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

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

**If you have sold or transferred** all your shares in **Jinmao Property Services Co., Limited**, you should at once hand this supplemental circular and the accompanying Revised Form of Proxy to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**JINMAO PROPERTY SERVICES CO., LIMITED**  
**金茂物業服務發展股份有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 00816)**

**SUPPLEMENTAL CIRCULAR TO THE ORIGINAL EGM CIRCULAR  
CONTINUING CONNECTED TRANSACTIONS IN RELATION TO  
THE RENEWAL OF  
THE EXISTING SINOCEM FRAMEWORK AGREEMENT**

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



**紅日資本有限公司**

**RED SUN CAPITAL LIMITED**

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This supplemental circular should be read in conjunction with the Original EGM Circular issued by the Company dated 30 November 2023.

A letter from the Board is set out on pages 5 to 16 of this supplemental circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 17 to 18 of this supplemental circular. A letter from Red Sun Capital, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 40 of this supplemental circular.

The EGM of the Company will be held as originally scheduled at 6F, YouAn International Tower, Unit 2, Xitheyong Middle Avenue, Fengtai District, Beijing, the PRC on Friday, 22 December 2023 at 3:00 p.m.. The supplemental notice of the EGM is set out on pages 46 to 47 of this supplemental circular. The Revised Form of Proxy is enclosed with this supplemental circular.

Whether or not you are able to attend and vote at the EGM in person, you are requested to complete the enclosed Revised Form of Proxy in accordance with the instructions printed thereon and return it to the share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable and in any event not later than 48 hours (excluding any part of a day that is a public holiday) before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the Revised Form of Proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

7 December 2023

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## DEFINITIONS

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*In this supplemental circular, unless the context otherwise requires, the following expressions have the meanings respectively set opposite to them:*

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“China Jinmao”	China Jinmao Holdings Group Limited (中國金茂控股集團有限公司), a company incorporated in Hong Kong with limited liability and the immediate controlling shareholder of the Company, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00817)
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	Jinmao Property Services Co., Limited (金茂物業服務發展股份有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00816)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at 6F, YouAn International Tower, Unit 2, Xitieying Middle Avenue, Fengtai District, Beijing, the PRC on Friday, 22 December 2023 at 3:00 p.m.
“Existing Sinochem Framework Agreement”	the framework agreement dated 21 February 2022 entered into by and between the Company and Sinochem Holdings, as amended by the supplemental agreement dated 18 November 2022 entered into by and between the Company and Sinochem Holdings
“Group”	the Company and its subsidiaries

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## DEFINITIONS

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“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all independent non-executive Directors, namely, Dr. Chen Jieping, Dr. Han Jian and Mr. Sincere Wong
“Independent Financial Adviser” or “Red Sun Capital”	Red Sun Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the New Sinochem Framework Agreement
“Independent Shareholders”	the Shareholders other than Sinochem Holdings, China Jinmao and their associates
“Latest Practicable Date”	1 December 2023, being the latest practicable date prior to the printing of this supplemental circular for the purpose of ascertaining certain information contained in this supplemental circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Sinochem Framework Agreement”	the framework agreement dated 9 November 2023 entered into by and between the Company and Sinochem Holdings
“Original EGM Circular”	the circular of the Company dated 30 November 2023 in relation to the matters to be considered and approved at the EGM
“Original EGM Notice”	the notice of the EGM dated 30 November 2023
“Original Form of Proxy”	the form of proxy issued by the Company on 30 November 2023 along with the Original EGM Circular and the Original EGM Notice
“PRC”	the People’s Republic of China, and for the purpose of this supplemental circular only, excluding Hong Kong, Macau Special Administrative Region and Taiwan

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## DEFINITIONS

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“Prospectus”	the prospectus of the Company dated 25 February 2022
“Revised Form of Proxy”	the revised form of proxy issued by the Company together with this supplemental circular and the supplemental notice as set out on pages 46 to 47 of this supplemental circular
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of ordinary share(s) of the Company
“Sinochem Connected Persons”	Sinochem Holdings and its associates (excluding, for the avoidance of doubt, China Jinmao and its associates)
“Sinochem Corporation”	Sinochem Corporation (中國中化股份有限公司), a company with limited liability incorporated under the laws of the PRC, the holding company of Sinochem Hong Kong and held as to 98.00% by Sinochem Group
“Sinochem Group”	Sinochem Group Co., Ltd. (中國中化集團有限公司), a state-owned enterprise incorporated in the PRC, the holding company of Sinochem Corporation and a wholly-owned subsidiary of Sinochem Holdings
“Sinochem Holdings”	Sinochem Holdings Corporation Ltd. (中國中化控股有限責任公司), a state-owned enterprise incorporated in the PRC, which is the ultimate controlling shareholder of China Jinmao
“Sinochem Hong Kong”	Sinochem Hong Kong (Group) Company Limited (中化香港(集團)有限公司), a company incorporated in Hong Kong with limited liability, the immediate controlling shareholder of China Jinmao holding approximately 37.09% of its total issued shares, and a wholly-owned subsidiary of Sinochem Corporation
“Sinochem Property Management Services”	the property management services in respect of the industrial parks, research institutes and office buildings held by the Sinochem Connected Persons, as well as office spaces used by the Sinochem Connected Persons

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## DEFINITIONS

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“Sinochem Services”	Sinochem Property Management Services and Sinochem Value-added Services
“Sinochem Value-added Services”	the value-added services as may be required by the Sinochem Connected Persons from time to time, such as management services in respect of car park spaces used by the Sinochem Connected Persons
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	percent

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LETTER FROM THE BOARD

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**JINMAO PROPERTY SERVICES CO., LIMITED**  
**金茂物業服務發展股份有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 00816)**

***Executive Directors***

Mr. Song Liuyi (*Chairman of the Board*)

Mr. Xie Wei (*Chief Executive Officer*)

Ms. Zhou Liye (*Chief Financial Officer*)

***Non-executive Directors***

Ms. Qiao Xiaojie

Mr. Gan Yong

***Independent Non-executive Directors***

Dr. Chen Jieping

Dr. Han Jian

Mr. Sincere Wong

***Registered Office***

Rooms 4702-03, 47/F

Office Tower Convention Plaza

1 Harbour Road

Wanchai

Hong Kong

***Corporate Headquarters and  
Principal Place of Business in  
the PRC***

6F, YouAn International Tower

Unit 2, Xitieying Middle Avenue

Fengtai District

Beijing PRC

7 December 2023

*To the shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS IN RELATION TO  
THE RENEWAL OF  
THE EXISTING SINOCHEM FRAMEWORK AGREEMENT**

**INTRODUCTION**

References are made to the Original EGM Circular and the Original EGM Notice of the Company dated 30 November 2023, which set out the time and venue of the EGM and contain the resolutions to be considered and approved at the EGM.

The EGM will be held as originally scheduled at 6F, YouAn International Tower, Unit 2, Xitieying Middle Avenue, Fengtai District, Beijing, the PRC on Friday, 22 December 2023 at 3:00 p.m., and in addition to the resolutions contained in the Original EGM Notice, the supplemental resolution contained in the supplemental notice as set out on pages 46 to 47 of this supplemental circular will also be considered and approved at the same meeting.

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## LETTER FROM THE BOARD

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### CONTINUING CONNECTED TRANSACTIONS UNDER THE NEW SINOCEM FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 9 November 2023 in relation to the continuing connected transactions contemplated under New Sinochem Framework Agreement, which are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The purpose of this supplemental circular is to provide you with (i) further information on the details of the New Sinochem Framework Agreement; (ii) the letter from the Independent Board Committee to the Independent Shareholders; (iii) the letter from Red Sun Capital to the Independent Board Committee and the Independent Shareholders; (iv) the supplemental notice of the EGM; and (v) other information as required under the Listing Rules.

#### **Background**

References are made to the section headed "Connected Transactions" of the Prospectus and the announcement of the Company dated 18 November 2022 in relation to, among other things, the continuing connected transactions of the Group with Sinochem Connected Persons contemplated under the Existing Sinochem Framework Agreement (collectively, the "**Relevant Disclosure**").

As the term of the Existing Sinochem Framework Agreement will expire on 31 December 2023, the Company entered into the New Sinochem Framework Agreement with Sinochem Holdings for a term from 1 January 2024 to 31 December 2026 on 9 November 2023. Most of the terms of the New Sinochem Framework Agreement are substantially the same as those of the Existing Sinochem Framework Agreement.

#### **Principal Terms of the New Sinochem Framework Agreement**

##### *Date*

9 November 2023

##### *Parties*

- (i) the Company
- (ii) Sinochem Holdings



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## LETTER FROM THE BOARD

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### *Nature of transactions*

Pursuant to the New Sinochem Framework Agreement, the Company (for itself and on behalf of the Group) agreed to provide certain services to the Sinochem Connected Persons, including (i) Sinochem Property Management Services and (ii) Sinochem Value-added Services.

### *Pricing*

The fees payable by the Sinochem Connected Persons to the Group under the New Sinochem Framework Agreement shall be determined on arm's length basis with reference to the following:

- (i) the size and location of the relevant properties;
- (ii) the scope and standards of the Sinochem Services;
- (iii) the expected operational costs (including, among others, labor costs, material costs and administrative costs) of the Group in relation to the provision of the Sinochem Services; and
- (iv) the fees charged by other service providers for similar services in the market, with such information collected in the process of the Group's price researches through, among others, information exchange within the industry, industry talent from other property management and/or value-added service providers recruited by the Group, enquiries made to third party property management and/or value-added service providers for comparable services, and publicly available information (such as websites, annual reports, circulars and announcements) disclosed by other listed and private companies. The fees charged by the Group to the Sinochem Connected Persons shall not be higher than the standard fees designated by the relevant regulatory authorities (only applicable to the provision of Sinochem Property Management Services if the province and/or the city in the PRC in which the property is situated has such regulation), with such standard fees mostly designated by the relevant Municipal Development and Reform Commission and applicable to all property management service providers within the relevant province or city (as the case may be), and priced at different levels according to, among others, the type of property and level of services; and the terms offered by the Group to the Sinochem Connected Persons shall not be less favorable to the Group than the terms offered by the Group to its independent customers for the same or similar type and scope of services, such that the fees per transaction or other relevant unit payable by the Sinochem Connected Persons to the Group will be no less than the fees per transaction or other relevant unit payable by independent customers for the same type and scope of services provided by the Group.

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## LETTER FROM THE BOARD

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### *Payment*

The relevant members of the Group shall enter into a specific agreement with the relevant member of the Sinochem Connected Persons pursuant to the New Sinochem Framework Agreement in respect of each transaction regarding the provision of Sinochem Services. Subject to the terms and conditions of the New Sinochem Framework Agreement, the specific agreement shall set forth the details of the specific services, the price and basis of determination of the services, the method of payment, and the specific duration of the services.

### *Term*

Subject to obtaining the approval from the Independent Shareholders at the EGM, the New Sinochem Framework Agreement shall take effect from 1 January 2024 and expire on 31 December 2026, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under the Listing Rules and all other applicable law and regulations (including the Civil Code of the PRC).

### **Annual Caps**

#### *Existing annual caps*

The existing annual caps of the transactions contemplated under the Existing Sinochem Framework Agreement for the two years ended 31 December 2022 and 2023 are set forth below:

	<b>Year ended 31 December 2022 RMB'000</b>	<b>Year ending 31 December 2023 RMB'000</b>
<b>Maximum aggregate annual amount of fees charged by the Group for the Sinochem Services, including:</b>		
– Sinochem Property Management Services	70,000	93,000
– Sinochem Value-added Services	60,000	78,000
	10,000	15,000

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## LETTER FROM THE BOARD

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### *Historical transaction amounts*

The total transaction amounts for the provision of the Sinochem Services by the Group to the Sinochem Connected Persons for the two years ended 31 December 2022 and the six months ended 30 June 2023 are set forth below:

	<b>Year ended 31 December 2021 RMB'000</b>	<b>Year ended 31 December 2022 RMB'000</b>	<b>Six months ended 30 June 2023 RMB'000</b>
<b>Amount of fees charged by the Group for the Sinochem Services, including:</b>	46,175	59,097	30,197
– Sinochem Property Management Services	43,274	52,728	26,084
– Sinochem Value-added Services	2,901	6,369	4,113

With respect to the transactions contemplated under the Existing Sinochem Framework Agreement, the actual transaction amounts for the year ended 31 December 2022 did not exceed the existing annual caps as set out in the Relevant Disclosure, and the Company expects that the existing annual caps for the year ending 31 December 2023 will not be exceeded as at the date of the EGM.

### *Proposed annual caps and factors taken into account in determining annual caps*

It is estimated that the maximum annual amounts of fees chargeable by the Group and payable by the Sinochem Connected Persons in relation to the Sinochem Services for the three years ending 31 December 2026 will not, in aggregate, exceed the amounts set out in the table below:

	<b>Year ending 31 December</b>		
	<b>2024 RMB'000</b>	<b>2025 RMB'000</b>	<b>2026 RMB'000</b>
<b>Maximum aggregate annual amount of fees charged by the Group for the Sinochem Services, including:</b>	121,000	201,000	270,000
– Sinochem Property Management Services	100,000	160,000	190,000
– Sinochem Value-added Services	21,000	41,000	80,000

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## LETTER FROM THE BOARD

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The following factors were considered in arriving at the above annual caps:

- (i) in respect of the Sinochem Property Management Services:
  - (a) the historical transaction amount for the provision of the Sinochem Property Management Services and growth trend over the two years ended 31 December 2022 and the six months ended 30 June 2023;
  - (b) the scale of industrial parks, research institutes and office buildings held by the Sinochem Connected Persons and office spaces used and newly expected to be used by the Sinochem Connected Persons, and the estimated management fees for providing services in respect of similar types of properties in the market. It is expected that an aggregate of approximately 50 property management projects (with additional GFA of approximately 1.2 million sq.m., 1.8 million sq.m. and 2.1 million sq.m. for each of the three years ending 31 December 2026, respectively) will be awarded by the Sinochem Connected Persons to the Group for the three years ending 31 December 2026, based on the property development plan and the estimated delivery schedule of the Sinochem Connected Persons, with the contract sum for each of such projects expected to be in the range of RMB0.2 million to RMB10.0 million; and
  - (c) a reasonable buffer of 20% to cater for any additional demand of the Sinochem Connected Persons for the Sinochem Property Management Services and inflation and on the general assumption that there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group and the Sinochem Connected Persons during the projected period.
- (ii) in respect of the Sinochem Value-added Services:
  - (a) the historical transaction amounts for the provision of the Sinochem Value-added Services and growth trend over the two years ended 31 December 2022 and the six months ended 30 June 2023;
  - (b) the 650 car park spaces currently used by the Sinochem Connected Persons and in respect of which the Group has been providing management services, and the estimated management fees for providing such services during the three years ending 31 December 2026;
  - (c) the expected increase in demand of the Sinochem Connected Persons for the Sinochem Value-added Services, including the additional number of car park spaces which may require the management services of the Group for the three years ending 31 December 2026, and the additional value-added services to be provided by the Group in respect of the new industrial parks and office spaces held or used by the Sinochem Connected Persons or that may be required by

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## LETTER FROM THE BOARD

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the Sinochem Connected Persons from time to time. It is expected that the Group will be engaged by the Sinochem Connected Persons to provide Sinochem Value-added Services with respect to not less than 50 property related projects for the three years ending 31 December 2026, with the contract sum for each of such projects expected to be in the range of RMB50 thousand to RMB10 million;

- (d) the expected increase in scope of services required by Sinochem Connected Persons leading to the expected increase in operational costs (primarily labor costs) to be incurred by the Group; and
- (e) a reasonable buffer of 20% to cater for any additional demand of the Sinochem Connected Persons for the Sinochem Value-added Services and inflation and on the general assumption that there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group and the Sinochem Connected Persons during the projected period.

### **Internal Control Procedures and Corporate Governance Measures**

The Group has adopted adequate internal control and corporate governance measures to ensure that the terms of the Group's transactions with the Sinochem Connected Persons under the New Sinochem Framework Agreement are fair and reasonable and not prejudicial to the interests of the Company and the Independent Shareholders, including:

- (i) the Board (including the independent non-executive Directors) will be responsible for reviewing and evaluating the terms of the New Sinochem Framework Agreement for the continuing connected transactions (including any renewal thereof), in particular the pricing principles and annual caps, to ensure that such terms are fair and reasonable and compliant with relevant laws and regulations, the internal policies of the Company and the Listing Rules;
- (ii) the business department of the Company will oversee the monitoring, collection and evaluation of historical transaction prices and market data, including but not limited to information on the market practices and prevailing market rates for the provision of the relevant services in respect of similar types of properties in comparable locations which are to be collected through, among others, information exchange within the industry, industry talent from other relevant service providers recruited by the Group, enquiries made to third party service providers for comparable services, and publicly available information (such as websites, annual reports, circulars and announcements) disclosed by other listed and private companies, and will report regularly to the headquarters of the Group;

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## LETTER FROM THE BOARD

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- (iii) when determining the fees payable by the Sinochem Connected Persons to the Group under the New Sinochem Framework Agreement, the Group will make reference to the prevailing market conditions and practices by utilizing the market data collected by the business department as mentioned in the preceding paragraph, as well as the pricing and terms offered by the Group to independent third parties for similar transactions which is recorded in a database of fees paid to the Group and/or terms offered by the Group compiled by, among others, property type, geographical location of the property, the scope of services to be provided by the Group and the identity of the customer, to ensure that the terms and conditions offered to the Sinochem Connected Persons are fair and reasonable and are no less favorable to the Group than those offered to independent third parties for comparable services. Specifically, the business department of each regional center of the Group is responsible for the initial pricing of the fees payable by the Sinochem Connected Persons to the Group with respect to the projects within the region after taking into accounts the aforementioned factors, which will then be submitted to the headquarters of the Group for final review and approval;
- (iv) the Group will independently evaluate the projects developed by the Sinochem Connected Persons, including the size and location of the relevant projects, the scope and standards of the services required and the expected operational costs for providing such services, before taking on any particular project;
- (v) various internal departments of the Company (including but not limited to the finance department and legal department) will separately and regularly monitor the implementation of the continuing connected transactions contemplated under the New Sinochem Framework Agreement and keep track of the aggregate transaction amounts under the New Sinochem Framework Agreement on a monthly basis, to ensure that the pricing principles and annual caps contained therein are complied with;
- (vi) the independent non-executive Directors will conduct an annual review of the continuing connected transactions under the New Sinochem Framework Agreement and provide an annual confirmation as to whether these transactions are conducted on normal commercial terms or better, and according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and
- (vii) the external auditors of the Company will also conduct an annual review of the continuing connected transactions under the New Sinochem Framework Agreement, including the pricing policies and the annual caps.

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## LETTER FROM THE BOARD

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### **Reasons for and Benefits of Entering into the New Sinochem Framework Agreement**

Leveraging on the Group's long-standing business relationship with the Sinochem Connected Persons, it will continue to provide Sinochem Services to the Sinochem Connected Persons pursuant to the New Sinochem Framework Agreement, which are expected to be of a regular and recurrent nature and can enable the Group to continue to diversify its income streams, bring stable income and profit to the Group and facilitate the business development of the Group.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the New Sinochem Framework Agreement are conducted on normal commercial terms and entered into in the ordinary and usual course of business, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

None of the Directors is regarded as having a material interest in the transactions contemplated under the New Sinochem Framework Agreement, and hence none of the them has abstained from voting on the relevant board resolution of the Company to approve the transactions contemplated under the New Sinochem Framework Agreement.

### **Information regarding the Parties**

The Group is a fast-growing upscale property management and city operation service provider in the PRC, and is principally engaged in the provision of property management services, value-added services to non-property owners and community value-added services.

Sinochem Holdings is a large-scale chemical conglomerate, and operates in eight business sectors covering life science, materials science, basic chemicals, environmental science, rubber and tire, machinery and equipment, city operations, and industrial finance. The sole shareholder of Sinochem Holdings is the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

### **Implications of the Listing Rules**

Sinochem Holdings is the ultimate controlling shareholder of the Company, indirectly interested in approximately 74.76% of the total number of issued shares of the Company as at the Latest Practicable Date, and is therefore a connected person of the Company. Accordingly, the transactions contemplated under the New Sinochem Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Given that the highest applicable percentage ratio in respect of the annual caps for continuing connected transactions contemplated under the New Sinochem Framework Agreement is more than 5%, such transactions are subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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## LETTER FROM THE BOARD

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### EGM

The Original EGM Notice has been despatched to the Shareholders on 30 November 2023. A supplemental notice of the EGM to be held at 6F, YouAn International Tower, Unit 2, Xitieying Middle Avenue, Fengtai District, Beijing, the PRC on Friday, 22 December 2023 at 3:00 p.m. is set out on pages 46 to 47 of this supplemental circular. The EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the resolutions contained in the Original EGM Notice and the resolution contained in the supplemental notice of the EGM. The votes on the resolutions to be considered and approved at the EGM will be taken by way of poll in accordance with the requirements of the Listing Rules.

In view of Sinochem Holdings being a party to the New Sinochem Framework Agreement, Sinochem Hong Kong (an indirect subsidiary of Sinochem Holdings, and directly holding approximately 7.48% of the total number of issued shares of the Company as at the Latest Practicable Date) and China Jinmao (directly held as to 37.09% by Sinochem Hong Kong, and directly holding approximately 67.28% of the total number of issued shares of the Company as at the Latest Practicable Date) are regarded as having a material interest in the New Sinochem Framework Agreement, and are required to abstain and shall abstain from voting on the ordinary resolution to be proposed at the EGM to approve the transactions contemplated under the New Sinochem Framework Agreement. As at the Latest Practicable Date, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of Sinochem Hong Kong and China Jinmao controls or is entitled to exercise control over the voting rights in respect of their respective shares in the Company.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholder; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its shares to a third party, either generally or on a case-by-case basis. Accordingly, to the best knowledge, information and belief of the Directors, there exists no discrepancy between any Shareholder's beneficial shareholding interest in the Company and the number of shares in the Company in respect of which such Shareholder will control or will be entitled to exercise control over the voting right at the EGM.

The Revised Form of Proxy for the EGM is enclosed with this supplemental circular. Whether or not the Shareholders are able to attend at the EGM, they are requested to complete the enclosed Revised Form of Proxy in accordance with the instructions printed thereon and return it to the share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event no later than 48 hours (excluding any part of a day that is a public holiday) before the time appointed for holding the EGM or any adjournment thereof (the "**Closing Time**"). Completion and return of the Revised Form of Proxy will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish.



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## LETTER FROM THE BOARD

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Any Shareholder who has not yet lodged the Original Form of Proxy is requested to lodge the Revised Form of Proxy if he or she intends to appoint a proxy to attend the EGM on his or her behalf. In this case, the Original Form of Proxy should not be lodged. Any Shareholder who has already lodged the Original Form of Proxy should note that:

- (i) if the Revised Form of Proxy is lodged before the Closing Time, the Revised Form of Proxy will revoke and supersede the Original Form of Proxy previously lodged by the Shareholder. The Revised Form of Proxy will be treated as a valid form of proxy lodged by the Shareholder, if duly completed; and
- (ii) if no Revised Form of Proxy is lodged before the Closing Time, the Original Form of Proxy will be treated as a valid form of proxy lodged by the Shareholder, if duly completed. The proxy so appointed pursuant to the Original Form of Proxy will be entitled to vote in accordance with the instructions previously given by the Shareholder or at his/her discretion (if no such instructions are given) on any resolution properly put to the EGM, including the proposed supplemental resolution as set out in the supplemental notice of the EGM.

Save for the inclusion of the additional proposed ordinary resolution set out in the supplemental notice of the EGM, there are no other changes to the Original EGM Notice, and all other matters of the EGM remain unchanged. For details of the other resolutions to be considered at the EGM, closure of the register of members of the Company, eligibility for attending the EGM, registration procedures for attending the EGM, and other relevant matters, please refer to the Original EGM Circular and the Original EGM Notice of the Company dated 30 November 2023.

### RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the New Sinochem Framework Agreement is entered into after arm's length negotiations and on normal commercial terms, and the terms of the transactions contemplated under the New Sinochem Framework Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution set out in the supplemental notice of the EGM.

### ADDITIONAL INFORMATION

The Independent Board Committee, comprising all independent non-executive Directors, namely, Dr. Chen Jieping, Dr. Han Jian and Mr. Sincere Wong, has been formed to advise the Independent Shareholders as to whether the transactions contemplated under the New Sinochem Framework Agreement are conducted by the Company in its ordinary and usual course of business, on normal commercial terms, in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned, and how to vote on the relevant resolution to be proposed at the EGM.

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## LETTER FROM THE BOARD

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Red Sun Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under the New Sinochem Framework Agreement.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 17 to 18 of this supplemental circular which contains its recommendation to the Independent Shareholders regarding the transactions contemplated under the New Sinochem Framework Agreement; (ii) the letter from Red Sun Capital set out on pages 19 to 40 of this supplemental circular which contains its advice to the Independent Board Committee and the Independent Shareholders in such regard; and (iii) the additional information set out in the appendix to this supplemental circular.

Yours faithfully,  
For and on behalf of the Board  
**Jinmao Property Services Co., Limited**  
**Song Liuyi**  
*Chairman*



**JINMAO PROPERTY SERVICES CO., LIMITED**  
**金茂物業服務發展股份有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 00816)**

7 December 2023

*To: the Independent Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS IN RELATION TO  
THE RENEWAL OF  
THE NEW SINOCHEM FRAMEWORK AGREEMENT**

We refer to the supplemental circular of the Company dated 7 December 2023 (the “**Supplemental Circular**”) to the Shareholders, of which this letter forms part. Terms defined in the Supplemental Circular have the same meanings in this letter unless the context otherwise requires.

In compliance with the Listing Rules, we have been appointed to advise the Independent Shareholders as to whether that the transactions contemplated under the New Sinochem Framework Agreement are conducted by the Company in its ordinary and usual course of business, on normal commercial terms, in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned.

Red Sun Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under the New Sinochem Framework Agreement.

Having considered the terms of the New Sinochem Framework Agreement, as well as and the advice of Red Sun Capital, the Independent Financial Adviser to us and the Independent Shareholders, we consider that the transactions contemplated under the New Sinochem Framework Agreement are conducted by the Company in its ordinary and usual course of business, on normal commercial terms, in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned.

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution set out in the supplemental notice of the EGM.

Yours faithfully,  
the Independent Board Committee of  
**Jinmao Property Services Co., Limited**  
**Chen Jieping**  
**Han Jian**  
**Sincere Wong**  
*Independent Non-executive Directors*

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## LETTER FROM RED SUN CAPITAL

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*Set out below is the text of a letter from Red Sun Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the New Sinochem Framework Agreement (including the Proposed Annual Caps) for the purpose of inclusion in this supplemental circular.*



**紅日資本有限公司**  
**RED SUN CAPITAL LIMITED**

Room 310, Floor 3  
China Insurance Group Building  
141 Des Voeux Road Central  
Hong Kong

Tel: (852) 2857 9208  
Fax: (852) 2857 9100

7 December 2023

*To: the Independent Board Committee and the Independent Shareholders of  
Jinmao Property Services Co., Limited*

Dear Sirs,

### **CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE RENEWAL OF THE EXISTING SINOCEM FRAMEWORK AGREEMENT**

#### **I. INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the New Sinochem Framework Agreement, and the transactions contemplated thereunder (the “**Continuing Connected Transactions**”) (including the proposed annual caps for the three years ending 31 December 2026 (the “**Proposed Annual Caps**”), details of which are contained in the letter from the Board (the “**Letter from the Board**”) as set out in the supplemental circular to the Shareholders dated 7 December 2023 (the “**Supplemental Circular**”), of which this letter forms part. This letter contains our advice to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions and the Proposed Annual Caps. Unless otherwise stated, terms defined in the Supplemental Circular have the same meanings in this letter.

References are made to the section headed “Connected Transactions” of the Prospectus, the announcement of the Company dated 18 November 2022 in relation to, among other things, the continuing connected transactions of the Group with Sinochem Connected Persons contemplated under the Existing Sinochem Framework Agreement.

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## LETTER FROM RED SUN CAPITAL

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As the term of the Existing Sinochem Framework Agreement will expire on 31 December 2023 and the Group intends to continue to enter into the transactions of similar nature after that date, the Company entered into the New Sinochem Framework Agreement with Sinochem Holdings for a term from 1 January 2024 to 31 December 2026 on 9 November 2023.

As set out in the Letter from the Board, Sinochem Holdings is the ultimate controlling shareholder of the Company, indirectly interested in approximately 74.76% of the total number of issued shares of the Company as at the Latest Practicable Date, and is therefore a connected person of the Company. Accordingly, the transactions contemplated under the New Sinochem Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Given that the highest applicable percentage ratio in respect of the annual caps for continuing connected transactions contemplated under the New Sinochem Framework Agreement is more than 5%, such transactions are subject to the reporting, announcement, annual review, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Based on the Letter from the Board, Sinochem Holdings being a party to the New Sinochem Framework Agreement, Sinochem Hong Kong (an indirect subsidiary of Sinochem Holdings, and directly holding approximately 7.48% of the total number of issued shares of the Company as at the Latest Practicable Date) and China Jinmao (directly held as to 37.09% by Sinochem Hong Kong, and directly holding approximately 67.28% of the total number of issued shares of the Company as at the Latest Practicable Date) are regarded as having a material interest in the New Sinochem Framework Agreement, and are required to abstain and shall abstain from voting on the ordinary resolution to be proposed at the EGM to approve the transactions contemplated under the New Sinochem Framework Agreement.

The EGM will be convened and held to seek the approval of the Independent Shareholders on the entering into of the New Sinochem Framework Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps).

As set out in the Letter from the Board, as none of the Directors of the Company is regarded as having a material interest in the transactions contemplated under the New Sinochem Framework Agreement, and hence none of the them has abstained from voting on the relevant board resolution of the Company to approve the transactions contemplated under the New Sinochem Framework Agreement.

## II. THE INDEPENDENT BOARD COMMITTEE

The Board comprises of three executive Directors, namely, Mr. Song Liuyi, Mr. Xie Wei and Ms. Zhou Liye, two non-executive Directors, namely, Ms. Qiao Xiaojie and Mr. Gan Yong, and three independent non-executive Directors, namely, Dr. Chen Jieping, Dr. Han Jian and Mr. Sincere Wong.

The Independent Board Committee comprising all the independent non-executive Directors, namely Dr. Chen Jieping, Dr. Han Jian and Mr. Sincere Wong has been established to advise the Independent Shareholders in relation to the New Sinochem Framework Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps). Red Sun Capital Limited has been appointed by the Board with the approval of the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

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## LETTER FROM RED SUN CAPITAL

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### III. OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Company or any relevant parties in connection with the New Sinochem Framework Agreement. Accordingly, we are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the transactions contemplated under the New Sinochem Framework Agreement.

In the previous two years, save for this appointment and our appointment as the independent financial adviser in relation to certain proposed continuing connected transactions pursuant to the services framework agreements entered into by the Company and China Jinmao Holdings Group Limited (the “**Proposed CCTs**”), details of which are set out in the announcement of the Company dated 26 October 2023, Red Sun Capital Limited has not acted as an independent financial adviser to the Independent Board Committee and the Independent Shareholders of the Company for any transaction.

Apart from normal professional fees paid or payable to us in connection with (i) the Proposed CCTs; and (ii) this appointment, as the independent financial adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Group or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent from the Group pursuant to Rule 13.84 of the Listing Rules.

### IV. BASIS OF OUR ADVICE

In formulating our advice, we have relied solely on the statements, information, opinions, beliefs and representations for matters relating to the Group, Sinochem Holdings and their respective shareholders and management contained in the Supplemental Circular and the information and representations provided to us by the Group and/or its senior management (the “**Management**”) and/or the Directors. We have assumed that all information, representations and opinions contained or referred to in the Supplemental Circular, which have been provided by the Company, the Directors and the Management and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have assumed that all such statements, information, opinions, beliefs and representations contained or referred to in the Supplemental Circular (including this letter) or otherwise provided or made or given by the Group and/or the Management and/or the Directors and for which it is/they are solely responsible were true and accurate, and valid and complete in all material respects at the time they were made and given and continue to be true and accurate, and valid and complete in all material respects as at the date of the Supplemental Circular. We have assumed that all the opinions, beliefs and representations for matters relating to the Group and Sinochem Holdings made or provided by the Management and/or the Directors contained in the Supplemental Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or the Management and/or the Directors that no material facts have been omitted from the information provided and referred to in the Supplemental Circular.

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## LETTER FROM RED SUN CAPITAL

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We consider that we have been provided with sufficient information and documents to enable us to reach an informed view and the Company has assured us no material information has been withheld from us to allow us to reasonably rely on the information provided so as to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions, beliefs and representations provided to us by the Group and/or the Management and/or the Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification nor have we conducted any independent investigation into information provided by the Directors and the Management, background, business or affairs or future prospects of the Company, Sinochem Holdings and, where applicable, their respective shareholder(s) and subsidiaries or affiliates, and their respective history, experience and track records, or the prospects of the markets in which they respectively operate.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the New Sinochem Framework Agreement and the transactions contemplated thereunder, and, except for its inclusion in the Supplemental Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

### V. BACKGROUND INFORMATION OF THE CONTINUING CONNECTED TRANSACTIONS

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have taken into consideration the following principal factors and reasons:

#### 1. Background information of the Group

As set out in the Letter from the Board, the Group is principally engaged in the provision of property management services, value-added services to non-property owners, and community value-added services.

Set out below is a summary of (i) the audited consolidated statements of financial position as at 31 December 2021 and 2022 as extracted from the Company's annual report for the year ended 31 December 2022 (the "**2022 Annual Report**"); and (ii) the unaudited consolidated financial results for the six months ended 30 June 2022 and 2023 as extracted from the Company's interim report for the six months ended 30 June 2023 (the "**2023 Interim Report**"), respectively:

#### *Summary of consolidated statement of profit or loss*

	For the year ended 31 December		For the six months ended 30 June	
	2021	2022	2022	2023
	RMB	RMB	RMB	RMB
	million	million	million	million
	(audited)	(audited)	(unaudited)	(unaudited)
<b>Revenue</b>				
Property management services	823.2	1,206.9	540.7	749.8



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**LETTER FROM RED SUN CAPITAL**

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	<b>For the year ended</b>		<b>For the six months</b>	
	<b>31 December</b>		<b>ended 30 June</b>	
	<b>2021</b>	<b>2022</b>	<b>2022</b>	<b>2023</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Value-added services to non-property owners	506.7	584.6	310.4	223.6
Community value-added services	185.6	644.6	245.8	379.9
<b>Total Revenue</b>	1,515.5	2,436.0	1,096.9	1,353.3
<b>Profit for the year/period attributable to owners of the parent</b>	178.0	336.0	169.2	145.8

***Financial performance for the years ended 31 December 2021 and 2022***

As set out in the 2022 Annual Report, total revenue of the Group amounted to approximately RMB2,436.0 million for the year ended 31 December 2022, representing an increase of approximately 60.7% as compared to the corresponding period of 2021. Such increase was primarily attributable to (i) revenue from property management services amounted to approximately RMB1,206.9 million, representing an increase of approximately 46.6% as compared to the corresponding period of 2022; (ii) revenue from value-added services to non-property owners for the year ended 31 December 2022 was approximately RMB584.6 million, representing an increase of approximately 15.4% as compared to the corresponding period of 2021; and (iii) revenue from community value-added services amounted to approximately RMB644.6 million, representing a growth of approximately 247.3% compared to the corresponding period of 2021. As of 31 December 2022, total contracted gross floor area (the “GFA”) of the Group reached approximately 80.8 million sq.m., covering 68 cities across 24 provinces, municipalities and autonomous regions in the PRC, and the Group managed 382 properties in the PRC with a total GFA under management of approximately 56.9 million sq.m., including 241 residential communities and 141 non-residential properties.

For the year ended 31 December 2022, profit attributable to owners of the parent amounted to approximately RMB336.0 million, representing an increase of approximately 88.8% as compared to the profit attributable to owners of the parent of approximately RMB178.0 million for the year ended 31 December 2021.

***Financial performance for six months ended 30 June 2022 and 2023***

As set out in the 2023 Interim Report, total revenue of the Group amounted to approximately RMB1,353.3 million for the six months ended 30 June 2023, representing an increase of approximately 23.4% as compared to the corresponding period of 2022. Such increase was primarily attributable to (i) revenue from property management services amounted to approximately RMB749.8 million, representing an increase of

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## LETTER FROM RED SUN CAPITAL

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approximately 38.7% as compared to the corresponding period of 2022; (ii) revenue from value-added services to non-property owners amounted to approximately RMB223.6 million, representing a decrease of approximately 28.0% as compared to the corresponding period of 2022; and (iii) revenue from community value-added services amounted to approximately RMB379.9 million, representing an increase of approximately 54.6% compared to the corresponding period in 2022. The Group's total contracted GFA amounted to approximately 94.5 million sq.m., covering 75 cities across 23 provinces, municipalities and autonomous regions in the PRC, and the Group managed 443 properties in the PRC with a total GFA under management of approximately 71.0 million sq.m., including 276 residential communities and 167 non-residential properties.

For the six months ended 30 June 2023, profit attributable to owners of the parent amounted to approximately RMB145.8 million, representing a decrease of approximately 13.8% as compared to approximately RMB169.2 million of the corresponding period of 2022.

### *Summary of the consolidated statement of financial position*

	As at 31 December		As at
	2021	2022	30 June
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
<b>Total assets</b>	1,359.1	3,003.5	3,491.3
– Cash and cash equivalents	553.6	1,019.0	1,075.5
– Trade receivables	414.5	778.6	1,030.3
– Prepayments, other receivables and other assets	267.3	611.5	808.5
– Property, plant and equipment	54.7	90.5	90.9
– Investment properties	9.4	94.2	96.2
– Goodwill	–	249.1	249.1
– Intangible assets	6.4	91.7	88.3
<b>Total liabilities</b>	1,155.1	1,643.3	2,121.3
– Other payables and accruals	629.8	664.3	753.5
– Contract liabilities	313.9	370.4	478.4
– Trade payables	170.9	456.1	594.8
– Lease liabilities (non-current portion)	25.3	84.9	82.1
<b>Equity attributable to the owners of the parent</b>	195.4	1,343.2	1,350.2

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

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## LETTER FROM RED SUN CAPITAL

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### *Financial position as at 31 December 2021 and 2022*

Based on the 2022 Annual Report, total assets of the Group as at 31 December 2022 amounted to approximately RMB3,003.5 million, which primarily comprised of (i) cash and cash equivalents, which amounted to approximately RMB1,019.0 million as at 31 December 2022, representing an increase of approximately RMB465.4 million as compared to approximately RMB553.6 million as at 31 December 2021, primarily attributable to the proceeds from the listing of the shares of the Company by way of global offering in 2022; (ii) trade receivables, which amounted to approximately RMB778.6 million as at 31 December 2022, representing an increase of approximately RMB364.1 million as compared to approximately RMB414.5 million as at 31 December 2021, primarily attributable to an increase in the Group's property management revenue as the Group expanded its business with an increase in our GFA under management during the year ended 31 December 2022; (iii) prepayments, other receivables and other assets, which amounted to approximately RMB611.5 million as at 31 December 2022, representing an increase of approximately RMB344.2 million as compared to approximately RMB267.3 million as at 31 December 2021, primarily attributable to the expansion in scale of real estate brokerage services, which resulted in the increase in the payment of performance guarantees; and (iv) goodwill of approximately RMB249.1 million as at 31 December 2022, primarily attributable to the acquisition of 100% equity interests in Beijing Capital Property Services Limited during the year.

With reference to the 2022 Annual Report, total liabilities of the Group as at 31 December 2022 amounted to approximately RMB1,643.3 million, which primarily comprised of (i) other payables and accruals, which amounted to approximately RMB664.3 million as at 31 December 2022, representing an increase of approximately RMB34.5 million as compared to approximately RMB629.8 million as at 31 December 2021, which primarily comprised of amounts due to related parties, receipts on behalf of residents and tenants, and deposits and temporary receipts primarily in relation to bidding and renovation; (ii) trade payables, which amounted to approximately RMB456.1 million as at 31 December 2022, representing an increase of approximately RMB285.1 million as compared to approximately RMB170.9 million as at 31 December 2021, primarily attributable to the expansion of the Group's business, reflecting an increase in the procurement of security and cleaning services and facilities and equipment maintenance services; and (iii) contract liabilities, which amounted to approximately RMB370.4 million as at 31 December 2022, representing an increase of approximately RMB56.4 million as compared to approximately RMB313.9 million as at 31 December 2021.

As at 31 December 2022, the equity attributable to owners of the parent amounted to approximately RMB1,343.2 million, representing an increase of approximately RMB1,147.8 million as compared to approximately RMB195.4 million as at 31 December 2021.

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## LETTER FROM RED SUN CAPITAL

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### *Financial position as at 30 June 2023 and 31 December 2022*

Based on the 2023 Interim Report, total assets of the Group as at 30 June 2023 amounted to approximately RMB3,491.3 million, which primarily comprised of (i) cash and cash equivalents, which amounted to approximately RMB1,075.5 million as at 30 June 2023, representing an increase of approximately RMB56.5 million as compared to approximately RMB1,019.0 million as at 31 December 2022, primarily attributable to the net cash flows from operating activities; (ii) trade receivables, which amounted to approximately RMB1,030.3 million as at 30 June 2023, representing an increase of approximately RMB251.7 million as compared to approximately RMB778.6 million as at 31 December 2022, primarily attributable to an increase in the Group's property management revenue as the Group expanded its business with an increase in our GFA under management during the six months ended 30 June 2023; (iii) prepayments, other receivables and other assets, which amounted to approximately RMB808.5 million as at 30 June 2023, representing an increase of approximately RMB197.0 million as compared to approximately RMB611.5 million as at 31 December 2022, primarily attributable to the expansion in scale of carpark sales agency services, which resulted in the increase in the payment of performance guarantees; and (iv) goodwill of approximately RMB249.1 million as at 30 June 2023, primarily attributable to the acquisition of 100% equity interests in Beijing Capital Property Services Limited during 2022.

With reference to the 2023 Interim Report, total liabilities of the Group as at 30 June 2023 amounted to approximately RMB2,121.3 million, which primarily comprised of (i) other payables and accruals, which amounted to approximately RMB753.5 million as at 30 June 2023, representing an increase of approximately RMB89.2 million as compared to approximately RMB664.3 million as at 31 December 2022, which primarily comprised of amounts due to related parties, receipts on behalf of residents and tenants, and deposits and temporary receipts primarily in relation to bidding and renovation; (ii) trade payables, which amounted to approximately RMB594.8 million as at 30 June 2023, representing an increase of approximately RMB138.7 million as compared to approximately RMB456.1 million as at 31 December 2022, primarily attributable to the expansion of the Group's business, reflecting an increase in the procurement of security and cleaning services and facilities and equipment maintenance services; and (iii) contract liabilities, which amounted to approximately RMB478.4 million as at 30 June 2023, representing an increase of approximately RMB108.0 million as compared to approximately RMB370.4 million as at 31 December 2022.

As at 30 June 2023, the equity attributable to owners of the parent amounted to approximately RMB1,350.2 million, representing an increase of approximately RMB7.0 million as compared to approximately RMB1,343.2 million as at 31 December 2022.

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## LETTER FROM RED SUN CAPITAL

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### 2. Background information of Sinochem Holdings

Sinochem Holdings is a large-scale chemical conglomerate, and operates in eight business sectors covering life science, materials science, basic chemicals, environmental science, rubber and tire, machinery and equipment, city operations, and industrial finance. The sole shareholder of Sinochem Holdings is the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

### 3. Overview of the PRC industry landscape

Based on preliminary gross domestic product data<sup>1</sup> published by the National Bureau of Statistics of China in July 2023, for the six months ended 30 June 2023, the gross domestic product (“GDP”) of the PRC recorded a period-on-period growth compared to the corresponding period in the prior year (比上年同期增長) of approximately 5.5%.

Pursuant to the 14th Five Year Plan (the “14th FYP”)\* (十四五規劃) announced by the PRC government in March 2021, the target urbanisation rate of the resident population\* (常住人口城鎮化率) for the next five years from 2021 is approximately 65.0%. Based on publication by the PRC government in relation to the 14th FYP, the PRC government will focus on enhancing the quality and efficacy of the overall economy with a view to attain sustainable and healthy development through, among others, (i) the improvement of supply chain modernisation\* (提升產業鏈供應鏈現代化水平); (ii) the development of strategical new industries\* (發展戰略性新興產業); (iii) the acceleration of modern service industries development\* (加快發展現代服務業); (iv) the coordination of infrastructure construction advancement\* (統籌推進基礎設施建設); and (v) the acceleration of the development of digitalisation\* (加快數位化發展).

We also noted the strict implementation of the three red lines\* (三條紅線) from around the second half of 2020 by the PRC government on the PRC real estate development industry<sup>2</sup>, which was one of the core policy directives for the property development industry issued by the PRC government at the relevant time. More recently, the People’s Bank of China\* (中國人民銀行) and China Banking and Insurance Regulatory Commission\* (中國銀行保險監督管理委員會) jointly issued the announcement titled “Provision of Financial Support for the Stability and Healthy Development of the Real Estate Market\*” (關於做好當前金融支持房地產市場平穩健康發展工作的通知)<sup>3</sup> dated 23 November 2022 in relation to (i) ensure stable and orderly real estate financing\* (保持房地產融資平穩有序); (ii) proactively carry out “guarantee delivery of vacant possession” related financial services\* (積極做好“保交樓”金融服務); (iii) proactively cooperate on risk management of real estate development enterprises in difficulties\* (積極配合做好受困房地產企業風險處置); (iv) protect the legal rights and

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1 Data published by National Bureau of Statistics, the PRC (source: [www.stats.gov.cn/sj/zxfb/202307/t20230717\\_1941310.html](http://www.stats.gov.cn/sj/zxfb/202307/t20230717_1941310.html))

2 PRC government published article in relation to finance and land related policies dated 1 March 2021 (source: [www.gov.cn/xinwen/2021-03/01/content\\_5589400.htm](http://www.gov.cn/xinwen/2021-03/01/content_5589400.htm))

3 Announcement of Provision of Financial Support for the Stability and Healthy Development of the Real Estate Market\* 《關於做好當前金融支持房地產市場平穩健康發展工作的通知》 jointly published by the People’s Bank of China\* (中國人民銀行) and China Banking and Insurance Regulatory Commission\* (中國銀行保險監督管理委員會) dated 23 November 2022 (source: [www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=1082913generaltype=0](http://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=1082913generaltype=0))

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## LETTER FROM RED SUN CAPITAL

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interests of residential property financial consumers\* (依法保障住房金融消費者合法權益); (v) adjust part of the financial management policies in stages\* (階段性調整部分金融管理政策); and (vi) provide greater financial support on leasing of residential properties\* (加大住房租賃金融支持力度).

Accordingly, the development of the PRC property market continues to be influenced by changes in PRC government policies at a national and regional level, which is intended to promote sustainable and healthy long-term development of the property development industry, the then prevailing market environment as well as the overall economic development of the PRC. In view of the above, it is expected that the increase in urbanisation rate in the PRC and continuous development of the PRC economy shall continue to drive growth for the PRC property management industry as a whole over time.

### **VI. PRINCIPAL FACTORS AND REASONS CONSIDERED**

#### **1. Reasons for and benefits of entering into the New Sinochem Framework Agreement**

We have summarised the following reasons for and benefits of entering into the New Sinochem Framework Agreement from the Letter from the Board.

Leveraging on the Group's long-standing business relationship with the Sinochem Connected Persons, it will continue to provide Sinochem Services to the Sinochem Connected Persons pursuant to the New Sinochem Framework Agreement, which are expected to be of a regular and recurrent nature and can enable the Group to continue to diversify its income streams, bring stable income and profit to the Group and facilitate the business development of the Group.

Considering, among others, that Sinochem Holdings has sizeable development nationwide and is able to provide substantial ongoing business opportunities, and with the mutual understanding of the standards, requirements and specific needs of each other which put the Group in a priority position in satisfying the demand of the Sinochem Connected Persons with lower communication costs, the continuous cooperation by the Group with the Sinochem Connected Persons pursuant to the New Sinochem Framework Agreement can further enhance the Group's mutually beneficial and complementary relationship with the Sinochem Connected Persons and foster the growth and development of the Group (such as through scaling up its operations and gaining greater market recognition) in the long run.

In view of that, (i) the Group has an established business relationship with the Sinochem Connected Persons; (ii) the Group is principally engaged in the provision of property management services, value-added services to non-property owners, including sales assistance services to property developers, and consultancy and other value-added services as well as community value-added services, and the Continuing Connected Transactions are a furtherance of the Group's principal businesses; (iii) the Continuing Connected Transactions shall broaden the revenue base of the Group and that the Proposed Annual Caps, if approved, shall facilitate the Continuing Connected Transactions to be conducted in an effective and efficient manner without the need for the Company to seek Shareholders' approval on a transaction-by-transaction basis; and (iv) the Group has the right but not the obligation to provide the relevant services to and/or transact with the Sinochem Connected Persons at terms determined in accordance with the respective pricing policies, we concur with the Directors' view that the Continuing Connected Transactions are in the interests of the Company as a whole.

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## LETTER FROM RED SUN CAPITAL

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### 2. Principal terms of the New Sinochem Framework Agreement

The following principal terms of the New Sinochem Framework Agreement has been extracted from the Letter from the Board:

- Date: 9 November 2023
- Parties: (i) the Company; and  
(ii) Sinochem Holdings.
- Nature of transaction: Pursuant to the New Sinochem Framework Agreement, the Company (for itself and on behalf of the the Group) agreed to provide certain services to the Sinochem Connected Persons, including (i) Sinochem Property Management Services; and (ii) Sinochem Value-added Services.
- Pricing: The fees payable by the Sinochem Connected Persons to the Group under the New Sinochem Framework Agreement shall be determined on arm's length basis with reference to the following:
- (i) the size and location of the relevant properties;
  - (ii) the scope and standards of the Sinochem Services;
  - (iii) the expected operational costs (including, among others, labor costs, material costs and administrative costs) of the Group in relation to the provision of the Sinochem Services; and
  - (iv) the fees charged by other service providers for similar services in the market. The fees charged by the Group to the Sinochem Connected Persons shall not be higher than the standard fees designated by the relevant regulatory authorities (only applicable to the provision of Sinochem Property Management Services if the province and/or the city in the PRC in which the property is situated has such regulation), with such standard fees mostly designated by the relevant Municipal Development and Reform Commission and applicable to all property management service providers within the relevant province or city (as the case may be), and priced at different levels according to, among others, the type of property and level of services; and the terms offered by the Group to the Sinochem Connected Persons shall not be less favorable to the Group than the terms offered by the Group to its independent customers for the same or similar type and scope of services, such that the fees per transaction or other relevant unit payable by the Sinochem Connected Persons to the Group will be no less than the fees per transaction or other relevant unit payable by independent customers for the same type and scope of services provided by the Group.

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## LETTER FROM RED SUN CAPITAL

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**Payment:** The relevant members of the Group shall enter into a specific agreement with the relevant member of the Sinochem Connected Persons pursuant to the New Sinochem Framework Agreement in respect of each transaction regarding the provision of Sinochem Services. Subject to the terms and conditions of the New Sinochem Framework Agreement, the specific agreement shall set forth the details of the specific services, the price and basis of determination of the services, the method of payment, and the specific duration of the services.

**Term:** Subject to obtaining the approval from the Independent Shareholders at the EGM, the New Sinochem Framework Agreement shall take effect from 1 January 2024 and expire on 31 December 2026, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under the Listing Rules and all other applicable law and regulations (if any).

**Proposed annual caps:** It is estimated that the maximum annual amounts of fees chargeable by the Group and payable by the Sinochem Connected Persons in relation to the Sinochem Services for the three years ending 31 December 2024, 2025 and 2026 will not, in aggregate, exceed the amounts set out in the table below:

<b>Maximum aggregate annual amount of fees charged by the Group for the Sinochem Services</b>			
<b>For the year ending 31 December</b>	<b>Sinochem Property Management Services (RMB'000)</b>	<b>Sinochem Value-added Services (RMB'000)</b>	<b>Total (RMB'000)</b>
2024	100,000	21,000	121,000
2025	160,000	41,000	201,000
2026	190,000	80,000	270,000



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## LETTER FROM RED SUN CAPITAL

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### 3. Analysis on the principal terms of the New Sinochem Framework Agreement and work performed on the internal control procedures

#### 3.1 Principal terms of the New Sinochem Framework Agreement

As advised by the Management, the service fees under the New Sinochem Framework Agreement for the Sinochem Services to be provided by the Group to the Sinochem Connected Persons, include, among others, (i) the property management services in respect of the industrial parks, research institutes and office buildings held by the Sinochem Connected Persons, as well as office spaces used by the Sinochem Connected Persons; and (ii) the value-added services as may be required by the Sinochem Connected Persons from time to time, such as management services in respect of car park spaces used by the Sinochem Connected Persons.

We have obtained and reviewed a sample of not less than 12 recent historical transactions in total, six of which were related to property management services and the other six were related to value-added services (the “**Sampled Transactions**”). These transactions were conducted during the year ended/ending 31 December 2022 and 2023, selected on random basis across a number of projects, including both transactions between the Group and (i) independent third parties; and (ii) members of the Sinochem Connected Persons, in relation to the Sinochem Services. We noted that the rates of service fee of the samples were based on, among others, (i) the size and location of the relevant properties; (ii) the scope and standards of the Sinochem Services; (iii) the expected operational costs (including, among others, labor costs, material costs and administrative costs) of the Group in relation to the provision of the Sinochem Services; and (iv) the fees charged by other service providers for similar services in the market.

Based on the Sampled Transactions, as the fees charged by the Group to the Sinochem Connected Persons were not less favourable than those charged by the Group to Independent Third Parties for similar services and that they were not higher than the standard fees designated by the relevant regulatory authorities (only applicable to the provision of Sinochem Property Management Services if the province and/or the city in the PRC in which the property is situated has such regulation), with such standard fees mostly designated by the relevant Municipal Development and Reform Commission and applicable to all property management service providers within the relevant province or city (as the case may be), and priced at different levels according to, among others, the type of property and level of services; and the terms of the Continuing Connected Transactions offered by the Group to the Sinochem Connected Persons shall not be less favorable to the Group than the terms offered by the Group to its independent customers for the same or similar type and scope of services, such that the fees per transaction or other relevant unit payable by the Sinochem Connected Persons to the Group will be no less than the fees per transaction or other relevant unit payable by independent customers for the same type and scope of services provided by the Group.

Based on our work performed as detailed above, in particular, review of profit margin of transactions contemplated under the Sinochem Services, terms of the Sampled Transactions with the Sinochem Connected Persons were no less favourable to the Group than similar transactions with independent third parties, our findings demonstrated that the Sinochem Services were conducted on normal commercial terms and considered to be fair and reasonable.

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## LETTER FROM RED SUN CAPITAL

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In addition, we have also obtained and reviewed the internal procedures of the Group governing the transactions contemplated under the New Sinochem Framework Agreement which involves, among others, the review of terms of relevant transactions by the approval personnel from the headquarters of the Group, segregation of duties and regularly monitored by the relevant personnel from various internal departments of the Company (including but not limited to the finance department and legal department). With a view to ensure that the transactions pursuant to the New Sinochem Framework Agreement are conducted on normal commercial terms, the relevant personnel and the management of the Group shall review and ensure the transactions contemplated under the New Sinochem Framework Agreement are conducted in accordance with the terms of the New Sinochem Framework Agreement.

### *3.2 Internal control procedures and corporate governance measures*

We noted that the Group has adopted the following internal control and corporate governance measures to ensure that the terms of the Group's transactions with the Sinochem Connected Persons under the New Sinochem Framework Agreement are fair and reasonable and not prejudicial to the interests of the Company and the Independent Shareholders:

- (i) the Board (including the independent non-executive Directors) will be responsible for reviewing and evaluating the terms of the New Sinochem Framework Agreement for the continuing connected transactions (including any renewal thereof), in particular the pricing principles and annual caps, to ensure that such terms are fair and reasonable to the Group and compliant with relevant laws and regulations, the Group's internal policies and the Listing Rules;
- (ii) the business department of the Company will oversee the monitoring, collection and evaluation of historical transaction prices and market data, including but not limited to the market practices and prevailing market rates for the provision of the relevant services in respect of similar types of properties in comparable locations, and will report regularly to the headquarters of the Group;
- (iii) when determining the fees payable by the Sinochem Connected Persons to the Group under the New Sinochem Framework Agreement, the Group will make reference to the prevailing market conditions and practices by utilising the market data collected by the business department as mentioned in the preceding paragraph, as well as the pricing and terms offered by the Group to independent third parties for similar transactions, to ensure that the terms and conditions offered to the Sinochem Connected Persons are fair and reasonable and are no less favorable to the Group than those offered to independent third parties for comparable services. Specifically, the business department of each regional center of the Group is responsible for the initial pricing of the fees payable by the Sinochem Connected Persons to the Group with respect to the projects within the region after taking into accounts the aforementioned factors, which will then be submitted to the headquarters of the Group for final review and approval;

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## LETTER FROM RED SUN CAPITAL

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- (iv) the Group will independently evaluate the projects developed by the Sinochem Connected Persons, including the size and location of the relevant projects, the scope and standards of the services required and the expected operational costs for providing such services, before taking on any particular project;
- (v) various internal departments of the Company (including but not limited to the finance department and legal department) will regularly monitor the implementation of the continuing connected transactions contemplated under the New Sinochem Framework Agreement and keep track of the aggregate transaction amounts under each New Sinochem Framework Agreement on a monthly basis, to ensure that the pricing principles and annual caps contained therein are complied with;
- (vi) the independent non-executive Directors will conduct an annual review of the continuing connected transactions under the New Sinochem Framework Agreement and provide an annual confirmation as to whether these transactions are conducted on normal commercial terms or better, and according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and
- (vii) the Company's external auditors will also conduct an annual review of the continuing connected transactions under the New Sinochem Framework Agreement, including the pricing policies and the annual caps.

### ***3.3 Our findings***

Having considered the work performed by us as set out above, in particular, (i) the Sampled Transactions together with the relevant documents reviewed by us; (ii) our analysis and work performed on the pricing policies and internal control procedures in connection with the Continuing Connected Transactions as set out in the Letter from the Board, including the pricing basis of the Sinochem Services, which were not less favourable to the Group than transactions with Independent Third Parties; and (iii) the Group has the right but not the obligation to provide the relevant services to the Sinochem Connected Persons at terms determined in accordance with the respective pricing policies, we considered that the effective implementation of the subject internal control policies would ensure the transactions under the New Sinochem Framework Agreement to be conducted on terms that are fair and reasonable.

### **4. Basis and rationale for determining the proposed annual caps in connection with the New Sinochem Framework Agreement**

Based on the Letter from the Board, the Proposed Annual Caps mainly comprised of the maximum aggregate annual amount of fees to be charged by the Group (i) for the Sinochem Property Management Services (the “**Estimated SPM Services Amount**”); and (ii) for the Sinochem Value-added Services (the “**Estimated SVA Services Amount**”).

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**LETTER FROM RED SUN CAPITAL**

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The Proposed Annual Caps for the years ending 31 December 2024, 2025 and 2026 under the New Sinochem Framework Agreement are set out below:

	<b>For the year ended/ending 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Sinochem Services historical transaction amounts	46.2	59.1	30.2 (up till 30 June 2023) <i>(Annualised amount: 60.4)</i>
– Sinochem Property Management Services	43.3	52.7	26.1 (up till 30 June 2023) <i>(Annualised amount: 52.2)<sup>(Note)</sup></i>
– Sinochem Value-added Services	2.9	6.4	4.1 (up till 30 June 2023) <i>(Annualised amount: 8.2)<sup>(Note)</sup></i>

	<b>For the year ending 31 December</b>		
	<b>2024</b>	<b>2025</b>	<b>2026</b>
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Proposed Annual Caps	121.0 (the “ <b>2024 Proposed Annual Cap</b> ”)	201.0 (the “ <b>2025 Proposed Annual Cap</b> ”)	270.0 (the “ <b>2026 Proposed Annual Cap</b> ”)
– Estimated SPM Services Amount	100.0 (the “ <b>2024 SPM Services Amount</b> ”)	160.0 (the “ <b>2025 SPM Services Amount</b> ”)	190.0 (the “ <b>2026 SPM Services Amount</b> ”)
– Estimated SVA Services Amount	21.0 (the “ <b>2024 SVA Services Amount</b> ”)	41.0 (the “ <b>2025 SVA Services Amount</b> ”)	80.0 (the “ <b>2026 SVA Services Amount</b> ”)

*Note:* Utilisation rate based on the annualised amount calculated using the transaction amount for the six months ended 30 June 2023 is for illustration purposes only and does not represent the actual transaction amount for the year ending 31 December 2023.

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## LETTER FROM RED SUN CAPITAL

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As set out in the Letter from the Board, the Estimated SPM Services Amount has been determined primarily by reference to (i) the historical transaction amount for the provision of the Sinochem Property Management Services and growth trend over the two years ended 31 December 2022 and the six months ended 30 June 2023; (ii) the scale of industrial parks, research institutes and office buildings held by the Sinochem Connected Persons and office spaces used and newly expected to be used by the Sinochem Connected Persons, and the estimated management fees for providing services in respect of similar types of properties in the market; (iii) the expected increase in demand of the Sinochem Connected Persons for the Sinochem Property Management Services, taking into accounts the business plan of the Sinochem Connected Persons, in particular with respect to the new office spaces expected to be used; and (iv) a buffer of 20% to cater for any additional demand of the Sinochem Connected Persons for the Sinochem Property Management Services, inflation and currency fluctuations and on the general assumption that there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group and the Sinochem Connected Persons during the projected period.

As set out in the Letter from the Board, the Estimated SVA Services Amount for the years ending 31 December 2024, 2025 and 2026 has been determined primarily by reference to (i) the historical transaction amounts for the provision of the Sinochem Value-added Services and growth trend over the two years ended 31 December 2022 and the six months ended 30 June 2023; (ii) the number of car park spaces currently used by the Sinochem Connected Persons and in respect of which the Group has been providing management services, and the estimated management fees for providing such services during the three years ending 31 December 2026; (iii) the expected increase in demand of the Sinochem Connected Persons for the Sinochem Value-added Services, including the additional number of car park spaces which may require the management services of the Group for the three years ending 31 December 2026, and the additional value-added services to be provided by the Group in respect of the new industrial parks and office spaces held or used by the Sinochem Connected Persons or that may be required by the Sinochem Connected Persons from time to time; (iv) the expected increase in scope and standard of services required by Sinochem Connected Persons leading to the expected increase in operational costs (primarily labour costs) to be incurred by the Group; and (v) a buffer of 20% to cater for any additional demand of the Sinochem Connected Persons for the Sinochem Value-added Services, inflation and currency fluctuations and on the general assumption that there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group and the Sinochem Connected Persons during the projected period.

### *Our analysis on the Proposed Annual Caps – the Estimated SPM Services Amount*

Based on the Letter from the Board, the Proposed Annual Caps mainly comprised of (i) the Estimated SPM Services Amount; and (ii) the Estimated SVA Services Amount.

With a view to assess the fairness and reasonableness of the Estimated SPM Services Amount, we obtained and reviewed a schedule prepared by the Management in relation to Sinochem Property Management Services for the years ending 31 December 2024, 2025 and 2026 (the “**SPM Services Schedule**”).

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## LETTER FROM RED SUN CAPITAL

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As set out in the SPM Services Schedule, the Group may be engaged by the Sinochem Connected Persons to provide Sinochem Property Management Services for not less than 20 property related projects, including ongoing projects and secured projects which are yet to commence, the contract sum of which ranged from not less than RMB0.2 million to in the region of RMB20.0 million.

We have also reviewed the historical transaction amount of the Sinochem Property Management Services for the year ended/ending 31 December 2021, 2022 and 2023 (on an annualised basis), which ranged from approximately RMB43.3 million (2021) to approximately RMB52.7 million (2022) (the “**Historical SPM Services Transaction Amounts**”). We also calculated that the year-on-year fluctuation in Historical SPM Services Transaction Amounts, in absolute percentage terms, ranged from less than 1.0% to approximately 21.8% (the “**Historical SPM Services Fluctuation Rate**”).

The 2024 SPM Services Amount is determined after taking into account (i) the Historical SPM Services Fluctuation Rate; (ii) with reference to an estimated not less than 20 property development projects for the year ending 31 December 2024, with an estimated GFA of more than 3.1 million sq.m. (representing an additional approximately 1.2 million sq.m. in GFA compared to the corresponding prior year period) of the Sinochem Connected Persons which may require Sinochem Property Management Services for the year ending 31 December 2024; and (iii) based on information available and subject to the scope of Sinochem Property Management Services, the Management estimates that the SPM Services per sq.m. to be in the range of RMB2 per sq.m. per month to RMB20 per sq.m. per month. On this basis, we concur with the Management that the basis of the 2024 SPM Services Amount to be reasonable.

For assessing the reasonableness of the 2025 and 2026 SPM Services Amount, we have considered, among other factors, the prevailing operating environment of the PRC property market is challenging, therefore it would be prudent for the Management to assume the completed property units may take longer to sell in the market, which in turn may remain unsold and vacant for a prolonged period of time and therefore such unsold and vacant property units of the Sinochem Connected Persons would increase the demand (both in terms of volume and length of time) for property management services by the Group as long as these property units remained unsold under the challenging PRC property market.

Furthermore, given (i) the Management expects the Sinochem Connected Persons to continue to develop its land banks and complete more property development projects from time to time during the two years ending 31 December 2025 and 2026, demand for property management services is expected to be higher; (ii) the expected completion of new property projects of the Sinochem Connected Persons during the years ending 31 December 2025 and 2026, including a new office building in Northern China with the estimated GFA of approximately 114,000 sq.m. with reference to the website of Sinochem Group, and based on information available and subject to the scope of Sinochem Property Management Services, the Management estimates that the SPM Services per sq.m. to be in the range of RMB2 per sq.m. per month to RMB20 per sq.m. per month; and (iii) the Historical SPM Services Fluctuation Rate as discussed above. On this basis, we concur with the Management that the basis of the 2025 and 2026 SPM Services Amount to be reasonable, respectively.

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## LETTER FROM RED SUN CAPITAL

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We also noted that the Management has incorporated a buffer of 20% in the 2024, 2025 and 2026 SPM Services Amount. In this connection, we have conducted research on buffers incorporated into annual caps of framework agreements, entered into in 2023 by group member of companies listed on the Stock Exchange, governing the provision of services which constitutes continuing connected transactions, selected based on the following criteria: (i) framework agreement entered into by member of listed group on the Main Board of the Stock Exchange during the period commenced on 1 January 2023 and ended on 9 November 2023, being the date of the announcement in relation to the Continuing Connected Transactions, such review period of over 10 months is considered to be an appropriate timeframe to identify Annual Cap Market Precedents (defined hereafter) that reflect the recent market practice and provide a useful reference for the purpose of our analysis; and (ii) the subject agreement is entered into for the provision of services/products by the subject listed company to connected person(s) (together the “**Criteria**”). In this connection, we have identified, on a non-exhaustive basis, not less than 12 transactions which fulfilled the aforesaid criteria (the “**Annual Cap Market Precedents**”). We considered the number of Annual Cap Market Precedents, which were related to a range of listed companies from the Main Board of the Stock Exchange with various sizes and across industries, to be a sufficient sample size and represents a fair and representative reference for general market practice to assess whether a buffer of 20% under the Estimated SPM Services Amount is in line with general market practice and for the purpose of our analysis. Given the proposed buffer of 20% under the 2024, 2025 and 2026 SPM Services Amount is within the range of buffer under the Annual Cap Market Precedents (i.e. 2% to 28.5%), we considered the buffer of 2024, 2025 and 2026 SPM Services Amount to be justifiable.

We also noted that the provision of the Sinochem Property Management Services is a furtherance of the Group’s principal activities, the revenue of which shall broaden the Group’s income base, the Sinochem Property Management Services are market driven and the relevant annual caps should have sufficient flexibility to cater for any unforeseen increase in market demand, and that the 2024, 2025 and 2026 SPM Services Amount shall facilitate the relevant continuing connected transactions between the Group and the Sinochem Connected Persons to be conducted in an effective manner without the need for the Company to obtain independent Shareholders’ approval on a transaction-by-transaction basis. Furthermore, the Sinochem Property Management Services under the New Sinochem Framework Agreement shall subject to the relevant pricing policies and internal control procedures, the effective implementation of which shall ensure that the Continuing Connected Transactions will be carried out in a fair and reasonable manner.

### *Our analysis on the Proposed Annual Caps – the Estimated SVA Services Amount*

With a view to assess the fairness and reasonableness of the Estimated SVA Services Amount, we obtained and reviewed a schedule prepared by the Management in relation to Sinochem Value-added Services for the years ending 31 December 2024, 2025 and 2026 (the “**SVA Services Schedule**”).

As set out in the SVA Services Schedule, the Group may be engaged by the Sinochem Connected Persons to provide Sinochem Value-added Services, such as car parking space property management services, for not less than 20 projects, including ongoing projects and projects which are yet to commence, the contract sum of which ranged from not less than RMB50.0 thousand to in the region of RMB5.0 million, under the 2024 SVA Services Amount.

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## LETTER FROM RED SUN CAPITAL

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In addition, we also noted from the SVA Services Schedule that among the five potential projects of the Sinochem Connected Persons which may require Sinochem Value-added Services, the scope of which is expected to cover a wider range of value-added services, such as catering services and shuttle bus services, the estimated contract sum of which range from in the region of RMB0.1 million to RMB10.0 million, under the 2024 SVA Services Amount.

For assessing the reasonableness of the 2025 and 2026 SVA Services Amount, being RMB41.0 million and RMB80.0 million, which represent a year-on-year increase of RMB20.0 million and RMB39.0 million, respectively. We have also reviewed the historical transaction amount of the Sinochem Value-added Services for the year ended/ending 31 December 2021, 2022 and 2023 (on an annualised basis) (the “**Historical SVA Services Transaction Amounts**”) and calculated the year-on-year fluctuation in Historical SVA Services Transaction Amounts, in absolute percentage terms, ranged from approximately 28.1% to 120.7% (the “**Historical SVA Services Fluctuation Rate**”). Furthermore, the Group is expected to further expand the scale and scope of Sinochem Value-added Services which may cover, among others, value-added services, greening and landscaping, cleaning, housekeeping, retail and catering services, community space operation services, etc. The estimated size of these projects is expected to range from RMB50.0 thousand to RMB10.0 million, subject to the duration, scale and work scope.

The Management has incorporated a buffer of 20% in the 2024, 2025 and 2026 SVA Services Amount. We have conducted research on buffer incorporated into annual caps of framework agreements, entered into in 2023 by member of companies listed on the Stock Exchange, governing the provision of services which constitutes continuing connected transactions based on the Criteria. In this connection, we have identified no less than 12 Annual Cap Market Precedents. Having considered our analysis and work performed in connection with the Annual Cap Market Precedents as set out under the section headed “Our analysis on the Proposed Annual Caps – the Estimated SPM Services Amount” in this letter above, in particular, the buffer of 20% under the 2024, 2025 and 2026 SVA Services Amount is within the range of buffer under the Annual Cap Market Precedents, we considered the buffer of 2024, 2025 and 2026 SVA Services Amount to be justifiable.

We also noted that the provision of the Sinochem Value-added Services is a furtherance of the Group’s principal activities, the revenue of which shall broaden the Group’s income base, the Sinochem Value-added Services are market driven and the relevant annual caps should have sufficient flexibility to cater for any unforeseen increase in market demand, and that the 2024, 2025 and 2026 SVA Services Amount shall facilitate the relevant continuing connected transactions between the Group and the Sinochem Connected Persons to be conducted in an effective manner without the need for the Company to obtain independent Shareholders’ approval on a transaction-by-transaction basis. Furthermore, the Sinochem Value-added Services under the New Sinochem Framework Agreement shall subject to the relevant pricing policies and internal control procedures, the effective implementation of which shall ensure that the Continuing Connected Transactions will be carried out in a fair and reasonable manner.



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## LETTER FROM RED SUN CAPITAL

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Based on the above factors and analysis, we considered the basis of the Proposed Annual Caps, including the Estimated SPM Services Amount and the Estimated SVA Services Amount, to be fair and reasonable so far as the Company and the Independent Shareholders are concerned.

### VII. RECOMMENDATION

Having considered the factors as set out in this letter above, in particular,

- (i) the reasons for and benefits of the New Sinochem Framework Agreement;
- (ii) the Sinochem Services under the New Sinochem Framework Agreement is a furtherance and continuance of the Group's existing principal businesses and shall broaden the revenue base of the Group;
- (iii) the services contemplated under the New Sinochem Framework Agreement shall be conducted in the ordinary and usual course of business of the Group and on normal commercial terms, to be governed by the internal procedures, so that the terms of the transactions contemplated thereunder shall be no less favourable to the Group than similar transactions conducted with independent third parties to the Group under the same conditions; and
- (iv) the basis for determining the proposed annual caps under the respective New Sinochem Framework Agreement is reasonable, details of which are set out under the section headed "4. Basis and rationale for determining the proposed annual caps in connection with the New Sinochem Framework Agreement" in this letter above,

we are of the view that the transactions contemplated under the New Sinochem Framework Agreements with Sinochem Holdings, are in the ordinary and usual course of business of the Group, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and the terms of the New Sinochem Framework Agreement, including the Proposed Annual Caps, are fair and reasonable so far as the Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, that the Independent Shareholders to vote in favour of the relevant ordinary resolution to approve the New Sinochem Framework Agreement (including the Proposed Annual Caps) at the EGM.

Yours faithfully  
For and on behalf of  
**Red Sun Capital Limited**  
**Lewis Lai**  
*Managing Director*

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## LETTER FROM RED SUN CAPITAL

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*Mr. Lewis Lai is a licensed person registered with the SFC and a responsible officer of Red Sun Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 16 years of experience in the corporate finance industry.*

\* *for identification purposes only*

## 1. RESPONSIBILITY OF THE DIRECTORS

This supplemental 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 supplemental 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 supplemental circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' interests

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executives of the Company or their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) 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 as set out in Appendix 10 to the Listing Rules:

#### *Interests in the shares or underlying shares of the Company*

<b>Name of Director</b>	<b>Capacity</b>	<b>No. of shares held</b>	<b>Percentage of issued share capital of the Company</b>
Mr. Song Liuyi	Beneficial owner	45,317 (Long Position)	0.005%

*Interests in the shares or underlying shares of the associated corporations of the Company*

<b>Name of Director</b>	<b>Capacity</b>	<b>Name of associated corporation (Note 1)</b>	<b>No. of shares held in the associated corporation</b>	<b>No. of underlying shares held in the associated corporation (Note 2)</b>	<b>Percentage of issued share (Note 3)</b>
Mr. Song Liuyi	Beneficial owner	China Jinmao	3,500,000 (Long Position)	2,000,000 (Long Position)	0.041%
Mr. Xie Wei	Beneficial owner	China Jinmao	–	2,000,000 (Long Position)	0.015%
Ms. Zhou Liye	Beneficial owner	China Jinmao	–	1,000,000 (Long Position)	0.007%
Ms. Qiao Xiaojie	Beneficial owner	China Jinmao	–	1,334,000 (Long Position)	0.010%
Mr. Gan Yong	Beneficial owner	China Jinmao	–	500,000 (Long Position)	0.004%

*Note 1:* As at the Latest Practicable Date, China Jinmao held approximately 67.28% of the total number of issued shares of the Company. As such, China Jinmao is an associated corporation of the Company within the meaning of Part XV of the SFO.

*Note 2:* This refers to underlying shares covered by share options granted pursuant to the share option scheme of China Jinmao, such options being unlisted physically settled equity derivatives.

*Note 3:* This represents the percentage of the long positions in the shares and underlying shares to the total number of issued shares of China Jinmao as at the Latest Practicable Date.

**(b) Substantial shareholders' interests**

Save as disclosed below, as at the Latest Practicable Date, so far as is known to the Directors, there was no other person (other than the Directors and chief executives of the Company) who had any interest or short position in the shares or underlying shares of the Company which (i) were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or (ii) were required, pursuant to section 336 of the SFO, to be recorded in the register of the Company referred to therein, or (iii) had already been notified to the Company and the Stock Exchange:

<b>Name of substantial shareholder</b>	<b>Long/short position</b>	<b>Capacity/nature of interests</b>	<b>No. of shares held</b>	<b>Percentage of issued share capital of the Company</b>
China Jinmao	Long position	Beneficial owner	608,319,969	67.28%
Sinochem Hong Kong	Long position	Interest in controlled corporation ( <i>Note 1</i> )	608,319,969	67.28%
		Beneficial owner	67,616,133	7.48%
Sinochem Corporation	Long position	Interest in controlled corporation ( <i>Note 1</i> )	675,936,102	74.76%
Sinochem Group	Long position	Interest in controlled corporation ( <i>Note 1</i> )	675,936,102	74.76%
Sinochem Holdings	Long position	Interest in controlled corporation ( <i>Note 1</i> )	675,936,102	74.76%

*Note 1:* Sinochem Holdings held the entire equity interests in Sinochem Group, which in turn held a 98.00% interest in Sinochem Corporation. Sinochem Corporation held the entire equity interests in Sinochem Hong Kong, which in turn held an approximately 37.09% interest in China Jinmao as at the Latest Practicable Date. For the purpose of the SFO, Sinochem Holdings, Sinochem Group, Sinochem Corporation and Sinochem Hong Kong are all deemed to be interested in the shares of the Company beneficially owned by China Jinmao, and Sinochem Holdings, Sinochem Group and Sinochem Corporation are all deemed to be interested in the shares of the Company beneficially owned by Sinochem Hong Kong.

### 3. DIRECTORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDER

As at the Latest Practicable Date, the following Directors are also employees of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

<b>Name of Director</b>	<b>Name of substantial shareholder of the Company</b>	<b>Position in the substantial shareholder of the Company</b>
Ms. Qiao Xiaojie	China Jinmao	Executive director and Chief financial officer
Mr. Gan Yong	China Jinmao	General manager of the human resources department

### 4. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors are not aware of any material adverse changes 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.

### 5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries which is not terminable within one year without payment of compensation (other than statutory compensation).

### 6. COMPETING INTERESTS

As at the Latest Practicable Date, the Directors were not aware that any of them or any of their close associates had interests in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group which would fall to be disclosed under the Listing Rules.

### 7. OTHER ARRANGEMENTS INVOLVING DIRECTORS

As at the Latest Practicable Date:

- (a) none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group; and

- (b) none of the Directors had any direct or indirect interest in any assets which had been since 31 December 2022 (the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

## 8. EXPERT AND CONSENT

The following is the qualifications of the expert who has given opinions or advice, which are contained or referred to in this supplemental circular:

<b>Name</b>	<b>Qualifications</b>
Red Sun Capital	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, the Independent Financial Adviser

As at the Latest Practicable Date, Red Sun Capital:

- (a) has given and has not withdrawn its written consent to the issue of this supplemental circular with the inclusion of its letter dated 7 December 2023 and references to its name, in the form and context in which it appears;
- (b) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (c) did not have any direct or indirect interest in any assets which had been since 31 December 2022 (the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

## 9. DOCUMENTS ON DISPLAY

A copy of the New Sinochem Framework Agreement is available on the HKExnews website of the Hong Kong Exchanges and Clearing Limited (<https://www.hkexnews.hk>) and the website of the Company (<http://www.jinmaowy.com>) from the date of this supplemental circular up to and including the date of the EGM.



**JINMAO PROPERTY SERVICES CO., LIMITED**

**金茂物業服務發展股份有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 00816)**

**SUPPLEMENTAL NOTICE OF EXTRAORDINARY GENERAL MEETING**

Reference is made to the circular (the “**Original EGM Circular**”) and notice of extraordinary general meeting (the “**Original EGM Notice**”) of Jinmao Property Services Co., Limited (the “**Company**”) dated 30 November 2023, which set out the time and venue of the extraordinary general meeting of the Company (the “**EGM**”) and contain the resolutions to be considered by the shareholders of the Company at the EGM.

**SUPPLEMENTAL NOTICE IS HEREBY GIVEN** that the EGM of the Company will be held as originally scheduled at 6F, YouAn International Tower, Unit 2, Xitieying Middle Avenue, Fengtai District, Beijing, the PRC on Friday, 22 December 2023 at 3:00 p.m. or any adjournment thereof to consider and, if thought fit, pass the following supplemental resolution as an ordinary resolution (with or without modifications), in addition to the resolutions contained in the Original EGM Notice:

**SUPPLEMENTAL ORDINARY RESOLUTION**

5. “**THAT:**

- (a) (i) the New Sinochem Framework Agreement (as defined and described in the supplemental circular to the shareholders of the Company dated 7 December 2023 (the “**Supplemental Circular**”), a copy of which has been produced to the EGM marked “E” and initialled by the Chairman of the EGM for the purpose of identification) and the execution thereof and implementation of all transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (ii) the proposed annual caps in relation to the transactions contemplated under the New Sinochem Framework Agreement as described in the Supplemental Circular be and are hereby approved, ratified and confirmed; and



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## SUPPLEMENTAL NOTICE OF EGM

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- (b) any Director be and is authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he considers necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the New Sinochem Framework Agreement or any transactions contemplated thereunder, and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of the such Director, in the interests of the Company and its shareholders as a whole.”

By order of the Board  
**Jinmao Property Services Co., Limited**  
**Song Liuyi**  
*Chairman*

Hong Kong, 7 December 2023

*Notes:*

1. In order to be valid, the revised form of proxy enclosed with this Supplemental Circular (the “**Revised Form of Proxy**”) completed in accordance with the instructions printed thereon, together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company’s share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours (excluding any part of a day that is a public holiday) before the time appointed for the meeting or the adjourned meeting (as the case may be) (the “**Closing Time**”).
2. Any shareholder who has not yet lodged the form of proxy issued by the Company on 30 November 2023 (the “**Original Form of Proxy**”) is requested to lodge the Revised Form of Proxy if he or she intends to appoint a proxy to attend the EGM on his or her behalf. In this case, the Original Form of Proxy should not be lodged. Any shareholder who has already lodged the Original Form of Proxy should note that:
  - (i) if the Revised Form of Proxy is lodged before the Closing Time, the Revised Form of Proxy will revoke and supersede the Original Form of Proxy previously lodged by the shareholder. The Revised Form of Proxy will be treated as a valid form of proxy lodged by the shareholder, if duly completed; and
  - (ii) if no Revised Form of Proxy is lodged before the Closing Time, the Original Form of Proxy will be treated as a valid form of proxy lodged by the shareholder, if duly completed. The proxy so appointed pursuant to the Original Form of Proxy will be entitled to vote in accordance with the instructions previously given by the shareholder or at his/her discretion (if no such instructions are given) on any resolution properly put to the EGM, including the proposed supplemental resolution set out above.
3. Save for the inclusion of the additional proposed ordinary resolution set out in this supplemental notice, there are no other changes to the Original EGM Notice, and all other matters of the EGM remain unchanged. For details of Resolutions 1 to 4 to be considered at the EGM, closure of the register of members of the Company, eligibility for attending the EGM, registration procedures for attending the EGM, and other relevant matters, please refer to the Original EGM Circular and the Original EGM Notice.

*As at the date of this notice, the executive Directors are Mr. Song Liuyi (Chairman), Mr. Xie Wei and Ms. Zhou Liye; the non-executive Directors are Ms. Qiao Xiaojie and Mr. Gan Yong; and the independent non-executive Directors are Dr. Chen Jieping, Dr. Han Jian and Mr. Sincere Wong.*