Services Agreement and the respective proposed annual caps

On 29 November 2023, AOCEAN Property Management and Beijing Guorui Property entered into the 2024 New Heat Supply Services Agreement, pursuant to which AOCEAN Property Management has agreed to provide heat supply and maintenance services of heat exchange stations and facilities and pipeline networks to the vacant units and units occupied by Beijing Guorui Group of certain property projects developed by Beijing Guorui Group.

The salient terms of the 2024 New Heat Supply Services Agreement are summarised as follows:

Date: 29 November 2023

Parties: (1) AOCEAN Property Management
(2) Beijing Guorui Property (for itself and for and on behalf of Beijing Guorui Group)

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- Term: From 1 January 2024 to 31 December 2026 (both days inclusive)
- Nature of transactions: AOCEAN Property Management shall provide to the members of Beijing Guorui Group heat supply and maintenance services of heat exchange stations and facilities and pipeline networks to the vacant units and units occupied by Beijing Guorui Group of certain property projects developed by Beijing Guorui Group.
- As at the Latest Practicable Date, the relevant property projects include (i) Fortune Street Phase One* (財滿街一期), Fortune Street Phase Two* (財滿街二期), Fortune Street Phase Three* (財滿街三期), Yigou project* (易購項目) and Golden Tower* (金長安大廈) in Chaoyang District, Beijing; (ii) Beijing Guorui Square* (國銳廣場) and Kingdom Guorui* (國銳•金嶺) in Daxing District, Beijing; and (iii) Beijing North Garden* (北花園) at Gaobeidian, Chaoyang District, Beijing.
- AOCEAN Property Management's responsibilities include (i) overseeing the daily operation and provision of repair and maintenance services of heat exchange station and facilities and the pipeline network to the vacant units and units occupied by Beijing Guorui Group of certain property projects developed by Beijing Guorui Group; and (ii) ensuring that the heat supply complies with governmental guidelines and standards, etc.
- Condition precedent: Subject to the compliance of the requirements under the Listing Rules (including but not limited to the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the 2024 New Heat Supply Services Agreement and the transactions contemplated thereunder (including the annual caps)), the 2024 New Heat Supply Services Agreement will become effective on 1 January 2024.
- Fees: Members of Beijing Guorui Group will be responsible for payment of the service fees in respect of vacant units which are delivered for use but not sold or units occupied by Beijing Guorui Group within the aforesaid property projects.

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For property units which are sold and occupied by Independent Third Party users, AOCEAN Property Management will charge the individual owners/tenants of the property units for the service fees directly.

As at the Latest Practicable Date, the range of standard service fees for residential properties in Beijing, the PRC is from RMB18 to RMB30 per square metre per heat supply season. The range of standard service fees for commercial properties in Beijing, the PRC is from RMB18 to RMB45 per square metre per heat supply season.

The heat supply service fees charged by AOCEAN Property Management to vacant residential property units occupied by Beijing Guorui Group is RMB18 per square metre per heat supply season whereas for commercial property units occupied by Beijing Guorui Group, the heat supply service fees is RMB45 (for Chengliu District) and RMB43 (for other districts) per square metre per heat supply season. AOCEAN Property Management does not provide heat supply services to vacant commercial property units owned by Beijing Guorui Group. AOCEAN Property Management makes reference to one contract with Independent Third Party users of each different property projects to ensure that the heat supply service fees charged to Beijing Guorui Group is not lower than the market price charged to Independent Third Party users.

The heat supply service fees per square metre per heat supply season charged to both residential and commercial properties are standardised. However, in any event, the service fees under the 2024 New Heat Supply Services Agreement shall not be lower than (a) the fees for similar heat supply services charged by AOCEAN Property Management to Independent Third Party users; and (b) the prices as stipulated by relevant laws and regulations (where applicable). The service fees will be payable on an annual basis by cash.

2.1 Pricing and Payment Terms

AOCEAN Property Management charges heat supply services fees in accordance with the prevailing heat supply prices as stipulated by the relevant regulatory authorities of the Beijing municipal government.

On 7 November 2019, the Beijing Municipal Commission of Development and Reform released the Notice Regarding Questions on the Adjustment of the Heat Supply Price for Non-Residential Purpose in the City (Jing Fa Gai [2019] No. 1545) (《關於調整本市非居民供熱價格有關問題的通知(京發改[2019]1545號)》), pursuant to which the heat supply price for non-residential purpose in Beijing was adjusted to RMB45 (for Chengliu District) and RMB43 (for other districts) per square metre for every heat supply season. If the floor height of the relevant non-residential property exceeds 4 metres, the heat supplier may charge heat supply price at a higher rate based on a prescribed formula, but such price shall not double the regulated price for property with floor height lower than 4 metres. Such heat supply government regulated prices have remained unchanged since its implementation.

On 17 October 2001, the Beijing Municipal Price Bureau issued the Notice Regarding the Adjustment of Residential-use Heat Supply Price and Ex-Factory Price of Heat from Thermal Power Plants for the City (Jing Jia (Shang) Zi [2001] No. 372) (《關於調整我市民用供熱價格和熱電廠熱力出廠價格的通知(京價(商)字[2001]372號)》), in which it was stipulated that the heat supply price for residential purpose in Beijing shall be adjusted to RMB30 per square metre for every heat supply season. Such heat supply government regulated prices have remained unchanged since its implementation.

Residential and commercial property units which are vacant are not subject to the abovementioned regulations yet, as currently they have not yet been imposed by the PRC government officially. Heat suppliers in Beijing generally, taking into account the guidance contract jointly issued by Beijing Municipal Commission of Urban Management and Beijing Municipal Administration for Market Regulation, charge heat supply price for vacant units at a rate approximately 40% lower than the abovementioned government regulated price.

The Directors are of the opinion that AOCEAN Property Management strictly complies with the heat supply government regulated prices of the regulatory authorities (*where applicable*), and charge at a price no less favourable than those chargeable to Independent Third Party users, for the purpose of charging heat supply fees under the 2024 New Heat Supply Services Agreement.

In assessing the terms under the 2024 New Heat Supply Services Agreement, we have (i) reviewed the Notice Regarding Questions on the Adjustment of the Heat Supply Price for Non-Residential Purpose in the City (Jing Fa Gai [2019] No. 1545) (《關於調整本市非居民供熱價格有關問題的通知(京發改[2019] 1545號)》) and the Notice Regarding the Adjustment of Residential-use Heat Supply Price and Ex-Factory Price of Heat from

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Thermal Power Plants for the City (Jing Jia (Shang) Zi [2001] No. 372) (《關於調整我市民用供熱價格和熱電廠熱力出廠價格的通知(京價(商)字[2001]372號)》) (collectively, the “**Notices**”), as well as the template heat supply contract for the residents of Beijing (北京市居民供熱採暖合同) jointly issued by Beijing Municipal Commission of Urban Management (北京市城市管理委員會) and Beijing Municipal Administration for Market Regulation (北京市市場監督管理局) (the “**Template Contract**”), we noted that the heat supply fees under the 2024 New Heat Supply Services Agreement are within the range of the regulated prices for non-residential and residential purpose stated in the Notices, and the heat supply fee charged for the vacant property units has determined with reference to the Template Contract is justifiable; (ii) obtained and reviewed two heat supply services contracts entered into between AOCEAN Property Management and Beijing Guorui Property under the 2024 New Heat Supply Services Agreement, one for residential property unit and one for commercial property unit by random sampling, and two sets of heat supply services contracts entered into between AOCEAN Property Management and Independent Third Parties for the same property project, one for residential property unit and one for commercial property unit (total in four heat supply services contracts) by random sampling (the “**Selected Samples**”), for the period covering the two years ended 31 December 2022 and the nine months ended 30 September 2023 (the “**Review Period**”) and noted that under all the heat supply services contracts reviewed by us, the heat supply fee charged to both Beijing Guorui Group and the Independent Third Parties were charged according to the government regulated heat supply prices as stipulated in the Notices. In addition, we have discussed with the management of the Company and noted that all the heat supply services contracts entered into by AOCEAN Property Management with either Beijing Guorui Property or Independent Third Parties during the Review Period were governed by the Notices. Further, we are also advised by the management of the Company that the contracts entered with Beijing Guorui Property were only related to vacant residential property units and occupied commercial property units while the contracts entered with Independent Third Parties were only related to occupied residential property units and occupied commercial property units, and there was no provision of heat supply services for vacant commercial property units owned by Beijing Guorui Group. As advised by the management of the Company, the Company entered only one contract for all vacant residential property units and occupied commercial property with Beijing Guorui Property for each of the property projects respectively, and hence there was total eight contracts entered with Beijing Guorui Property under the Review Period, while the Company entered with each of the individual owners/tenants of the occupied residential property units, total 12,156 contacts entered with Independent Third Parties under the Review Period. Although there is a large number of the contracts entered with Independent Third Parties for occupied residential property units and occupied commercial property units, in light of (a) all the heat supply services contracts entered with either Beijing Guorui Property or Independent Third Parties during the Review Period were governed by the Notices; (b) the heat supply service fees per square metre per heat supply season charged for both residential and commercial properties are standardised; (c) there is no contract entered with the Independent Third Parties for the vacant property units of neither residential property nor commercial property and no provision of heat supply services for vacant commercial property units; and (d) the Selected Samples cover the categories of vacant resident property units with Beijing Guorui Property, occupied residential property

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units with the Independent Third Parties, and occupied commercial property units with both Beijing Guorui Property and the Independent Third Parties, we believe that it is sufficient, fair and representative to obtain the Selected Samples; and (iii) obtained and reviewed the 2021 New Heat Supply Services Agreement, we noted that the salient terms of the 2024 New Heat Supply Services Agreement are substantially the same as the salient terms under 2021 New Heat Supply Services Agreement.

Based on the above, we concur with the views of the Directors that the terms under the 2024 New Heat Supply Services Agreement are on normal commercial term and are fair and reasonable so far as the Independent Shareholders are concerned.

2.2 Historical transaction amounts and the respective proposed annual caps

The table below summarises the actual transaction amounts, being the fees paid by Beijing Guorui Group to AOCEAN Property Management in respect of the heat supply services provided by AOCEAN Property Management for vacant property units and units occupied by Beijing Guorui Group for the two years ended 31 December 2022 and nine months ended 30 September 2023 under the 2021 New Heat Supply Services Agreement and their historical annual caps and utilisation rate.

	For the year ended 31 December 2021 (RMB)	For the year ended 31 December 2022 (RMB)	For the nine months ended 30 September 2023 (RMB)
Actual transaction amounts	4,192,619	2,599,405	2,019,423
Historical annual caps	10,000,000	11,000,000	12,100,000
Utilisation rate	42%	24%	17%

The proposed annual caps under the 2024 New Heat Supply Services Agreement for the three years ending 31 December 2026 are as follows:

	For the year ending 31 December 2024 (RMB)	For the year ending 31 December 2025 (RMB)	For the year ending 31 December 2026 (RMB)
Proposed annual caps	10,000,000	11,000,000	12,100,000

The proposed annual caps under the 2024 New Heat Supply Services Agreement have been determined by the Company after taking into account of (i) the historical actual transaction amounts as disclosed above; (ii) the estimated number of vacant units or units occupied by Beijing Guorui Group of the relevant property projects during the three years ending 31 December 2026; and (iii) the fees chargeable per square metre per heat supply season during such period as stipulated under the 2024 New Heat Supply Services Agreement.

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As stated in the Letter from the Board, regarding the heat supply service fee for the year ended 31 December 2023, as the official period for the heat supply season in Beijing starts from November of every year till March of the next year, the actual transaction amounts in respect of the heat supply services is expected to be further increased by approximately RMB2.0 million for the three months ended 31 December 2023. The increase was mainly attributable to (i) the increase of approximately 14,360 square metres of Kingdom Guorui* (國銳•金嶺), contributing the increase of heat supply service fees of approximately RMB646,000 (i.e. 14,360 square metres multiply by RMB45 per square metre per heat supply season); and (ii) the increase of approximately 65,600 square metres of Beijing North Garden* (北花園), contributing the increase of heat supply service fees of approximately RMB1,181,000 (i.e. 65,600 square metres multiply by RMB18 per square metre per heat supply season), for the provision of heat supply services commencing from the forth quarter of 2023. The expected increase of the actual transaction amounts in respect of the heat supply services for the year ended 31 December 2023, compared to the actual transaction amounts in respect of the heat supply services of approximately RMB2.60 million for the year ended 31 December 2022, will result in an utilisation rate of over 30% of the historical annual cap of the year 2023.

On the other hand, as at the Latest Practicable Date, one of the existing property projects of Beijing Guorui Group, Beijing North Garden* (北花園) is expected to expand with increment of approximately 75,390 square metres as vacant units during the three years ending 31 December 2026. The heat supply service fees is expected to increase by approximately RMB1,357,000 (i.e. 75,390 square metres multiply by RMB18 per square metre per heat supply season) each year commencing from the financial year of 2024. Moreover, AOCEAN Property Management is expected to provide heat supply services to (i) the headquarter of Beijing Guorui Property; (ii) the occupied units of Golden Tower* (金長安大廈); and (iii) the occupied units of Beijing Guorui Square* (國銳廣場), of which the aggregated floor area is approximately 39,500 square metres, during the three years ending 31 December 2026. The heat supply service fee is expected to increase by approximately RMB1,778,000 (i.e. 39,500 square metres multiply by RMB45 per square metre per heat supply season) for each year commencing from the financial year of 2024. The expected increment in vacant units of new heat supply services are the major factors in determining the proposed annual caps under the 2024 New Heat Supply Services Agreement.

Besides, as at the Latest Practicable Date, the standard service fees charged for residential properties in Beijing, the PRC ranged from RMB18 to RMB30 per square metre per heat supply season while for commercial properties the service fees were ranged from RMB18 to RMB45 (for Chengliu District) and RMB43 (for other districts) per square metre per heat supply season. In November 2019, the standard service fees charged for commercial properties was adjusted by an increment of RMB3 per square metre per heat supply season. By considering the possibility of increment of heat supply standard service fees during the three years ending 31 December 2026, which is expected to contribute an increase of heat supply service fees of approximately RMB885,000 (i.e. 295,000 square metres (expected total heat supply service area rendered to Beijing Guorui Group) multiply by RMB3 per square metre per heat supply season) for each year commencing from the financial year of 2024, this is another major factor for determining the proposed annual caps under the 2024 New Heat Supply Services Agreement.

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As mentioned above, (i) the annualised heat supply service fee projection during the year ended 31 December 2023; (ii) the increment of vacant units of one existing property project, Beijing North Garden* (北花園); (iii) provision of heat supply services to the headquarter of Beijing Guorui Property, the occupied units of Golden Tower* (金長安大廈) and Beijing Guorui Square* (國銳廣場); and (iv) the possibility of increment of standard heat supply service fees are important factors in determining the proposed annual caps for the three years ending 31 December 2026 under the 2024 New Heat Supply Services Agreement. Therefore, the proposed annual caps, excluding heat supply service fees charged to Independent Third Parties under the 2024 New Heat Supply Services Agreement, is considered to be fair and reasonable for the three years ending 31 December 2026 under the 2024 New Heat Supply Services Agreement.

In assessing the fairness and reasonableness of the proposed annual caps under the 2024 New Heat Supply Services Agreement, we have obtained and reviewed the calculations in arriving the estimated fees chargeable by AOCEAN Property Management provided by the Company, which is calculated as the multiple of estimated area in square metre remained vacant and estimated area occupied by Beijing Guorui Group during the period and the fee chargeable per square metre as stipulated under the 2024 New Heat Supply Services Agreement.

In reviewing the calculation of the annual caps under the 2024 New Heat Supply Services Agreement, we noted that (i) the Company has taken into account the estimated area in square metre of the remaining vacant units and units occupied by Beijing Guorui Group of the property projects as at the Latest Practicable Date by annualising the heat supply service fee projection for the year ended 31 December 2023, as well as the estimated area in square metre from the expansion of one existing property project named Beijing North Garden* (北花園) with increment of approximately 75,390 square metres as vacant units in aggregate by contributing approximately RMB1,357,000 for the year ending 31 December 2024 and the new property projects for the provision of heat supply services to (i) the headquarter of Beijing Guorui Property; (ii) the occupied units of Golden Tower* (金長安大廈); and (iii) the occupied units of Beijing Guorui Square* (國銳廣場), of which the aggregated floor area is approximately 39,500 square metres, which is expected to be commenced in 2024. As advised by the management of the Company, the expansion of Beijing North Garden* (北花園) is expected to be completed in 2024, and together with the new property projects for the provision of heat supply services to the headquarter of Beijing Guorui Property, the occupied units of Golden Tower* (金長安大廈), and the occupied units of Beijing Guorui Square* (國銳廣場) are the major factors in determining the proposed annual caps under the 2024 New Heat Supply Services Agreement by contributing approximately RMB1,778,000 in aggregate; (ii) there is an increase of over 50% in the annualised transaction amounts in respect of the heat supply services for the year ended 31 December 2023 as compared to the actual transaction amounts in respect of the heat supply services of approximately RMB2.60 million for the year ended 31 December 2022, resulting an utilisation rate of over 30% for the year ended 31 December 2023. As advised by the management of the Company, the official period for the heat supply season in Beijing is starting from November of every year till March of the next year, thus the actual transaction amounts in respect of the heat supply services is

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expected to be further increased of approximately RMB2.0 million for the three months ended 31 December 2023, which was mainly attributable to (i) the increase of approximately 14,360 square metres of Kingdom Guorui* (國銳•金嶺); and (ii) the increase of approximately 28,500 square metres of Beijing North Garden* (北花園), for the provision of heat supply services commencing from the forth quarter of 2023. As such, we consider that the expected increase in the transaction amounts of the heat supply services for the three months ended 31 December 2023 is reasonably determined; and (iii) the calculation in relation to the fee chargeable as stipulated under the 2024 New Heat Supply Services Agreement has considered the possibility of an increment of RMB3 per square metre per heat supply season on the standard heat supply service fees for the three years ending 31 December 2026. According to the Notices as mentioned in the above section headed “2.1 Pricing and Payment Terms”, we noted that the regulated heat supply service fees charged for commercial properties was adjusted by an increment of RMB3 per square metre per heat supply season in November 2019. As such, we consider that the assumption of the possibility of increment in the regulated heat supply fees during the three years ending 31 December 2026 for determining the proposed annual caps under the 2024 New Heat Supply Services Agreement is justifiable.

In addition, we also noted from the calculations that it is expected to have 10% increase in heat supply service fee payable for the respective years ending 31 December 2025 and 2026. As advised by the management of the Company, such increase is based on the historical growth of the Group’s business in relation to the property management segment. We noted from the financial performance of the Group for the two years ended 31 December 2021 and 2022 as stated in the 2022 Annual Report, the revenue generated from the property management segment increased from approximately HK\$205.2 million for the year ended 31 December 2021 to approximately HK\$218.6 million for the year ended 31 December 2022. In particular, the revenue generated from the rendering of property management services and other services in the property management segment was increased from HK\$195.4 million for the year ended 31 December 2021 to HK\$211.7 million for the year ended 31 December 2022, representing an increase of approximately 8.3%. which is in line with the gradual increase of proposed annual caps under the 2024 New Heat Supply Services Agreement for the three years ending 31 December 2024, 2025 and 2026.

Having considered (i) the annualised heat supply service fee projection on the property projects for the year ended 31 December 2023 will be continued for the provision of the heat supply services for the year ending 31 December 2024 on an ongoing basis; (ii) the expansion of Beijing North Garden* (北花園) and the new property projects for the provision of heat supply services to the headquarter of Beijing Guorui Property, the occupied units of Golden Tower* (金長安大廈), and the occupied units of Beijing Guorui Square* (國銳廣場) for the year ending 31 December 2024; (iii) there is an increase of over 50% in the annualised transaction amounts in respect of the heat supply services for the year ended 31 December 2023 as compared to the actual transaction amounts for the year ended 31 December 2022; (iv) the possibility of increment of RMB3 per square metre per heat supply season on the standard heat supply service fees during the three years ending 31 December 2026 is justifiable; and (v) the expected 10% increase in heat supply

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service fee payable for the respective years ended 31 December 2025 and 2026 is in line with the historical growth of the Group's business in relation to the property management segment, we concur the view of the Directors that the bases and assumptions adopted by the Group in arriving the proposed annual caps under the 2024 New Heat Supply Services Agreement are reasonably determined, and we are of the view that the proposed annual caps under the 2024 New Heat Supply Services Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

3. Principal terms of the 2024 New Property Management Agreement and the respective proposed annual caps

On 29 November 2023, AOCEAN Property Management and Beijing Guorui Property entered into the 2024 New Property Management Agreement, pursuant to which AOCEAN Property Management has agreed to provide property management services to the vacant units and unit occupied by Beijing Guorui Group of certain property projects developed by Beijing Guorui Group.

The salient terms of the 2024 New Property Management Agreement are summarised as follows:

Date:	29 November 2023
Parties:	(1) AOCEAN Property Management (2) Beijing Guorui Property (for itself and for and on behalf of Beijing Guorui Group)
Term:	From 1 January 2024 to 31 December 2026 (both days inclusive)
Premises:	Property units designated by Beijing Guorui Property under its property projects, including (i) vacant units which are delivered for use but not sold; and (ii) units occupied by Beijing Guorui Group.

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As at the Latest Practicable Date, the relevant property projects include (i) Fortune Street Phase One* (財滿街一期), Fortune Street Phase Two* (財滿街二期), Fortune Street Phase Three* (財滿街三期), Yigou project* (易購項目), Golden Tower* (金長安大廈) and Guorui Business Center* (國銳商務中心) in Chaoyang District, Beijing; (ii) Beijing Guorui Square* (國銳廣場) and Kingdom Guorui* (國銳•金嶺) in Daxing District, Beijing; (iii) Beijing North Garden* (北花園) at Gaobeidian, Chaoyang District, Beijing; (iv) Majuqiao Project* (馬駒橋項目) at Tongzhou District, Beijing; and (v) Sanya Project* (三亞項目), Yixing Project* (宜興項目), Chengdu Project* (成都項目) and Changzhou Project* (常州項目).

Nature of transactions: AOCEAN Property Management is responsible for (i) safekeeping of the keys of the vacant units; (ii) carrying out monthly inspections of the vacant units and keeping records accordingly; (iii) carrying out monthly cleaning of the vacant units; (iv) inspecting the vacant units during bad weather conditions; (v) providing security services; and (vi) maintaining and managing facilities and assets for public use, etc.

Moreover, for particular property units, AOCEAN Property Management will also provide initial clean up services after completion of their construction (the “**Initial Clean Up Services**”).

Condition precedent: Subject to the compliance of the requirements under the Listing Rules (including but not limited to the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the 2024 New Property Management Agreement and the transactions contemplated thereunder (including the annual caps)), the 2024 New Property Management Agreement will become effective on 1 January 2024.

Fees: The management fee ranges from RMB0.80 to RMB33.60 per square metre per month for different types of property units, payable on an annual basis by cash.

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The management fees charged to residential property units owned by Independent Third Party users range from RMB0.80 to RMB6.52. The management fees charged to commercial property units occupied by Independent Third Party users ranges from RMB0.98 to RMB33.60.

The management fees charged to vacant residential property units owned by Beijing Guorui Group range from RMB1.25 to RMB6.52. The management fees charged to commercial property units occupied by Beijing Guorui Group ranges from RMB2.22 to RMB33.60.

AOCEAN Property Management makes reference to one contract with Independent Third Party users of each different property projects (i.e. residential property projects and commercial property projects) to ensure the property management fees charged to Beijing Guorui Group is not lower than the market price charged to Independent Third Party users.

The management fees for each property project will be determined based on the specific circumstances of each property project, including the location, size, nature (i.e. commercial or residential) and other construction specifications of the relevant properties, and the requirement of resources on the part of AOCEAN Property Management. For instance, AOCEAN Property Management is required to provide extra repair and maintenance services for commercial property projects, in order to maintain a good building appearance for attracting potential tenants. As to residential property projects they would be charged at different range of management fees depending on the size of common area for the purpose of preserving them for different environmental purposes.

In any event, the management fees under the 2024 New Property Management Agreement shall not be lower than (a) the fees for similar property management services charged by AOCEAN Property Management to Independent Third Party users; and (b) the prices as stipulated by relevant laws and regulations (where applicable).

For the Initial Clean Up Services, AOCEAN Property Management charges a fee calculated based on its actually incurred disbursement plus a margin of 10%.

3.1 Pricing and Payment Terms

AOCEAN Property Management charges property management fees in accordance with the applicable laws and regulations of the relevant government authorities, the details of which are set out below.

As stipulated in Article 5 of the Measures on the Administration of Property Service Charges in Beijing (《北京市物業服務收費管理辦法(試行)》) (the “**Measures**”) issued by Beijing Municipal Commission of Development and Reform in 2005 under Jing Fa Gai [2005] No. 2662 (京發改[2005]2662號), either the market adjusted price or government regulated price shall apply to property service charges in Beijing. In respect of those property service charges to which the market-adjusted price applies, the charge rates shall be stipulated in a property service contract to be entered into by the landlord and the property management enterprise. In respect of those property service charges to which the government regulated prices apply, the basic charge rates and range of adjustments shall be formulated by the competent municipal price authorities together with the competent property administrative authorities.

Pursuant to Article 6 of the Measures, the types of property adopting the government regulated price shall include economically affordable housing communities, and communities in which unsafe buildings are rebuilt into replacement housing. The property units under the management of AOCEAN Property Management fall into the category of either general residential property or commercial property, for which the market-adjusted price shall be implemented instead of the government regulated price. In other words, AOCEAN Property Management is entitled to independently negotiate and fix the charge rates with the landlord in accordance with the prevailing market price levels and charging practices in the industry, and taking into account the nature, quality, location etc. of the relevant properties.

In accordance with the Measures, AOCEAN Property Management will collect property management fees based on the market-adjusted price approach under the 2024 New Property Management Agreement. The charge rates and fee calculation methods have been specifically stipulated in the said agreement. Based on the aforesaid, the Directors are of the opinion that AOCEAN Property Management strictly complies with the Measures in respect of the charges and fees under the 2024 New Property Management Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In assessing the terms under the 2024 New Property Management Agreement, we have (i) reviewed the abovementioned Measures, and advised by the management of the Company that AOCEAN Property Management strictly complies with the Measures in respect of the charges and fees; (ii) discussed with the management of the Company and noted that the basis in determining the fee was primarily based on, among others, the location, size, nature (i.e. commercial or residential) and other construction specifications of the relevant properties, and the requirement of resources on the part of AOCEAN Property Management. In general, the management fee for commercial properties would be charged at a higher rate than residential properties and properties which required more resources from AOCEAN Property Management would be charged at a higher rate than those required less resources from AOCEAN Property Management; (iii) obtained and reviewed the property management contracts entered into between AOCEAN Property Management and Beijing Guorui Property for the property projects which can have relevant contracts with both Beijing Guorui Property and Independent Third Parties respectively (totally five residential property projects and three commercial property projects) under the 2024 New Property Management Agreement and at least one property management contract entered into between AOCEAN Property Management and Independent Third Parties for the same property project by random sampling during the Review Period and noted that (a) the property management fees charged to the Independent Third Parties are comparable to the fees charged to Beijing Guorui Group for the property projects under the 2024 New Property Management Agreement; (b) the management fee charged for the commercial property units and the residential property units is in line with the management fee charged within the range from RMB0.80 to RMB33.60 per square metre per month for different types of property projects under the 2024 New Property Management Agreement as stated in the Letter from the Board. In addition, as confirmed by the Directors, the Company always make reference to one contract with Independent Third Party users to ensure that the management fees charged to Beijing Guorui Group is not lower than the market price charged to Independent Third Party users; and (c) the property management fees charged per square metre per month to the Independent Third Parties for the same property project are consistent. As such, we believe that it is sufficient, fair and representative to obtain at least one property management contracts for each property project as sample contracts; and (iv) obtained and reviewed the 2021 New Property Management Agreement, we noted that the salient terms of the 2024 New Property Management Agreement are substantially the same as the salient terms under the 2021 New Property Management Agreement. Based on the above, we concur with the views of the Directors that the terms under the 2024 New Property Management Agreement are on normal commercial term and are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3.2 Historical transaction amounts and the respective proposed annual caps

The table below summarises the actual transaction amounts, being the fees paid by Beijing Guorui Group to AOCEAN Property Management in respect of the property management services provided by AOCEAN Property Management for vacant property units and units occupied by Beijing Guorui Group for the two years ended 31 December 2022 and nine months ended 30 September 2023 under the 2021 New Property Management Agreement and their historical annual caps and utilisation rate.

	For the year ended 31 December 2021 (RMB)	For the year ended 31 December 2022 (RMB)	For the nine months ended 30 September 2023 (RMB)
Actual transaction amounts	25,786,198	19,434,303	19,635,532
Historical annual caps	47,500,000	52,250,000	57,475,000
Utilisation rate	54%	37%	34%

The proposed annual caps under the 2024 New Property Management Agreement for the amount receivable by AOCEAN Property Management for the three years ending 31 December 2026 are as follows:

	For the year ending 31 December 2024 (RMB)	For the year ending 31 December 2025 (RMB)	For the year ending 31 December 2026 (RMB)
Proposed annual caps	47,500,000	52,250,000	57,475,000

As stated in the Letter from the Board, regarding the property management fee for the year ended 31 December 2023, the actual transaction amounts in respect of the property management is expected to be further increased by approximately RMB6.5 million for the three months ended 31 December 2023, mainly due to the increase of the new property projects of approximately 14,490 square metres in aggregate for the Sanya Project* (三亞項目), Yixing Project* (宜興項目), Chengdu Project* (成都項目) and Changzhou Project* (常州項目) as well as Guorui Business Center* (國銳商務中心) for the provision of property management services commenced in 2023, which is expected to contribute approximately RMB1,461,000 (i.e. 14,490 square metres multiply by monthly property management fees of RMB33.60 per square metre) for the forth quarter of 2023. The expected increase of the actual transaction amounts in respect of the property management fee for the year ended 31 December 2023, compared to the actual transaction amounts in respect of the property management fee of approximately RMB19.40 million for the year ended 31 December 2022, will result in an utilisation rate of over 40% of the historical annual cap of the year 2023.

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The proposed annual caps have been determined by the Company after taking into account of (i) the historical actual transaction amounts as disclosed above; (ii) the estimated number of vacant units or units occupied by Beijing Guorui Group of the relevant property projects during the three years ending 31 December 2026; and (iii) the fees chargeable per square metre per month during such period as stipulated under the 2024 New Property Management Agreement.

On the other hand, as disclosed in the Letter from the Board, one of the existing property projects of Beijing Guorui Property, Beijing North Garden* (北花園) is expected to expand with increment of approximately 75,390 square metres as vacant units during the three years ending 31 December 2026. The property management fee is expected to increase by approximately RMB1,131,000 (i.e. 75,390 square metres multiply by property management fees of RMB15 per square metre per year (i.e. RMB1.25 per square metre per month, which make reference to the historical property management fees charged to vacant units of Beijing North Garden* (北花園))) each year during the three years ending 31 December 2026. Moreover, AOCEAN Property Management established a branch in Guangzhou in October 2023 for providing property management services to two new property projects, which are located in Huangpu district and Huadu district, respectively, developed by Beijing Guorui Group, contributing an increment of approximately 112,420 square metres as vacant units during three years ending 31 December 2026. The property management fees is expected to increase by approximately RMB13,490,000 (i.e. 112,420 square metres multiply by property management fees of RMB120 per square metre per year (i.e. RMB10 per square metre per month, which make reference to the AOCEAN Property Management's forecast towards those property projects)) each year during the three years ending 31 December 2026. The expected increment in vacant units and two new property projects in Guangzhou are the major factors in determining the proposed annual caps under the 2024 New Property Management Agreement.

Besides, as at the Latest Practicable Date, the management fee ranged from RMB0.80 to RMB33.60 per square metre per month for different types of property units. Compared to 2021 New Property Management Agreement, the increment of minimum management fee ranged from RMB0.49 to RMB0.80 per square metre per month. Therefore, this is another major factor in determining the proposed annual caps under the 2024 New Property Management Agreement.

As mentioned above, (i) the increment of vacant units of one existing property project, Beijing North Garden* (北花園); (ii) the provision of property management services to the two new property projects, which are developed by Beijing Guorui Group in Guangzhou; and (iii) the increase in the minimum management fee per square metre per month, are important factors in determining the proposed annual caps for the three years ending 31 December 2026 under the 2024 New Property Management Agreement. Therefore, the proposed annual caps, excluding property management fees charged to Independent Third Parties, under the 2024 New Property Management Agreement, is considered to be fair and reasonable for the three years ending 31 December 2026 under the 2024 New Property Management Agreement.

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In assessing the fairness and reasonableness of the proposed annual caps under the 2024 New Property Management Agreement, we have obtained and reviewed the calculations in arriving the estimated property management fees chargeable by AOCEAN Property Management provided by the Company, which is calculated as the multiple of estimated area in square metre remained vacant and estimated area occupied by Beijing Guorui Group during the period and the fee chargeable per square metre as stipulated under the 2024 New Property Management Agreement.

In reviewing the calculation of the annual caps under the 2024 New Property Management Agreement, we noted that (i) the Company has taken into account the estimated area in square metre of the remaining vacant units and units occupied by Beijing Guorui Group of the property projects as at the Latest Practicable Date, as well as the estimated area in square metre from the expansion of one existing property project named Beijing North Garden* (北花園) with increment of approximately 75,390 square metres as vacant units in aggregate by contributing approximately RMB1,131,000 for the year ending 31 December 2024 and two new property projects developed by the Beijing Guorui Group will be taken up by the newly established branch of AOCEAN Property Management in Guangzhou, which are located in Huangpu district and Huadu district, contributing an increment of approximately 112,420 square metres as vacant units in aggregate for the year ending 31 December 2024 by contributing approximately RMB13,490,000, as advised by the management of the Company, both of which are the major factors in determining the proposed annual caps under the 2024 New Property Management Agreement; (ii) there is an increase of over 30% in the expected transaction amounts in respect of the property management services for the year ended 31 December 2023 as compared to the actual transaction amounts in respect of the property management services of approximately RMB19.4 million for the year ended 31 December 2022, resulting an utilisation rate of over 40% for the year ended 31 December 2023, which was mainly attributable to the increase of the new property projects of approximately 14,490 square metres in aggregate for the Sanya Project* (三亞項目), Yixing Project* (宜興項目), Chengdu Project* (成都項目) and Changzhou Project* (常州項目) as well as Guorui Business Center* (國銳商務中心) for the provision of property management services commencing in 2023 by contributing approximately RMB1,461,000. As such, we consider that the expected increase in the transaction amounts of the property management services for the three months ended 31 December 2023 is reasonably determined; and (iii) the calculation in relation to the fee chargeable as stipulated under the 2024 New Property Management Agreement has considered the increment of minimum management fee charged to Beijing Guorui Group. As advised by the management of the Company, the minimum management fee of RMB0.49 per square metre per month under the 2021 New Property Management Agreement will be increased to RMB0.80 per square metre per month of the property units designated by Beijing Guorui Property under its property projects due to the increasing of labor costs and other relevant costs.

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In addition, we also noted from the calculations that it is expected to have 10% increase in property management fee payable for the respective years ending 31 December 2025 and 2026. As advised by the management of the Company, similar to the calculation on the proposed annual caps under the 2024 New Heat Supply Services Agreement, such increase is based on the historical growth of the Group's business in relation to the property management segment. Based on our analysis on the financial performance of the Group as abovementioned in respect of the 2024 New Heat Supply Services Agreement, the gradual increase of proposed annual caps under the 2024 New Property Management Agreement for the three years ending 31 December 2024, 2025 and 2026 is in line with the historical growth in the revenue generated from the rendering of property management services and other services in the property management segment of the Group for the year ended 31 December 2022 as compared to the previous year of 2021.

Having considered (i) the property management fee projection on the property projects including the new property projects for the Sanya Project* (三亞項目), Yixing Project* (宜興項目), Chengdu Project* (成都項目) and Changzhou Project* (常州項目) as well as Guorui Business Center* (國銳商務中心) for the provision of property management services commenced in 2023 will be continued for the provision of the property management services for the year ending 31 December 2024 on an ongoing basis; (ii) the expansion of Beijing North Garden* (北花園) and two new property projects, which are located in Huangpu district and Huadu district, respectively, developed by Beijing Guorui Group for the year ending 31 December 2024; (iii) there is an increase of over 30% in the expected transaction amounts in respect of the property management services for the year ended 31 December 2023 as compared to the actual transaction amounts for the year ended 31 December 2022; (iv) the increment of minimum management fee charged to Beijing Guorui Group due to the increasing of labor costs and other relevant costs; and (v) the expected 10% increase in management fee payable for the respective years ended 31 December 2025 and 2026 is in line with the historical growth of the Group's business in relation to the property management segment, we concur the view of the Directors that the bases and assumptions adopted by the Group in arriving the proposed annual caps under the 2024 New Property Management Agreement are reasonably determined, and we are of the view that the proposed annual caps under the 2024 New Property Management Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

LISTING RULES IMPLICATIONS

The continuing connected transactions under the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement are subject to the annual review requirements under the Rule 14A.55 to 14A.59 of the Listing Rules. In particular,

- a) the independent non-executive Directors must review the continuing connected transactions under the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement every year and confirm in the annual report whether the transactions have been entered into:

- (1) in the ordinary and usual course of business of the Group;

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- (2) on normal commercial terms or better; and
 - (3) according to the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement governing the relevant transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.
- b) every year the auditors of the Company must provide a letter to the Board and provide a copy of such letter to the Stock Exchange, confirming whether anything has come to their attention that causes them to believe that the continuing connected transactions under the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement:
- (1) have not been approved by the Board;
 - (2) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;
 - (3) were not entered into, in all material respects, in accordance with the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement governing the transactions; and
 - (4) have exceeded the respective Proposed Annual Caps.
- c) the Company will comply with all other relevant requirements under the Listing Rules.

In addition, as stated in the Letter from the Board, the Company will take the following measures for monitoring the pricing and terms of the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement respectively and for ensuring that the transactions conducted thereunder are entered into on normal commercial terms:

- (1) continuously monitoring and checking the government regulated heat supply prices, in order to ensure that the price paid by property owners remains consistent with the government regulated prices;
- (2) complying with the Company's internal control measures in relation to connected transactions, in order to ensure that the heat supply prices charged by AOCEAN Property Management and the relevant terms of the 2024 New Heat Supply Services Agreement are compliant with the government regulated prices or not lower than the market price chargeable to Independent Third Party users (where applicable). AOCEAN Property Management will strictly implement the latest heat supply prices in accordance with the government regulated prices;

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- (3) continuously monitoring and checking the relevant laws and regulations on property management prices, in order to ensure that the price paid by property owners pursuant to the 2024 New Property Management Agreement remains consistent with the requirements pursuant to the relevant laws and regulations; and
- (4) complying with the Company's relevant internal control measures in relation to connected transactions, in order to ensure that the property management prices charged by AOCEAN Property Management are not lower than the price chargeable to Independent Third Parties and the relevant terms of the 2024 New Property Management Agreement are no less favourable to the Company than those available to or from Independent Third Parties.

We noted from the 2022 Annual Report, the Board has reviewed the effectiveness of the internal control policies and procedures of the Group, including those related to financial reporting and Listing Rules compliance and the management of the Group also conveyed confirmation of the effectiveness of the risk management and internal control systems to the Board and the Audit Committee. Furthermore, as confirmed by the Directors that the Group has adopted the internal control procedures over the continuing connected transactions of the Company (including the transactions contemplated under the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement) as described in the section headed "Internal Control" in the Letter from the Board.

In light of the annual review requirements attached to the transactions contemplated under the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement, in particular, (i) the restriction of the value of the transactions contemplated under the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement by way of the Proposed Annual Caps; (ii) the ongoing review by the independent non-executive Directors and the auditors of the Company on the terms of the transactions contemplated under the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement and the Proposed Annual Caps not being exceeded; and (iii) the relevant internal control measures taking by the Group, we are of the view that appropriate measures are in place to govern the conduct of the transactions contemplated under the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement and safeguard the interests of the Independent Shareholders.

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RECOMMENDATION

Having considered the principal factors and reasons discussed above, we are of the view that (i) the entering into the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement are fair and reasonable and in the ordinary and usual course of business of the Group, and is in the interests of the Group and the Shareholders as a whole; (ii) the terms of the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement are on normal commercial terms, are fair and reasonable so far as the Company and the Independent Shareholders are concerned and are in the interests of the Group and the Shareholders as a whole; and (iii) the respective Proposed Annual Caps are reasonably determined, and are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders and recommend the Independent Shareholders to vote in favor of the relevant resolutions to be proposed at the EGM to approve the 2024 New Heat Supply Services Agreement and the 2024 New Property Management Agreement, and the respective Proposed Annual Caps thereof.

Yours faithfully,
For and on behalf of
Zijing Capital Limited
Lu Ting Pong Johnny
Executive Director

Mr. Lu Ting Pong Johnny is a licensed person and the responsible officer of Zijing Capital Limited registered with the Securities and Futures Commission of Hong Kong to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 15 years of experience in corporate finance industry.

The English names of Chinese entities marked with “” are translations of their Chinese names and are included for identification purpose only, and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese name prevails.*

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

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

Name of Directors	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate percentage of the total number of issued shares capital
Mr. Sun Zhongmin	Beneficial owner	136,752,350 (L)	117,756,660 (L)	254,509,010 (L)	7.95%
Mr. Wei Chunxian	Interest of controlled corporation	2,246,160,464 (L)	1,342,317,340 (L)	3,588,477,804 (L)	112.16%

(L) denotes long position

Notes:

1. Wintime Company Limited is interested in 1,434,421,537 shares and 1,342,317,340 underlying shares of aggregate principal amount of convertible bonds of HK\$1,073,853,872 issued by the Company at conversion price of HK\$0.80 per share on 17 August 2018 and 31 December 2021. Wintime Company Limited is wholly-owned by Widewealth Company Limited, the holding vehicle incorporated in the British Virgin Islands used by Trident Trust Company (B.V.I.) Limited, the trustee of a discretionary trust, namely St. Heliers Trust, of which Mr. Wei Chunxian is the settlor and a beneficiary. Accordingly, each of Widewealth Company Limited and Mr. Wei Chunxian is deemed to be interested in the shares and underlying shares held by Wintime Company Limited under the SFO.

2. 811,738,927 shares are held by Gang Rui International Investment (HK) Limited. Gang Rui International Investment (HK) Limited is owned as to 90% and 10% by Beijing Guorui Real Estate Development Co. Limited* (北京國銳房地產開發有限公司) and Future Glow Ventures Inc. respectively. Future Glow Ventures Inc. is wholly-owned by Mr. Wei Chunxian. Beijing Guorui Real Estate Development Co. Limited* (北京國銳房地產開發有限公司) is directly wholly-owned by Beijing Guorui Holdings Company Limited* (北京國銳控股有限公司), which is in turn wholly-owned by Beijing Qingquan Ruiyuan Business Management Co., Ltd.* (北京清泉銳遠商業管理有限公司), which is in turn wholly-owned by Beijing Ruilong Business Management Co., Ltd.* (北京銳隆商業管理有限公司), which is in turn wholly-owned by Beijing Guorui Enterprise Management Group Co., Ltd.* (北京國銳企業管理集團有限公司), which is in turn wholly-owned by Beijing Gangrui Enterprise Management Development Co., Ltd.* (北京港銳企業管理發展有限公司), which is in turn wholly-owned by Beijing Yiyue Business Management Co., Ltd.* (北京宜越商業管理有限公司), which is in turn wholly-owned by Well Hero Holdings Ltd (宜越集團有限公司), which is in turn wholly-owned by Wish Diligence Ltd (望勤有限公司), which is ultimately owned by Mr. Wei Chunxian (through Fair Development Holdings Ltd, a company wholly-owned by Mr. Wei Chunxian), Mr. Sun Zhongmin and an independent third party as to 82%, 9% and 9%, respectively. Each of Wish Diligence Ltd (望勤有限公司), Fair Development Holdings Ltd and Mr. Wei Chunxian is deemed to be interested in the Shares held by Gang Rui International Investment (HK) Limited under the SFO.
3. Mr. Sun Zhongmin is interested in 117,756,660 underlying shares pursuant to convertible bonds in the principal amount of HK\$94,205,328 issued by the Company at the conversion price of HK\$0.80 per share on 17 August 2018 and 31 December 2021.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of the Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required, to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

3. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

To the best of the Directors' knowledge, as at the Latest Practicable Date, the following persons (not being the Director or chief executive of the Company) had, or were deemed to have, interests or short positions in Shares or underlying Shares 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 or who were directly or indirectly interested in 5% or more of the issued voting shares of any other member of the Group, or which were recorded in the register required to be kept under section 336 of the SFO:

Name of Directors	Nature of interests	Number of ordinary shares held	Number of underlying shares held	Total interests as percentage of the total number of issued shares
Wintime Company Limited (<i>Note 1</i>)	Beneficial owner	1,434,421,537	–	44.83%
	Beneficial owner	–	1,342,317,340	41.96%
Widewealth Company Limited (<i>Note 1</i>)	Interest in Controlled Corporation	1,434,421,537	–	44.83%
	Interest in Controlled Corporation	–	1,342,317,340	41.96%
Trident Trust Company (B.V.I.) Limited (<i>Note 1</i>)	Trustee of a trust	1,434,421,537	–	44.83%
	Trustee of a trust	–	1,342,317,340	41.96%
Gang Rui International Investment (HK) Limited (<i>Note 2</i>)	Beneficial owner	811,738,927	–	25.37%
Wish Diligence Limited	Interest in Controlled Corporation	811,738,927	–	25.37%
Fair Development Holdings Limited (<i>Note 2</i>)	Interest in Controlled Corporation	811,738,927	–	25.37%

Notes:

- Wintime Company Limited is interested in 1,434,421,537 shares and 1,342,317,340 underlying shares pursuant to convertible bonds in the principal amount of HK\$1,073,853,872 issued by the Company at conversion price of HK\$0.80 per share on 17 August 2018 and 31 December 2021. Wintime Company Limited is wholly-owned by Widewealth Company Limited, the holding vehicle incorporated in the British Virgin Islands used by Trident Trust Company (B.V.I.) Limited, the trustee of a discretionary trust, namely St. Heliers Trust, of which Mr. Wei Chunxian is the settlor and a beneficiary. Accordingly, each of Widewealth Company Limited and Mr. Wei Chunxian is deemed to be interested in the shares and underlying shares held by Wintime Company Limited under the SFO.

2. 811,738,927 shares are held by Gang Rui International Investment (HK) Limited. Gang Rui International Investment (HK) Limited is owned as to 90% and 10% by Beijing Guorui Real Estate Development Co. Limited* (北京國銳房地產開發有限公司) and Future Glow Ventures Inc. respectively. Future Glow Ventures Inc. is wholly-owned by Mr. Wei Chunxian. Beijing Guorui Real Estate Development Co. Limited* (北京國銳房地產開發有限公司) is directly wholly-owned by Beijing Guorui Holdings Company Limited* (北京國銳控股有限公司), which is in turn wholly-owned by Beijing Qingquan Ruiyuan Business Management Co., Ltd.* (北京清泉銳遠商業管理有限公司), which is in turn wholly-owned by Beijing Ruilong Business Management Co., Ltd.* (北京銳隆商業管理有限公司), which is in turn wholly-owned by Beijing Guorui Enterprise Management Group Co., Ltd.* (北京國銳企業管理集團有限公司), which is in turn wholly-owned by Beijing Gangrui Enterprise Management Development Co., Ltd.* (北京港銳企業管理發展有限公司), which is in turn wholly-owned by Beijing Yiyue Business Management Co., Ltd.* (北京宜越商業管理有限公司), which is in turn wholly-owned by Well Hero Holdings Ltd (宜越集團有限公司), which is in turn wholly-owned by Wish Diligence Ltd (望勤有限公司), which is ultimately owned by Mr. Wei Chunxian (through Fair Development Holdings Ltd, a company wholly-owned by Mr. Wei Chunxian), Mr. Sun Zhongmin and an independent third party as to 82%, 9% and 9%, respectively. Each of Wish Diligence Ltd (望勤有限公司), Fair Development Holdings Ltd and Mr. Wei Chunxian is deemed to be interested in the Shares held by Gang Rui International Investment (HK) Limited under the SFO.

Save as disclosed above, as at the Latest Practicable Date, so far as the Directors and chief executive of the Company are aware, none of the Directors held any directorship or had any employment in a company which has an interest and/or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or is directly or indirectly interested in 5% or more of the issued voting shares of circumstances at general meetings of any other member of the Group, or which were recorded in the register required to be kept under section 336 of the SFO.

4. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors nor any of their respective close associates had any interest in any businesses, other than being a director of one or more members the Group or their respective close associates, which competes or are likely to compete, either directly or indirectly, with the businesses of the Group.

5. SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the Company or any member of the Group within one year without payment of compensation (other than statutory compensation)).

6. INTERESTS IN CONTRACTS OR ARRANGEMENT

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

7. INTEREST IN ASSETS

As at the Latest Practicable Date, save as disclosed, none of the Directors had any direct or indirect interest in any asset which had, 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, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group.

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance, and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

9. EXPERT AND CONSENT

The following sets out the qualifications of the expert who has given opinions, letter or advices which are contained in this circular:

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

Each of the letter, advice, report, valuation certificate and/or opinion, as the case may be, of the above expert is given as of the Latest Practicable Date for incorporation herein.

As at the Latest Practicable Date, the above expert does not has (i) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; nor (ii) any direct or indirect interest in any assets which have since 31 December 2022 (being the date to which the latest published audited consolidated 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.

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter(s), advice, report(s), valuation certificate(s) and/or opinion(s), as the case may be, and the references to its name included herein in the form and context in which they respectively appear.

10. MATERIAL CONTRACTS

The following contracts have been entered into by the Group (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the Latest Practicable Date and are or may be material:

- (a) 2024 New Heat Supply Services Agreement ;
- (b) 2024 New Property Management Agreement;
- (c) the guarantee agreement dated 7 October 2022 entered into among Beijing Wangangtong Technology Development Co., Ltd * (北京萬港通科技發展有限公司) (“**Beijing Wangangtong**”) and BCEG Road and Bridge Construction Group Co., Ltd. (北京建工路橋集團有限公司) (“**the Borrower**”), pursuant to which Beijing Wangangtong shall provide guarantee in favour of the Borrower by means of (i) pledging the 142 properties owned by Beijing Wangangtong (“**the Property**”) to Xiamen International Bank; (ii) pledging its rental income and other receivables arising from the Property to Xiamen International Bank; and (iii) providing joint liability guarantee for the repayment of a facility of up to RMB300 million granted by Xiamen International Bank to the Borrower for a term of three years commencing from 20 September 2022 to 19 September 2025 under the a facility agreement dated 20 September 2022 entered into between Xiamen International Bank and the Borrower in respect of the grant of the facility by Xiamen International Bank to the Borrower, in order to facilitate the Borrower to obtain a facility of up to RMB300 million from Xiamen International Bank, in return for a guarantee fee; and
- (d) the guarantee agreement dated 15 March 2022 entered into among Beijing Kaipeng Technology Development Co., Ltd.* (北京凱朋科技發展有限公司) (“**Kaipeng Technology**”), a non-wholly owned subsidiary of the Company and BCEG Road and Bridge Construction Group Co., Ltd. (北京建工路橋集團有限公司) (“**the Borrower**”), pursuant to which certain terms of the guarantee agreement, Kaipeng Technology has agreed to provide guarantee for an amount of up to RMB800 million in favour of the Borrower by means of pledging 129 properties owned by Kaipeng Technology (“**the KT Property**”) to Beijing Branch of Shengjing Bank Co., Ltd.* (盛京銀行股份有限公司北京分行) (“**Shengjing Bank**”) to facilitate the Borrower to obtain a facility of up to RMB800 million from Shengjing Bank, in return for a guarantee fee.

The English names of Chinese entities marked with “” are translations of their Chinese names and are included for identification purpose only, and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese name prevails.*

Save for the abovementioned agreements, the Group has not entered into any other material contract (not being contracts in the ordinary course of business) within two years preceding the Latest Practicable Date.

11. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any 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 Group were made up.

12. GENERAL

- (a) The secretary of the Company is Ms. Lam Yuen Ling Eva, who is a fellow of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries and was awarded the Chartered Governance Professional qualification.
- (b) The registered office of the Company is situated at Room 3505, Tower One, Lippo Centre, No. 89 Queensway, Hong Kong.
- (c) The Company's share registrar and transfer office in Hong Kong is Tricor Standard Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (d) In the event of any inconsistency, the English texts of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

13. DOCUMENTS AVAILABLE FOR DISPLAY

Copies of the following documents will be published on the website of the Stock Exchange (www.hkexnews.hk) and the Company (www.grlifestyle.com.hk) for 14 days from the date of this circular:

- (a) 2024 New Heat Supply Services Agreement;
- (b) 2024 New Property Management Agreement;
- (c) the letter from the Board, the text of which is set out on pages 5 to 23 of this circular;
- (d) the letter from the Independent Board Committee, the text of which is set out on pages 24 to 25 of this circular;
- (e) the letter from the Independent Financial Adviser, the text of which is set out on pages 26 to 51 of this circular;
- (f) the written consent referred to in paragraph headed "9. Expert and Consent" of this appendix;
- (g) the Announcement; and
- (h) this circular.



GR Life Style

國銳生活

GR LIFE STYLE COMPANY LIMITED

國銳生活有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 108)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of GR Life Style Company Limited (the “**Company**”) will be held at 7/F, Wheelock House, 20 Pedder Street, Central, Hong Kong on Friday, 2 February 2024 at 4:00 p.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the new heat supply services agreement (the “**2024 New Heat Supply Services Agreement**”) dated 29 November 2023 and entered into between Beijing AOCEAN Property Management Company Limited* (北京澳西物業管理有限公司) (“**AOCEAN**”) and Beijing Guorui Property Development Company Limited* (北京國銳房地產開發有限公司) (“**Beijing Guorui Property**”, and together with its subsidiaries, “**Beijing Guorui Group**”) under which AOCEAN shall provide heat supply and maintenance services of heat exchange stations and facilities and pipeline networks to the vacant units and units occupied by Beijing Guorui Group of certain property projects developed by Beijing Guorui Group (a copy of which is marked “A” and produced to the Meeting and signed by the chairman of the Meeting for the purpose of identification), and the terms and conditions thereof, its proposed annual cap amounts, the transactions contemplated thereunder and the implementation thereof be and are hereby confirmed, ratified and approved; and
- (b) any one director of the Company, or any two directors of the Company if affixation of the Company’s common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to execute and deliver (and affix the Company’s common seal to, if necessary) all such documents, instruments or agreements and to do all such other acts or things which he/she/they may in his/her/their absolute discretion consider necessary or desirable in connection with or incidental to any of the matters contemplated under the 2024 New Heat Supply Services Agreement for a term up to 31 December 2026 and/or the said annual caps.”

NOTICE OF EGM

2. “**THAT:**

- (a) the new property management agreement (the “**2024 New Property Management Agreement**”) dated 29 November 2023 and entered into between AOCEAN and Beijing Guorui Property under which AOCEAN shall provide property management services to the vacant units and units occupied by Beijing Guorui Group of certain property projects developed by Beijing Guorui Group (a copy of which is marked “B” and produced to the Meeting and signed by the chairman of the Meeting for the purpose of identification), and the terms and conditions thereof, its proposed annual cap amounts, the transactions contemplated thereunder and the implementation thereof be and are hereby confirmed, ratified and approved; and
- (b) any one director of the Company, or any two directors of the Company if affixation of the Company’s common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to execute and deliver (and affix the Company’s common seal to, if necessary) all such documents, instruments or agreements and to do all such other acts or things which he/she/they may in his/her/their absolute discretion consider necessary or desirable in connection with or incidental to any of the matters contemplated under the 2024 New Property Management Agreement for a term up to 31 December 2026 and/or the said annual caps.”

Yours faithfully
For and on behalf of the Board
GR Life Style Company Limited
Wei Chunxian
Chairman

Hong Kong, 9 January 2024

Registered Office:

Room 3505
Tower One, Lippo Centre
No. 89 Queensway
Hong Kong

Notes:

- (a) The resolutions put to vote at the Meeting will be taken by poll except where the chairman of the Meeting, in good faith, decides to allow a resolution which relates to purely a procedural or administrative matter to be voted on by a show of hands in accordance with the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the results of the poll will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.
- (b) Any member of the Company entitled to attend and vote at the Meeting (or any adjournment thereof) is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead in accordance with the articles of association of the Company. A proxy needs not be a member of the Company.

NOTICE OF EGM

- (c) In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, at the Company's share registrar, Tricor Standard Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not later than Wednesday, 31 January 2024 at 4:00 p.m. (Hong Kong Time) (i.e. at least 48 hours (excluding any part of a day that is a public holiday) before the time appointed for holding this Meeting or adjourned meeting (as the case may be)). Completion and return of a form of proxy will not preclude a member from attending in person and voting at the Meeting or any adjournment thereof, should he/she/it so wish and in such event, the form of proxy shall be deemed to be revoked.

In the case of joint holders of share(s) of the Company, any one of such holders may vote at the Meeting, either personally or by proxy, in respect of such share(s) as if he/she/it was solely entitled thereto, but if more than one of such joint holders are present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share(s) shall alone be entitled to vote in respect thereof.

- (d) For determining the entitlement to attend and vote at the above Meeting, the register of members of the Company will be closed from Friday, 26 January 2024 to Friday, 2 February 2024, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 25 January 2024.

If a Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal is in force at or at any time between 9:00 a.m. and 3:00 noon on the date of the Meeting, the Meeting will be automatically postponed or adjourned. The Company will post an circular on the Company's website (www.grlifestyle.com.hk) and the Stock Exchange's website (www.hkexnews.hk) to notify shareholders of the date, time and place of the rescheduled meeting. The Meeting will be held as scheduled when an Amber or a Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the Meeting under bad weather condition bearing in mind their own situations.

- (e) All references to times and dates in this notice are to Hong Kong times and dates.

The English names of Chinese entities marked with "" are translations of their Chinese names and are included for identification purpose only, and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese name prevails.*

As at the date of this notice, the executive directors of the Company are Mr. Wei Chunxian, Mr. Sun Zhongmin and Ms. Li Bing. The independent non-executive directors of the Company are Mr. Tung Woon Cheung Eric, Ms. To Tsz Wan Vivien and Mr. Leung Louis Ho Ming.