THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult 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 circular and the accompanying 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.

JINMAO 金茂服务

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)

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION ACQUISITION OF THE ENTIRE EQUITY INTEREST IN JINMAO LVJIAN CHONGQING

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

红日资本有限公司

RED SUN CAPITAL LIMITED

A letter from the Board is set out on pages 6 to 18 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 19 of this 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 20 to 40 of this circular.

A notice convening the EGM to be held at 6F, YouAn International Tower, Unit 2, Xitieying Middle Avenue, Fengtai District, Beijing, the PRC on Friday, 13 June 2025 at 2:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is enclosed with this circular.

Whether or not you are able to attend and vote at the EGM in person, you are requested to complete the enclosed 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 form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

29 May 2025

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

"Acquisition"	the acquisition of the entire equity interest in the Target Company by the Purchaser from the Vendor
"Articles of Association"	the articles of association of the Target Company
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Beijing Lvjian"	Beijing Jinmao Lvjian Technology Co., Ltd.* (北京金茂綠建科技有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of China Jinmao
"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 Stock Exchange (stock code: 00817)
"Closing"	the closing of the Acquisition
"Closing Date"	the date on which the Closing takes place
"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 Stock Exchange (stock code: 00816)
"Conditions Precedent"	the conditions precedent to the Closing as set out in the Equity Transfer Agreement
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the consideration of the Acquisition pursuant to the Equity Transfer Agreement
"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, 13 June 2025 at 2:00 p.m. for the purpose of, among others, considering and approving the Equity Transfer Agreement and the Acquisition
"Energy Operation and Maintenance Projects"	the energy operation and maintenance-related projects reassigned to Jinmao Lvjian Chongqing by the Original Energy Operation and Maintenance Units pursuant to the Equity Transfer Agreement
"Equity Transfer Agreement"	the equity transfer agreement entered into by Jinmao PM, Shanghai Jinmao and Jinmao Lvjian Chongqing on 30 April 2025 in relation to the Acquisition
"Group"	the Company and its subsidiaries
"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, established to advise the Independent Shareholders in relation to the Acquisition
"Independent Financial Adviser" or "Red Sun Capital"	Red Sun Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition
"Independent Shareholders"	the Shareholders who are not required to abstain from voting at the EGM, i.e. the Shareholders other than China Jinmao and its associates for the purpose of approving the Acquisition

"Independent Valuer"	Vocation (Beijing) International Asset Valuation Co., Ltd. (沃克森(北京)國際資產評估有限公司), a qualified asset appraisal firm authorized by the Ministry of Finance of the PRC to perform valuation works in the PRC
"Jinmao Intelligent"	Sinochem Jinmao Intelligent Energy Technology (Tianjin) Co., Ltd.* (中化金茂智慧能源科技(天津)有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of China Jinmao
"Latest Practicable Date"	26 May 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Original Energy Operation and Maintenance Unit(s)"	Beijing Lvjian and Jinmao Intelligent and their branches
"PRC"	the People's Republic of China, and for the purpose of this circular only, excluding Hong Kong, Macau Special Administrative Region and Taiwan
"Purchaser" or "Jinmao PM"	Sinochem Jinmao Property Management (Beijing) Co., Ltd.* (中化金茂物業管理(北京)有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
"Related Party"	in respect of any natural person, refers to the spouse, child, sibling, parent, spouse's parent, and other close relatives of such natural person; in respect of any entity, refers to any other natural person or entity that is directly or indirectly controlled by it, or controls it, or is jointly controlled with it by another person

	"Control" means, with respect to any entity, the possession, directly or indirectly, by one person (or by multiple persons acting in concert) or by a trustee or executor, of the power to give decisive directions or to oblige others to give decisive directions concerning the management or affairs of such entity, whether through the ownership of voting securities, shares, or as a trustee or executor, or by contract, trust arrangement, or otherwise, including but not limited to: (i) the ownership of more than 50% of the voting capital in the entity, where such voting rights are typically exercisable at the entity's shareholder meetings or similar bodies; (ii) the possession of more than 50% of the voting rights at the entity's board meetings or similar bodies; or (iii) the ability to appoint or remove the majority of the members of the entity's board or similar bodies. The terms "controlled by" and "jointly controlled by" shall have the corresponding meanings.
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	holder(s) of ordinary share(s) of the Company
"Sinochem Group"	Sinochem Group Co., Ltd. (中國中化集團有限公司), a company with limited liability established under the laws of the PRC, 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 established in the PRC, which is wholly owned by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC and is the ultimate controlling shareholder of the Company
"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, and an indirect subsidiary of Sinochem Holdings
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules

"Target Company" or "Jinmao Lvjian Chongqing"	Jinmao Lvjian Technology (Chongqing) Co., Ltd.* (金茂綠建科技(重慶)有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Shanghai Jinmao as at the date of this circular
"Transaction Documents"	the Equity Transfer Agreement and the Articles of Association, together with any amendments or supplements thereto from time to time
"USD"	US dollars, the lawful currency of the United States
"Valuation Report"	the report issued by the Independent Valuer in respect of the valuation of the entire equity interest in the Target Company
"Vendor" or "Shanghai Jinmao"	Shanghai Jinmao Investment Management Group Co., Ltd.* (上海金茂投資管理集團有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of China Jinmao
"Warrantor(s)"	the Vendor and the Target Company
"Working Day(s)"	any day other than Saturday, Sunday, or a rest day required or authorised by law or administrative order for commercial banks in the PRC

* *For identification purposes only*

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)*
Mr. Li Yulong *(Chief Executive Officer)*
Mr. Zhao Jinlong *(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

29 May 2025

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION ACQUISITION OF THE ENTIRE EQUITY INTEREST IN JINMAO LVJIAN CHONGQING

INTRODUCTION

Reference is made to the announcement of the Company dated 30 April 2025 in relation to the Acquisition of the entire equity interest in the Target Company by the Purchaser from the Vendor.

The purpose of this circular is to provide you with (i) further information on the details of the Equity Transfer 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 notice of the EGM; and (v) other information as required under the Listing Rules.

THE ACQUISITION

On 30 April 2025 (after trading hours), Jinmao PM (a wholly-owned subsidiary of the Company and the Purchaser), Shanghai Jinmao (the Vendor) and Jinmao Lvjian Chongqing (the Target Company) entered into the Equity Transfer Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the entire equity interest in the Target Company for a total cash consideration of RMB258 million (tax inclusive).

As at the Latest Practicable Date, the Target Company is a wholly-owned subsidiary of the Vendor. Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the financial statements of the Group.

THE EQUITY TRANSFER AGREEMENT

Principal terms of the Equity Transfer Agreement are set out below:

Date: 30 April 2025

Parties:

(i) Jinmao PM (as the Purchaser);

(ii) Shanghai Jinmao (as the Vendor); and

(iii) Jinmao Lvjian Chongqing (as the Target Company).

Effectiveness: The Equity Transfer Agreement shall take effect upon signing by all parties or their authorized representatives and the approval by the Independent Shareholders at the EGM.

Subject matter: Pursuant to the Equity Transfer Agreement, the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the entire equity interest in the Target Company.

Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the financial statements of the Group.

Consideration: Pursuant to the Equity Transfer Agreement, the Consideration is RMB258 million (tax inclusive), which shall be satisfied by cash.

The Consideration will be funded by internal resources of the Group.

Payment: The Vendor shall, within ten (10) Working Days after the fulfillment of all the Conditions Precedent (except those required to be satisfied on the Closing Date), deliver written notice to the Purchaser including payment notice information.

The Purchaser shall, within ten (10) Working Days after receiving the written notice, remit the Consideration via wire transfer to the designated bank account (the "**Account**") of the Vendor.

Conditions Precedent: The obligations of the Purchaser under the Equity Transfer Agreement (including the payment of the Consideration) shall be subject to the fulfillment of the following Conditions Precedent either at or before the Closing, provided that the Purchaser shall have the right, at its discretion, to waive one or more of the Conditions Precedent by providing written notice to the Vendor:

(i) the Equity Transfer Agreement and the other Transaction Documents having been duly executed and delivered by the relevant parties, and the Purchaser having received the original copies of the Transaction Documents;

(ii) for purpose of signing and delivery of the Transaction Documents and the performance of the Acquisition, the Warrantors having completed all necessary internal decision-making procedures and state-owned asset approval procedures and having obtained all necessary approvals in accordance with the laws and the articles of association, including approval of the amended and restated Articles of Association, which shall become effective on or before the Closing Date;

(iii) the representations and warranties of the Warrantors under the Equity Transfer Agreement being true, accurate, and complete when made and as of the Closing Date, and shall remain in full effect and validity as if made on the Closing Date;

(iv) the Warrantors having performed and complied with all commitments, agreements, obligations, and conditions that must be performed or complied with by the Warrantors under the Transaction Documents on or before the Closing Date;

(v) in the independent and reasonable judgment of the Purchaser, since the date of the Equity Transfer Agreement: (a) there having been no change that could have a material adverse effect on any Warrantor and its respective business, operations, property, financial condition, income or prospects; and (b) there having been no event or events which, either alone or in combination, has had a material adverse effect, and it is reasonably expected that no such event or events shall occur;

(vi) no government agency having issued any order, decree, or ruling, or taken any other action that restricts, prevents, or otherwise prohibits the Acquisition, and such orders, decrees, rulings or actions shall be final and not subject to reconsideration, litigation, or appeal;

(vii) the Warrantors, either themselves or by procuring the Original Energy Operation and Maintenance Units, submitting to the Purchaser the accounts prepared in accordance with all relevant laws and generally accepted accounting principles in the PRC, based on a recognized and consistent foundation. The Warrantors shall ensure that the accounts are complete, accurate, and reflect a true and fair view of the Target Company's relevant events, assets and liabilities, financial condition, and profit and loss for the dates and periods covered by such accounts, and that such accounts are not affected by any irregular or non-recurring items not included therein. The accounting basis and standards used in the preparation of the accounts shall be consistent with those used in the past two accounting years; and

(viii) the Purchaser completing due diligence on the Target Company with results reasonably satisfactory to the Purchaser.

As at the Latest Practicable Date, save as the Conditions Precedent numbered (iii), (iv), (v) and (vi), all the other Conditions Precedent have been fulfilled.

Closing: The Closing of the Acquisition shall take place on the same day on which all Conditions Precedent (as set out above) have been satisfied or waived, and the Purchaser has paid the Consideration to the Account.

Subsidy Fees: The Vendor or its designated entities shall, within five years commencing from 2025 (inclusive), pay the Purchaser RMB37,500,000 as a subsidy (annual payment of RMB7,500,000) to support the Purchaser in enhancing its energy maintenance efficiency and the customer satisfaction, as well as upgrading its service quality and market competitiveness.

Financial arrangement: In order to facilitate payment by the clients of the Energy Operation and Maintenance Projects, receivables (the "**Receivables**") related to the Energy Operation and Maintenance Projects attributable to the period prior to 31 August 2024 (i.e. the establishment date of the Target Company), will be collected by the Target Company on behalf of the Original Energy Operation and Maintenance Units after the Closing Date and will be settled with the Original Energy Operation and Maintenance Units on a semi-annual cycle. The Receivables were account receivables due to the Original Energy Operation and Maintenance Units prior to 31 August 2024 under the Energy Operation and Maintenance Projects. As at the Latest Practicable Date, the Receivables amounted to approximately RMB81.88 million. The above-mentioned arrangement is expected to remain in effect indefinitely, with no specified end date.

Termination: The Equity Transfer Agreement may be terminated in advance of the Closing Date upon the occurrence of any of the following circumstances:

(i) between the date of execution of the Equity Transfer Agreement and the Closing Date, if any of the following occurs: (a) any Warrantor or its Related Party experiences an event or circumstance that has caused, or could reasonably be expected to cause, a material adverse effect; (b) any warranty of the Warrantors set out in the Equity Transfer Agreement is untrue, inaccurate, or incomplete in material aspects, and such breach cannot be cured or is not cured within ten (10) Working Days after the Purchaser has issued written notice to the Warrantors, such that the Conditions Precedent cannot be satisfied; (c) the Warrantors fail to comply with any commitment or agreement under the Equity Transfer Agreement, and such non-compliance cannot be cured or is not cured within ten (10) Working Days after the Purchaser has issued written notice to the Warrantors, such that the Conditions Precedent cannot be satisfied; or (d) any Warrantor or its Related Party makes a general assignment for the benefit of creditors, or any legal proceedings initiated by or against any Warrantor or its Related Party, including but not limited to the declaration of any Warrantor or its Related Party being subject to criminal proceedings, bankruptcy, insolvency, or similar proceedings, or the application or imposition of any freezing, seizure, garnishment, security, or other preservation or guarantee measures against any Warrantor or its Related Party or their respective assets, or the liquidation, dissolution, reorganization, or debt restructuring of any Warrantor or its Related Party or similar arrangements pursuant to any law relating to bankruptcy, insolvency or reorganization, in which case the Equity Transfer Agreement may be terminated by the Purchaser;

(ii) if one or more of the Conditions Precedent (excluding those conditions that, by their nature, cannot be fulfilled before the Closing Date) are not fulfilled by the close of business on the deadline date, which shall be the ninetieth (90th) day after the execution date of the Equity Transfer Agreement or any other date otherwise agreed by the parties in writing, the Purchaser may choose to terminate the Equity Transfer Agreement; or

(iii) the Equity Transfer Agreement may be terminated upon the unanimous written consent of the Purchaser, the Vendor and the Target Company.

BASIS OF DETERMINATION OF THE CONSIDERATION

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to the appraised value of 100% equity interest in the Target Company as at the valuation benchmark date (i.e. 28 February 2025) of approximately RMB258.46 million, as valued by the Independent Valuer using the income approach.

Valuation Report

The Valuation Report is issued by the Independent Valuer, Vocation (Beijing) International Asset Valuation Co., Ltd. (沃克森(北京)國際資產評估有限公司), on 25 April 2025. The Valuation Report is prepared in accordance with the International Valuation Standards. The Valuation Report is valid from 28 February 2025 till 27 February 2026.

The Independent Valuer is a third party independent of the Group and the Vendor. The responsible officers of the Independent Valuer signing the Valuation Report are Pan Kui (潘魁) and Pei Mingming (裴明明), each holds a valid asset appraiser qualification certificate and has 21 years and 8 years of experience, respectively in handling valuations and financial modeling for financial reporting, equity transfer, financial derivatives, intangible assets, biological assets, bankruptcy valuations, etc.

Valuation methodology

The methodology adopted for preparation of the Valuation Report regarding the Acquisition is income approach. Given that (i) there is insufficient public information of comparable transactions in the energy operation and maintenance industry, and thus the market approach is inapplicable; and (ii) the asset-based approach does not fully and directly incorporate information about the future economic benefits contributed by the business of the Target Company, overlooks the Target Company's overall profitability and fails to fully capture its value, the Independent Valuer considered that the income approach is the most appropriate valuation method for appraising the value of the Target Company, as it offers a comprehensive and precise representation of the market value of the Target Company's total equity value.

A summary of the Valuation Report containing, among other things, the key assumptions, valuation model and input parameters for preparation of the Valuation Report is set out in Appendix I to this circular.

Having considered the following factors, the Board is of the view that the valuation of the Target Company is fair and reasonable, and hence reliable as the basis for determining the Consideration:

(i) the Independent Valuer has the necessary qualifications to perform the valuations of the Target Company and also has appropriate experience in carrying out similar valuations;

(ii) the scope of work carried out by the Independent Valuer is consistent with the relevant assessments;

(iii) the income approach is an appropriate valuation methodology for the Target Company as it offers a comprehensive and precise representation of the Target Company's total equity value and reflects the Target Company's future earnings potential, which can be reasonably predicted and measured. The Target Company was established to consolidate the energy operation and maintenance business carried out by the Original Energy Operation and Maintenance Units by way of novation of contracts in relation to the Energy Operation and Maintenance Projects (the "**Consolidation**"). Although the Target Company was newly established and lacks historical track record, the energy operation and maintenance business previously carried out by the Original Energy Operation and Maintenance Units has established a long profitable track record. Therefore, the Company has engaged an audit firm to prepare pro forma financial information of the Target Company for the years ended 31 December 2023 and 2024 and for the period from 1 January 2025 to 28 February 2025 to simulate the financial information of the Target Company as if the Consolidation had been completed prior to the respective periods, which formed as the basis for the financial forecast of the Target Company used in the Valuation Report;

(iv) the valuation assumptions and methodologies adopted by the Independent Valuer for the relevant assessments are fair and reasonable and in line with industry practices; and

(v) the net assets value of the Target Company is not a deciding factor for determining the Consideration as the Target Company is an asset-light entity, and its net assets value does not reflect the value of a large number of existing contract of the Target Company as at the Valuation Benchmark Date, whereas the appraised value under the income approach incorporates the future economic benefits associated with these contracts.

Profit forecast

As the valuation of the Target Company that formed the basis of determining the Consideration is prepared under the income approach, such valuation constitutes profit forecast under Rule 14.61 of the Listing Rules.

Ernst & Young, (the "**Reporting Accountants**"), have been engaged to report on the arithmetical accuracy of the calculations of the discounted cash flows used in the valuation prepared by the Independent Valuer. The Reporting Accountants have reported that so far as the arithmetical accuracy of the calculations is concerned, the discounted cash flows have been properly compiled in accordance with the assumptions as set out in the Valuation Report. The text of the report issued by the Reporting Accountants in relation to the arithmetical accuracy of the calculations of the discounted cash flows is set out in Appendix II to this circular for the purpose of Rule 14.60A(2) of the Listing Rules.

A letter from the Board, confirming that the profit forecast in the Valuation Report has been made after due and careful enquiry by the Board, is set out in Appendix III to this circular for the purpose of Rule 14.60A(3) of the Listing Rules.

INFORMATION ON THE TARGET COMPANY

The Target Company, Jinmao Lvjian Chongqing, is a company established in the PRC with limited liability on 31 August 2024. As at the Latest Practicable Date, its registered capital is RMB10,000,000. The Target Company is principally engaged in the energy operation and maintenance business, which includes providing the equipment operation and maintenance services for technological systems such as ground source heat pumps, fresh air units and plate heat exchangers.

Set out below is the audited financial information of the Target Company during the period from 31 August 2024 (being the date of establishment) to 31 December 2024 and during the period from 1 January 2025 to 28 February 2025:

	For the period from 31 August 2024 to 31 December 2024 *(RMB million)*	**For the period from 1 January 2025 to 28 February 2025***note* *(RMB million)*
Net profit before taxation	11.33	20.12
Net profit after taxation	9.63	20.12

Note: As disclosed in the Valuation Report, the net profit of the energy operation and maintenance business for the period from 1 January 2025 to 28 February 2025 amounted to approximately RMB2.11 million, which consisted of the net profit of RMB20.12 million from the Target Company and the net loss of RMB18.01 million from the Original Energy Operation and Maintenance Units for the same period. The net loss incurred by the Original Energy Operation and Maintenance Units for the period from 1 January 2025 to 28 February 2025 was mainly attributable to certain expenses incurred by the Original Energy Operation and Maintenance Units for repairing the deterioration issue of equipment relating to the energy operation and maintenance business, which was discovered by the Purchaser during the due diligence process on the Target Company.

The audited total assets and net assets of the Target Company were approximately RMB270.79 million and RMB29.75 million, respectively, as at 28 February 2025.

As the Target Company was established by the Vendor instead of acquiring from a third party, there is no original acquisition cost for the entire equity interest in the Target Company. The cost of Vendor in establishing the Target Company, being the fully-paid registered capital, amounted to RMB10 million as at the Latest Practicable Date.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The energy operation and maintenance business is an important part of the full-cycle management of technology-enabled residences, which plays a key role in ensuring a positive user experience for property owners, extending the lifespan of buildings, equipment and facilities, and contributing to the preservation and appreciation of property values. Since its establishment, China Jinmao has accumulated rich professional experience and built strong customer reputation in stabilizing the operating status of equipments, extending the service life of systems, meeting diversified needs of customers and enhancing the level of energy management through its specialised energy operation and maintenance service levels, which has solidified its position as a leading player in the industry of technology-enabled residential operation and maintenance management. Against the backdrop of the "carbon peaking and carbon neutrality" goals, the Ministry of Housing and Urban-Rural Development has specified the criteria for a "good house" as being "green and low-carbon, intelligent and secure" in the current year. The Company foresees that with the escalating competition in the property industry for project expansion, technology-enabled residential energy operation and maintenance services, featuring market-driven pricing standards and promising business growth potential, will emerge as a vital strategic focus for property management enterprises seeking to cultivate distinctive competitive advantages, sustain business growth, and uphold ESG development principles.

After the Acquisition, the Group will achieve integrated operation of property services and energy operation and maintenance on property owners' side, further enhancing operational efficiency, improving customer experience, and solidifying project stability. Meanwhile, the energy operation and maintenance business, positioned as the "green" label of the Group, will further boost the full-chain competitive edges of the Group, establish benchmark service projects for the Group in the field of technology-enabled residences, and accelerate market expansion of the Group in technology-enabled residences, on-residential business portfolio, and energy management services, thereby cultivating differentiated competitive capabilities and providing support for performance growth to help the Group achieve its medium and long-term strategic objectives.

The Acquisition reflects the further strengthening of strategic synergy between the Group and China Jinmao. It serves as a high-quality development goal for the Group to "Rebuild New Jinmao Services in Five Years", and an important measure of reinforcing the core business line of "energy management" under the "1245" strategy, as well as a key strategic positioning of "focusing on premium quality of property holding and high-end quality services, accelerating the creation of a second growth curve (聚焦精品持有和高端服務業務, 加速打造第二增長曲線)" under the business strategy of "One Core • Three Focuses (一核•三聚焦)" of China Jinmao.

The Directors (including the independent non-executive Directors whose views are set out in the Letter from the Independent Board Committee in this circular) are of the view that, although the entering into of the Equity Transfer Agreement was not in the ordinary and usual course of business of the Group, the terms of the Equity Transfer Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

As Ms. Qiao Xiaojie and Mr. Gan Yong, both being non-executive Directors of the Company, are also director or employee of China Jinmao, they are deemed to have material interests in the Acquisition and have abstained from voting on the relevant Board resolution to approve the Acquisition. Save as disclosed above, none of the other Directors have material interests in the Acquisition and are required to abstain from voting on the relevant Board resolution.

INFORMATION ON THE PARTIES

The Group and Jinmao PM

The Group is a fast-growing upscale property management and city operation service provider in the PRC. Jinmao PM, as a principal operating wholly-owned subsidiary of the Company in the PRC, is principally engaged in the provision of property management services, value-added services to non-property owners and community value-added services.

Shanghai Jinmao

Shanghai Jinmao is a company established in the PRC with limited liability on 15 November 2007 with a registered capital of USD10 million. As at the Latest Practicable Date, Shanghai Jinmao is a wholly-owned subsidiary of China Jinmao. Shanghai Jinmao is principally engaged in corporate management, financial management consultancy services in the PRC.

China Jinmao

China Jinmao is a large-scale developer and operator of quality real estate projects in the PRC, and the platform enterprise of Sinochem Holdings in the development of real estate business. China Jinmao is principally engaged in city operations, property development, commercial leasing, retail operations, hotel operations, as well as technology and services. The shares of China Jinmao are listed on the Stock Exchange (stock code: 00817).

IMPLICATIONS UNDER THE LISTING RULES

As at the Latest Practicable Date, Shanghai Jinmao is a wholly-owned subsidiary of China Jinmao, which is a controlling shareholder of the Company holding approximately 67.28% of the total number of issued Shares of the Company. Therefore, Shanghai Jinmao is an associate of China Jinmao and a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the Acquisition exceeds 5% but is less than 25%, (i) the Acquisition constitutes a discloseable transaction of the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules; and (ii) the Acquisition also constitutes a connected transaction of the Company, and is subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Acquisition is subject to the fulfillment of certain Conditions Precedent set out in the Equity Transfer Agreement, and may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

EGM

A notice convening the EGM to be held at 6F, YouAn International Tower, Unit 2, Xitieying Middle Avenue, Fengtai District, Beijing, the PRC on Friday, 13 June 2025 at 2:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. At the EGM, an ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, approve the Equity Transfer Agreement and the transactions contemplated thereunder.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman of the general meeting, in good faith, decides to allow a resolution which relates purely to procedural or administrative matter to be voted on by a show of hands. Accordingly, the votes on the ordinary resolution to be proposed at the EGM will be taken by way of poll in accordance with the requirements of the Listing Rules.

Given that Shanghai Jinmao is a wholly-owned subsidiary of China Jinmao, both China Jinmao and Sinochem Hong Kong (being the immediate controlling shareholder of China Jinmao) are regarded as having a material interest in the Equity Transfer Agreement. Therefore, both China Jinmao and Sinochem Hong Kong are required to and shall abstain from voting on the ordinary resolution to be proposed at the EGM to approve the Equity Transfer Agreement and the transactions contemplated thereunder. As of the Latest Practicable Date, (i) Sinochem Hong Kong directly held 67,616,133 Shares, representing approximately 7.48% of the total number of issued Shares of the Company; and (ii) China Jinmao directly held 608,319,969 Shares, representing approximately 67.28% of the total number of issued Shares of the Company. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, save as disclosed above, no other Shareholder is required under the Listing Rules to abstain from voting on the aforementioned resolution.

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.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not the Shareholders are able to attend at the EGM, they are requested to complete the 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. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that, although the entering into of the Equity Transfer Agreement was not in the ordinary and usual course of business of the Group, the terms of the Equity Transfer Agreement are fair and reasonable, on normal commercial terms so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Equity Transfer Agreement and the transactions contemplated thereunder.

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 established to advise the Independent Shareholders in respect of the Equity Transfer Agreement and the transactions contemplated thereunder. Red Sun Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 19 of this circular which contains its recommendation to the Independent Shareholders in respect of the Equity Transfer Agreement and the transactions contemplated thereunder; (ii) the letter from Red Sun Capital set out on pages 20 to 40 of this 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 appendices to this circular.

Yours faithfully,
For and on behalf of the Board of
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)

29 May 2025

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION ACQUISITION OF THE ENTIRE EQUITY INTEREST IN JINMAO LVJIAN CHONGQING

We refer to the circular of the Company dated 29 May 2025 (the "**Circular**") to the Shareholders, of which this letter forms part. Terms defined in the 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 the Equity Transfer Agreement is entered into by the Company in its ordinary and usual course of business and on normal commercial terms, and the terms of the Equity Transfer Agreement are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. Red Sun Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Having considered the terms of the Equity Transfer Agreement and the advice of Red Sun Capital, the Independent Financial Adviser to us and the Independent Shareholders, we consider that, although the entering into of the Equity Transfer Agreement was not in the ordinary and usual course of business of the Group, the terms of the Equity Transfer Agreement are fair and reasonable, on normal commercial terms so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Equity Transfer Agreement and the transactions contemplated thereunder.

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

Set out below is the full text of the letter from Red Sun Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the transactions contemplated thereunder for the purpose of inclusion in this 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

29 May 2025

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

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF THE ENTIRE EQUITY INTEREST IN JINMAO LVJIAN CHONGQING

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 Acquisition, details of which are contained in the letter from the Board (the "**Letter from the Board**") as set out in the circular to the Shareholders dated 29 May 2025 (the "**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 Acquisition. Unless otherwise stated, terms defined in the Circular have the same meanings in this letter.

On 30 April 2025 (after trading hours), Jinmao PM (a wholly-owned subsidiary of the Company and the Purchaser), Shanghai Jinmao (the Vendor) and Jinmao Lvjian Chongqing (the Target Company) entered into the Equity Transfer Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the entire equity interest in the Target Company for a total cash consideration of RMB258.0 million (tax inclusive).

As set out in the Letter from the Board, the Target Company is a wholly-owned subsidiary of the Vendor as at the Latest Practicable Date. Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the financial statements of the Group.

As set out in the Letter from the Board, Shanghai Jinmao is a wholly-owned subsidiary of China Jinmao, which is a controlling shareholder of the Company holding approximately 67.28% of the total number of issued shares of the Company as at the Latest Practicable Date. Therefore, Shanghai Jinmao is an associate of China Jinmao and a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As set out in the Letter from the Board, as the highest applicable percentage ratio of the Acquisition exceeds 5% but is less than 25%, (i) the Acquisition constitutes a discloseable transaction of the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules; and (ii) the Acquisition also constitutes a connected transaction of the Company, and is subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will convene the EGM to, among other things, seek approval from the Independent Shareholders in respect of the Acquisition. The Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders in respect of the Acquisition.

II. THE INDEPENDENT BOARD COMMITTEE

The Board comprises of three executive Directors, namely, Mr. Song Liuyi, Mr. Li Yulong and Mr. Zhao Jinlong, 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 Acquisition and the transactions contemplated thereunder. 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.

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 Equity Transfer Agreement. Accordingly, we are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the Acquisition.

In the previous two years, save for this appointment and our appointment as the independent financial adviser in relation to (i) certain continuing connected transactions pursuant to the services framework agreements entered into by the Company and China Jinmao Holdings Group Limited, details of which are set out in the circular of the Company dated 30 November 2023; and (ii) certain continuing connected transactions pursuant to the services framework agreements entered into by the Company and Sinochem Holdings Corporation Ltd, details of which are set out in the supplemental circular of the Company dated 7 December 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 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, Shanghai Jinmao, the Target Company and their respective shareholders and management contained in the 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 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 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 Circular. We have assumed that all the opinions, beliefs and representations for matters relating to the Group, Shanghai Jinmao and the Target Company made or provided by the Management and/or the Directors contained in the 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 Circular.

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, Shanghai Jinmao and the Target Company 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 Acquisition, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

V. 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. 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 2022 as extracted from the Company's annual report for the year ended 31 December 2023 (the "**2023 Annual Report**") and (ii) the audited consolidated statements of financial position as at 31 December 2023 and 2024 as extracted from the Company's annual report for the year ended 31 December 2024 ("**2024 Annual Report**"):

Summary of consolidated statement of profit or loss of the Group

	For the year ended 31 December		
	2022	**2023**	**2024**
	RMB million *(audited)*	*RMB million* *(audited)*	*RMB million* *(audited)*
Revenue			
Property management services	1,206.9	1,574.9	2,058.6
Value-added services to non-property owners	584.6	504.6	324.7
Community value-added services	644.6	624.9	582.7
Total revenue	2,436.0	2,704.4	2,966.0
Profit for the year/period attributable to owners of the parent	336.0	337.3	372.5

Financial performance for the years ended 31 December 2022 and 2023

As set out in the 2023 Annual Report, total revenue of the Group amounted to approximately RMB2,704.4 million for the year ended 31 December 2023, representing an increase of approximately 11.0% as compared to the year ended 31 December 2022, which mainly comprised of (i) revenue from property management services which amounted to approximately RMB1,574.9 million, representing an increase of approximately 30.5% as compared to the corresponding period of 2022; (ii) revenue from value-added services to non-property owners for the year ended 31 December 2023 which amounted to approximately RMB504.6 million, representing a decrease of approximately 13.7% as compared to the year ended 31 December 2022; and (iii) revenue from community value-added services which amounted to approximately RMB624.9 million, representing a decrease of approximately 3.1% compared to the year ended 31 December 2022. As of 31 December 2023, total contracted gross floor area ("**GFA**") of the Group reached approximately 106.4 million square meter(s) ("**sq.m.**"), covering 70 cities across 24 provinces, municipalities and autonomous regions in the PRC, and the Group managed 501 properties in the PRC with a total GFA under management of approximately 84.2 million sq.m., including 321 residential communities and 180 non-residential properties.

For the year ended 31 December 2023, profit attributable to owners of the Company amounted to approximately RMB337.3 million, which is largely stable compared to the profit attributable to owners of the Company of approximately RMB336.0 million for the year ended 31 December 2022.

Financial performance for the years ended 31 December 2023 and 2024

As set out in the 2024 Annual Report, total revenue of the Group amounted to approximately RMB2,966.0 million for the year ended 31 December 2024, representing an increase of approximately 9.7% as compared to the year ended 31 December 2023, which mainly comprised of (i) revenue from property management services which amounted to approximately RMB2,058.6 million, representing an increase of approximately 30.7% as compared to the corresponding period of 2023; (ii) revenue from value-added services to non-property owners which amounted to approximately RMB324.7 million, representing a decrease of approximately 35.7% as compared to the year ended 31 December 2023; and (iii) revenue from community value-added services which amounted to approximately RMB582.7 million, representing a decrease of approximately 6.8% compared to the year ended 31 December 2023. As of 31 December 2024, total contracted GFA of the Group reached approximately 134.3 million sq.m., covering 71 cities across 25 provinces, municipalities and autonomous regions in the PRC, and the Group managed 595 properties in the PRC with a total GFA under management of approximately 100.9 million sq.m., including 406 residential communities and 189 non-residential properties.

For the year ended 31 December 2024, profit attributable to owners of the Company amounted to approximately RMB372.5 million, which has increased slightly compared to the profit attributable to owners of the Company of approximately RMB337.3 million for the year ended 31 December 2023.

Summary of the consolidated statement of financial position of the Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB million	*RMB million*	*RMB million*
	(audited)	*(audited)*	*(audited)*
Total assets	**3,003.5**	**3,613.8**	**4,330.5**
– Cash and cash equivalents	1,019.0	1,252.0	1,399.5
– Trade receivables	778.6	900.3	982.7
– Prepayments, other receivables and other assets	611.5	816.8	988.7
– Goodwill	249.1	249.1	479.9
– Investment properties	94.2	128.2	205.0
– Property, plant and equipment	90.5	95.9	95.1
Total liabilities	**1,643.3**	**2,045.8**	**2,568.7**
– Other payables and accruals	664.3	756.5	926.7
– Trade and bills payables	456.1	602.9	711.8
– Contract liabilities	370.4	486.8	650.7
– Dividends payable	–	–	–
– Lease liabilities (non-current portion)	84.9	113.3	176.5
Equity attributable to the owners of the parent	**1,343.2**	**1,541.8**	**1,704.8**

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

Financial position as at 31 December 2022 and 2023

Based on the 2023 Annual Report, total assets of the Group as at 31 December 2023 amounted to approximately RMB3,613.8 million, which primarily comprised of (i) cash and cash equivalents, which amounted to approximately RMB1,252.0 million as at 31 December 2023, representing an increase of approximately RMB233.0 million as compared to approximately RMB1,019.0 million as at 31 December 2022; (ii) trade receivables, which amounted to approximately RMB900.3 million as at 31 December 2023, representing an increase of approximately RMB121.7 million as compared to approximately RMB778.6 million as at 31 December 2022; (iii) prepayments, other receivables and other assets, which amounted to approximately RMB816.8 million as at 31 December 2023, representing an increase of approximately RMB205.3 million as compared to approximately RMB611.5 million as at 31 December 2022; (iv) goodwill of approximately RMB249.1 million as at 31 December 2022 and 2023 respectively; and (v) investment properties of approximately RMB128.2 million as at 31 December 2023, representing an increase of approximately RMB34.0 million as compared to approximately RMB94.2 million as at 31 December 2022.

With reference to the 2023 Annual Report, total liabilities of the Group as at 31 December 2023 amounted to approximately RMB2,045.8 million, which primarily comprised of (i) other payables and accruals, which amounted to approximately RMB756.5 million as at 31 December 2023, representing an increase of approximately RMB92.2 million as compared to approximately RMB664.3 million as at 31 December 2022; (ii) trade payables, which amounted to approximately RMB602.9 million as at 31 December 2023, representing an increase of approximately RMB146.8 million as compared to approximately RMB456.1 million as at 31 December 2022; (iii) contract liabilities, which amounted to approximately RMB486.8 million as at 31 December 2023, representing an increase of approximately RMB116.4 million as compared to approximately RMB370.4 million as at 31 December 2022; and (iv) lease liabilities (non-current portion), which amounted to approximately RMB113.3 million as at 31 December 2023, representing an increase of approximately RMB28.4 million as compared to approximately RMB84.9 million as at 31 December 2022.

As at 31 December 2023, the equity attributable to owners of the parent amounted to approximately RMB1,541.8 million, representing an increase of approximately RMB198.6 million as compared to approximately RMB1,343.2 million as at 31 December 2022.

Financial position as at 31 December 2023 and 2024

Based on the 2024 Annual Report, total assets of the Group as at 31 December 2024 amounted to approximately RMB4,330.5 million, which primarily comprised of (i) cash and cash equivalents, which amounted to approximately RMB1,399.5 million as at 31 December 2024, representing an increase of approximately RMB147.5 million as compared to approximately RMB1,252.0 million as at 31 December 2023; (ii) trade receivables, which amounted to approximately RMB982.7 million as at 31 December 2024, representing an increase of approximately RMB82.4 million as compared to approximately RMB900.3 million as at 31 December 2023; (iii) prepayments, other receivables and other assets, which amounted to approximately RMB988.7 million as at 31 December 2024, representing an increase of approximately RMB171.9 million as compared to approximately RMB816.8 million as at 31 December 2023; (iv) goodwill of approximately RMB479.9 million and RMB249.1 million as at 31 December 2023 and 2024 respectively; and (v) investment properties of approximately RMB205.0 million as at 31 December 2024, representing an increase of approximately RMB76.8 million as compared to approximately RMB128.2 million as at 31 December 2023.

With reference to the 2024 Annual Report, total liabilities of the Group as at 31 December 2024 amounted to approximately RMB2,568.7 million, which primarily comprised of (i) other payables and accruals, which amounted to approximately RMB927.0 million as at 31 December 2024, representing an increase of approximately RMB170.5 million as compared to approximately RMB756.5 million as at 31 December 2023; (ii) trade and bills payables, which amounted to approximately RMB711.8 million as at 31 December 2024, representing an increase of approximately RMB108.9 million as compared to approximately RMB602.9 million as at 31 December 2023; (iii) contract liabilities, which amounted to approximately RMB650.7 million as at 31 December 2024, representing an increase of approximately RMB163.9 million as compared to approximately RMB486.8 million as at 31 December 2023; and (iv) lease liabilities (non-current portion), which amounted to approximately RMB176.5 million as at 31 December 2024, representing an increase of approximately RMB63.2 million as compared to approximately RMB113.3 million as at 31 December 2023.

As at 31 December 2024, the equity attributable to owners of the parent amounted to approximately RMB1,704.8 million, representing an increase of approximately RMB163.0 million as compared to approximately RMB1,541.8 million as at 31 December 2023.

2. Information of China Jinmao and Shanghai Jinmao

As set out in the Letter from the Board, China Jinmao is a large-scale developer and operator of quality real estate projects in the PRC, and the platform enterprise of Sinochem Holdings in the development of real estate business. China Jinmao is principally engaged in city operations, property development, commercial leasing, retail operations, hotel operations, as well as technology and services. The shares of China Jinmao are listed on the Stock Exchange (stock code: 00817).

As set out in the Letter from the Board, Shanghai Jinmao is a company established in the PRC with limited liability on 15 November 2007 with a registered capital of USD10 million. As at the Latest Practicable Date, Shanghai Jinmao is a wholly-owned subsidiary of China Jinmao. Shanghai Jinmao is principally engaged in corporate management, financial management consultancy services in the PRC.

3. Information of the Target Company

As set out in the Letter from the Board, the Target Company, Jinmao Lvjian Chongqing, is a company established in the PRC with limited liability on 31 August 2024. As at the Latest Practicable Date, its registered capital is RMB10,000,000.

The Target Company is principally engaged in the energy operation and maintenance business, which includes providing the equipment operation and maintenance services for technological systems such as ground source heat pumps, fresh air units and plate heat exchangers, which belongs to ongoing services after the delivery of the residential projects.

Set out below is the audited financial information of the Target Company during the period from 31 August 2024 (being the date of establishment) to 31 December 2024 and during the period from 1 January 2025 to 28 February 2025:

	For the period from 31 August 2024 to 31 December 2024	For the period from 1 January 2025 to 28 February 2025[note]
	(RMB million)	*(RMB million)*
Net profit before taxation	11.3	20.1
Net profit after taxation	9.6	20.1

Note: As disclosed in the Valuation Report, the net profit of the energy operation and maintenance business for the period from 1 January 2025 to 28 February 2025 amounted to approximately RMB2.1 million, which consisted of the net profit of approximately RMB20.1 million from the Target Company and the net loss of approximately RMB18.0 million from the Original Energy Operation and Maintenance Units for the same period. The net loss incurred by the Original Energy Operation and Maintenance Units for the period from 1 January 2025 to 28 February 2025 was mainly attributable to certain expenses incurred by the Original Energy Operation and Maintenance Units for repairing the deterioration issue of equipment relating to the energy operation and maintenance business, which was discovered by the Purchaser during the due diligence process on the Target Company.

The audited total assets and net assets of the Target Company were approximately RMB270.8 million and RMB29.8 million, respectively, as at 28 February 2025.

As the Target Company was established by the Vendor and was not acquired, there is no original acquisition cost for the equity interest in the Target Company. The total costs of the Vendor in establishing the Target Company, being the fully-paid registered capital, amounted to RMB10 million as at the Latest Practicable Date.

4. Overview of the PRC industry landscape

Based on the data published by the National Bureau of Statistics of China (the "**Statistics Bureau**") in January 2025[1], the gross domestic product ("**GDP**") of the PRC for the year ended 31 December 2024 recorded a growth of approximately 5.0% compared to the corresponding prior year.

Given the Target Company's energy operation and maintenance business, which includes providing the equipment operation and maintenance services for technological systems such as ground source heat pumps, fresh air units and plate heat exchangers, which belongs to ongoing services after the delivery of the residential projects, we have conducted market research into the PRC property sector.

1 Data published by National Bureau of Statistics, the PRC (source: www.stats.gov.cn/xxgk/sjfb/zxfb2020/202501/t20250118_1958363.html)

We noted that the PRC government has implemented various policies to govern and promote the healthy development of the PRC property sector from time to time, including, among others, the three red lines* (三條紅線), directives and notices related to further optimising the PRC property sector lending policies* (房地產信貸政策進一步優化)[2] announced in May 2024, such as, among others, (i) the People's Bank of China will provide a fund of RMB300 billion to financial institutions to lend to local state-owned enterprises to buy unsold apartments that have already been built, and encourage and guide financial institutions to support local state-owned enterprise to acquire completed unsold commercial properties at reasonable price based on the principles of marketisation and rule of law; (ii) the reduction in the minimum down payment ratios for commercial individual housing loans* (住房商業性個人住房貸款) for first-home purchases and second-home purchases, respectively; and (iii) cut the minimum down payment ratios for commercial individual housing loans and cancel floor level of commercial mortgage rates for first and second homes across the country to realise the mortgage interest rate liberation, and more recently, the Notice of the People's Bank of China and the China Banking and Insurance Regulatory Commission on Providing Financial Support for the Stable 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)[3] and Circular on the Management on Operation Property Loan* (關於做好經營性物業貸款管理的通知)[4] announced by the various PRC government departments/bodies, supporting the stability and continuous development of the PRC property sector.

Furthermore, we noted from the PRC 2025 Government Work Report* (2025政府工作報告)[5] published in March 2025 that the policy direction supports the continuous development and the stabilisation of the PRC property market. Accordingly, the development of the PRC property market continues to be influenced by (i) 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; (ii) the then prevailing market environment; and (iii) the overall economic conditions of the PRC.

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2 Publication by (i) The State Council of the PRC titled "房地產信貸政策進一步優化" (source: www.gov.cn/zhengce/202405/content_6951980.htm); and (ii) The People's Bank of China titled "國新辦舉行國務院政策例行吹風會介紹切實做好保交房工作配套政策有關情況" (source: www.pbc.gov.cn/goutongjiaoliu/113456/113469/5356698/index.html)

3 Publication by The People's Bank of China and China Banking and Insurance Regulatory Commission titled "中國人民銀行、中國銀行保險監督管理委員會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" (source: www.pbc.gov.cn/zhengwugongkai/4081330/4406346/4693549/4720053/index.html)

4 Publication by National Administration of Financial Regulation titled "中國人民銀行辦公廳、國家金融監督管理總局辦公廳關於做好經營性物業貸款管理的通知" (source: www.cbirc.gov.cn/cn/view/pages/governmentDetail.html?docId=1149294&itemId=&generaltype=1)

5 PRC 2025 Government Work Report (source: www.gov.cn/yaowen/liebiao/202503/content_7010168.htm)

VI. PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Reasons for and benefits of the Acquisition

We have summarised the following reasons for and benefits of the Acquisition from the Letter from the Board.

The energy operation and maintenance business is an important part of the full-cycle management of technology-enabled residences, which plays a key role in ensuring a positive user experience for property owners, extending the lifespan of buildings, equipment and facilities, and contributing to the preservation and appreciation of property values. Since its establishment, China Jinmao has accumulated rich professional experience and built strong customer reputation in stabilizing the operating status of equipments, extending the service life of systems, meeting diversified needs of customers and enhancing the level of energy management through its specialised energy operation and maintenance service levels, which has solidified its position as a leading player in the industry of technology-enabled residential operation and maintenance management. Against the backdrop of the "carbon peaking and carbon neutrality" goals, the Ministry of Housing and Urban-Rural Development has specified the criteria for a "good house" as being "green and low-carbon, intelligent and secure" in the current year. The Company foresees that with the escalating competition in the property industry for project expansion, technology-enabled residential energy operation and maintenance services, featuring market-driven pricing standards and promising business growth potential, will emerge as a vital strategic focus for property management enterprises seeking to cultivate distinctive competitive advantages, sustain business growth, and uphold ESG development principles.

After the Acquisition, the Group will achieve integrated operation of property services and energy operation and maintenance on property owners' side, further enhancing operational efficiency, improving customer experience, and solidifying project stability. Meanwhile, the energy operation and maintenance business, positioned as the "green label" of the Group, will further boost the full-chain competitive edges of the Group, establish benchmark service projects for the Group in the field of technology-enabled residences, and accelerate market expansion of the Group in technology-enabled residences, non-residential business portfolio, and energy management services, thereby cultivating differentiated competitive capabilities and providing support for performance growth to help the Group achieve its medium and long-term strategic objectives.

The Acquisition reflects the further strengthening of strategic synergy between the Group and China Jinmao. It serves as a high-quality development goal for the Group to "Rebuild New Jinmao Services in Five Years", and an important measure of reinforcing the core business line of "energy management" under the "1245" strategy, as well as a key strategic positioning of "focusing on premium quality of property holding and high-end quality services, accelerating the creation of a second growth curve (聚焦精品持有和高端服務業務,加速打造第二增長曲線)" under the business strategy of "One Core • Three Focuses (一核•三聚焦)" of China Jinmao.

Having considered, among others, (i) the principal business of the Target Group, which belongs to ongoing services after the delivery of the residential projects, can supplement and expand the service offerings of the Group; (ii) upon Completion, the Target Group shall further broaden the income base of the Group; and (iii) the Consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to the appraised value of 100% equity interest in the Target Company as at the valuation benchmark date of approximately RMB258.5 million, which is further analysed under section headed "3. Our analysis on the Consideration and other terms" in this letter below, we concur with the Company that the Acquisition.

2. Principal terms of the Equity Transfer Agreement

The following principal terms of the Equity Transfer Agreement has been extracted from the Letter from the Board:

Date:	30 April 2025
Parties:	(i) Jinmao PM (as the Purchaser); (ii) Shanghai Jinmao (as the Vendor); and (iii) Jinmao Lvjian Chongqing (as the Target Company).
Effectiveness:	The Equity Transfer Agreement shall take effect upon signing by all parties or their authorised representatives and the approval by the Independent Shareholders at the EGM.
Subject matter:	Pursuant to the Equity Transfer Agreement, the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the entire equity interest in the Target Company.
Consideration:	Pursuant to the Equity Transfer Agreement, the Consideration is RMB258.0 million (tax inclusive), which shall be satisfied by cash. The Consideration will be funded by internal resources of the Group.
Payment:	The Vendor shall, within ten (10) Working Days after the fulfillment of all the Conditions Precedent (except those required to be satisfied on the Closing Date), deliver written notice to the Purchaser including payment notice information. The Purchaser shall, within ten (10) Working Days after receiving the written notice, remit the Consideration via wire transfer to the designated bank account (the "**Account**") of the Vendor.

Conditions Precedent:

The obligations of the Purchaser under the Equity Transfer Agreement (including the payment of the Consideration) shall be subject to the fulfillment of the following Conditions Precedent either at or before the Closing, provided that the Purchaser shall have the right, at its discretion, to waive one or more of the Conditions Precedent by providing written notice to the Vendor:

(i) the Equity Transfer Agreement and the other Transaction Documents having been duly executed and delivered by the relevant parties, and the Purchaser having received the original copies of the Transaction Documents;

(ii) for purpose of signing and delivery of the Transaction Documents and the performance of the Acquisition, the Warrantors having completed all necessary internal decision-making procedures and state-owned asset approval procedures and having obtained all necessary approvals in accordance with the laws and the articles of association, including approval of the amended and restated Articles of Association, which shall become effective on or before the Closing Date;

(iii) the representations and warranties of the Warrantors under the Equity Transfer Agreement being true, accurate, and complete when made and as of the Closing Date, and shall remain in full effect and validity as if made on the Closing Date;

(iv) the Warrantors having performed and complied with all commitments, agreements, obligations, and conditions that must be performed or complied with by the Warrantors under the Transaction Documents on or before the Closing Date;

(v) in the independent and reasonable judgment of the Purchaser, since the date of the Equity Transfer Agreement: (a) there having been no change that could have a material adverse effect on any Warrantor and its respective business, operations, property, financial condition, income or prospects; and (b) there having been no event or events which, either alone or in combination, has had a material adverse effect and it is reasonably expected that no such event or events shall occur;

(vi) no government agency having issued any order, decree, or ruling, or taken any other action that restricts, prevents, or otherwise prohibits the Acquisition, and such orders, decrees, rulings or actions shall be final and not subject to reconsideration, litigation, or appeal;

(vii) the Warrantors, either themselves or by procuring the Original Energy Operation and Maintenance Units, submitting to the Purchaser the accounts prepared in accordance with all relevant laws and generally accepted accounting principles in the PRC based on a recognised and consistent foundation. The Warrantors shall ensure that the accounts are complete, accurate, and reflect a true and fair view of the Target Company's relevant events, assets and liabilities, financial condition, and profit and loss for the dates and periods covered by such accounts, and that such accounts are not affected by any irregular or non-recurring items not included therein. The accounting basis and standards used in the preparation of the accounts shall be consistent with those used in the past two financial years; and

(viii) the Purchaser completing due diligence on the Target Company with results reasonably satisfactory to the Purchaser.

As at the Latest Practicable Date, save as the Conditions Precedent numbered (iii), (iv), (v) and (vi), all of the other Conditions Precedent have been fulfilled.

Closing: The Closing of the Acquisition shall take place on the same day on which all Conditions Precedent (as set out above) have been satisfied or waived, and the Purchaser has paid the Consideration to the Account.

Subsidy fees: The Vendor or its designated entities shall, within five years commencing from 2025 (inclusive), pay the Purchaser RMB37,500,000 as a subsidy (annual payment of RMB7,500,000) to support the Purchaser in enhancing its energy maintenance efficiency and the customer satisfaction, as well as upgrading its service quality and market competitiveness (the "**Subsidy Fees**").

Financial arrangement: In order to facilitate payment by the clients of the Energy Operation and Maintenance Projects, receivables (the "**Receivables**") related to the Energy Operation and Maintenance Projects attributable to the period prior to 31 August 2024 (i.e. the establishment date of the Target Company) will be collected by the Target Company on behalf of the Original Energy Operation and Maintenance Units after the Closing Date and will be settled with the Original Energy Operation and Maintenance Units on a semi-annual cycle (the "**Financial Arrangement**"). The Receivables were account receivables due to the Original Energy Operation and Maintenance Units prior to 31 August 2024 under the Energy Operation and Maintenance Projects. As at the Latest Practicable Date, the Receivables amounted to approximately RMB81.9 million. The above-mentioned arrangement is expected to remain in effect indefinitely, with no specified end date.

Termination: The Equity Transfer Agreement may be terminated in advance of the Closing Date upon the occurrence of the circumstances as set out under "Termination" under the section headed "THE EQUITY TRANSFER AGREEMENT" in the Letter from the Board.

For further details of the Equity Transfer Agreement, please refer to the section headed "THE EQUITY TRANSFER AGREEMENT" in the Letter from the Board.

3. Our analysis on the Consideration and other terms

As set out in the Letter from the Board, the Consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to the appraised value of 100% equity interest in the Target Company as at the valuation benchmark date (i.e. 28 February 2025) of approximately RMB258.5 million, as valued by the Independent Valuer using the income approach.

In assessing the fairness and reasonableness of the consideration for the Acquisition, we have obtained and reviewed the Valuation Report prepared by the Independent Valuer. We have also reviewed and enquired with the Independent Valuer (i) qualification and experience of the Independent Valuer in relation to the preparation of the Valuation Report; (ii) the key assumptions, including but not limited to, information of property projects/potential property projects of the Target Company with expected revenue generated/to be generated from the provision of equipment operation and maintenance services for technological systems such as ground source heat pumps, fresh air units and plate heat exchangers covering the year ending 31 December 2025 to 2030; and (iii) valuation procedures conducted by the Independent Valuer for conducting the valuation. Furthermore, we have reviewed the terms of engagement of the Independent Valuer and noted that the scope of work is appropriate to the valuation. The Independent Valuer has also confirmed its independence.

3.1 Valuation assumptions and methodology

We have reviewed the Valuation Report and discussed with the Independent Valuer regarding the methodology, basis and assumptions adopted in arriving at the valuation of the entire equity interest in the Target Company as at 28 February 2025 (the "**Valuation**").

As set out in the Valuation Report, the Independent Valuer has considered three generally accepted valuation approaches, namely, the market approach, asset-based approach and income approach.

We understand from the Independent Valuer that the market approach provides an indication of value by identifying and comparing market transactions, the transacted company of which is considered to be comparable to the subject company, and that the relevant details of the transaction are accessible in the open market, with appropriate adjustments for the differences between the subject company and the companies of a comparable nature. We have discussed with the Independent Valuer and understood that the market approach is not applicable for the valuation of the Target Company attributable to insufficient public information on companies in the same industry of the Target Company as comparable, a lack of market transactions and the relevant disclosed information, of which the subject company was holding comparable assets/businesses compared to that of the Target Company, and the details of which are accessible in the open market.

The Independent Valuer also advised that the asset-based approach was considered. The asset-based approach measures the value of a company based on the sum of the fair value of its asset and liability components. We understand from the Independent Valuer that the asset-based approach is not applicable for the valuation of the Target Company as it may not be able to reflect the expected future economic benefits of an income-generating business of the Target Company, which is asset-light with short establishment.

Given that (i) the market-based approach was not adopted because of insufficient companies in the same industry of the Target Company as comparable, lack of comparable market transactions and relevant disclosed information were insufficient and/or unavailable; (ii) the asset-based approach was also not adopted because it could not capture the future earning potential and thus market value of the Target Company; and (iii) the income-based approach can capture the future earning potential of the Target Company, the Independent Valuer considered the adoption of the income-based approach in determining the Valuation. Having considered the abovementioned limitations in applying the market-based approach and asset-based approach, we concur with the Independent Valuer that it is reasonable to adopt the income-based approach to determine the Valuation.

3.2 Discount rate

When applying income-based approach to estimate the Valuation, we noted that it is necessary to determine an appropriate discount rate. We noted that the Independent Valuer has used the weighted average cost of capital ("**WACC**") to determine the discount rate to be applied to the estimated corporate free cash flows of the Target Company. We noted that the

WACC technique, which comprises of two parts, namely, (i) costs of equity; and (ii) costs of debt, is commonly used for the aforesaid purpose. In deriving the discount rate, the Independent Valuer has taken into account various factors including, among others, (i) risk-free rate; (ii) beta coefficient of equity; (iii) market risk premium; (iv) company specific risk premium; (v) cost of equity; and (vi) cost of debt. Please refer to section headed "Valuation Model and Input Parameters" in the Valuation Report set out in Appendix I to the Circular for details of discount rate input and basis adopted by the Independent Valuer. We have discussed with the Independent Valuer regarding the major factors taken into consideration in deriving the discount rate, and noted that these factors are commonly used parameters in the industry when preparing valuation reports. In this regard, we have (i) reviewed the relevant source of information and calculations; and (ii) discussed with the Independent Valuer the basis and assumptions of the major factors considered in deriving the discount rate, which is in line with common industry practice. Having considered the above selection criteria used by the Independent Valuer when determining the discount rate, we concur with the Independent Valuer that the criteria adopted are appropriate.

In arriving at the discount rate, the Independent Valuer has selected listed companies with similar business scopes and operations to the Target Company as comparable companies. These comparable companies were selected mainly with reference to, among others, the following selection criteria, namely, (i) majority revenue were generated from property management, ancillary services and other value added services in PRC; (ii) with sufficient listing and operating histories, without suspension of trading, substantial assets restructuring or unusual price movement the subject companies' share; and (iii) financial information of which is available to the public. We have discussed with the Independent Valuer, understood the selection criteria of the Independent Valuer and reviewed the respective annual reports, including but not limited to, the geographical segments and business segments, the capital structure, and public information of these comparable companies, we are of the view that it is reasonable to derive discount rate to reflect the investment risks involved in the future cash flows of the Target Company from the abovementioned comparable companies.

3.3 Cash flow projection

It is noted that corporate free cash flow estimates from future operation and revenue of the Target Company are conducted through analysis over revenue, costs, and capital expenditure. We noted that the Independent Valuer has relied to a considerable extent on the cash flow projection of the Target Company from 1 March 2025 to 31 December 2030 prepared by the Management (the "**Cash Flow Projection**") when preparing the Valuation Report. Accordingly, we have discussed with the Management in relation to the basis and assumptions used when preparing the Cash Flow Projection, and noted that the Management has considered the historical and estimated performance of the Target Company.

With reference to the Valuation Report set out in Appendix I to the Circular and after our review of the cash flow schedule provided by the Management together with the principal assumptions thereof, we noted that there will be not less than 25 property projects/potential property projects in various cities in the PRC, such as Beijing, Xi'an, Qingdao, Tianjin and Shanghai, which contributed or expected to contribute revenue of the Target Company during the year ending 31 December 2024 to 2027, with the expected chargeable area between approximately 33,000 square meter ("**sq.m.**") and 298,000 sq.m, and the fee to be charged between approximately RMB51.6 per sq.m. and RMB70.0 per sq.m. for most of the projects. As part of our work, we have also obtained and cross-checked sample documents and information of existing customers of the Target Group for not less than ten existing property projects located across Shanghai, Chengdu, Wuxi, Qingdao and Beijing, including agreement and fees schedules, covering approximately 35.7% of the estimated revenue from existing property projects for the year ending 31 December 2025, and not less than four future property projects across Beijing, Xi'an, Shaanxi Province, and Qingdao, Shandong Province, estimated to be delivered between October 2025 and the year ending 31 December 2026, including location details, technical drawings and fees and forecasted delivery schedules, covering approximately 36.5%, 35.9% and 26.3% of the estimated revenue from the future property projects for the year ending 31 December 2025, 2026 and 2027, respectively, which is considered to be representative for the purposes of our analysis. Based on our review and our analysis as set out above, the fee charged for comparable services to such customers are at a similar level with that under the relevant assumptions of the Cash Flow Projection.

We have also reviewed a schedule containing the calculation of total costs which was used in the preparation of the Cash Flow Projection and noted that the costs of the Target Company mainly comprised of costs of utility, such as electricity, energy, which is expect to account for between 72.1% and 74.0% of the direct costs of the Target Company during the forecast period, and consistent with the costs of utility to the total direct costs of the Target Company during the year ended 31 December 2024 and the two months ended 28 February 2025 of approximately 71.9% and 74.0%, respectively.

Furthermore, we have also (i) discussed with the Independent Valuer on the major assumptions of the Cash Flow Projection sets out in section headed "Principal Assumptions" in the Valuation Report set out in Appendix I to the Circular; (ii) reviewed the Cash Flow Projection schedules prepared by the Management and the related breakdowns; and (iii) reviewed the Cash Flow Projection. We also noted that the Board issued the letter confirming that the Cash Flow Forecast of the Target Company has been made after due and careful enquiry and Ernst & Young has issued the letter confirming that they have reviewed the arithmetical accuracy of the calculations of the Cash Flow Projection.

Based on the work performed as set out above, we are not aware of any material factors which would cause us to doubt the reasonableness of the Cash Flow Projection based on the available information provided by the Management up to the Latest Practicable Date.

3.4 Other assumptions

We have also reviewed the other assumptions including, among others, (i) the Target Company will continue to operate as planned by the Management; (ii) there will be no major change in the current taxation laws in the localities in which the Target Company operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with; (iii) there will be no significant changes in the current relevant laws, regulations, and policies of the PRC and the national macroeconomic situation, as well as the political, economic, and social environments of the regions where the Target Company is located; (iv) there will be no significant changes in the key management personnel and technical staff of the Target Company that could affect its operations, and that the management team would remain stable, with no significant changes in the management policy that could impact its operations; and (v) all relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Target Company operates or intends to operate would be officially obtained and renewable upon expiry. Please refer to section headed "Principal Assumptions" in the Valuation Report set out in Appendix I to the Circular for details of key assumptions adopted by the Independent Valuer.

In order to understand the relevant assumptions used in the Valuation, we have discussed with the Independent Valuer and the Independent Valuer has confirmed that the relevant underlying assumptions adopted in the Valuation are in line with common valuation practice and fair and reasonable. Based on (i) the overall operations of the Target Company; (ii) no major changes in the current taxation laws; (iii) the discussion with the Management; and (iv) the review and discussion with the Independent Valuer, we consider that the key assumptions applied in the Valuation to be reasonable.

3.5 Our analysis on other terms

As discussed with and confirmed by the Management, we are given to understand that the Subsidy Fees of RMB37,500,000 in aggregate (annual payment of RMB7,500,000) payable to the Purchaser by the Vendor or its designated entities, formed part of the Target Company's capital expenditure and research and development plan with a view to enhance operating efficiencies, such as energy maintenance efficiency and customers' satisfaction, as well as for upgrading its service quality and market competitiveness. On this basis, the Subsidy Fees is for the continuous development of the Target Company's operations and is therefore in the interests of the Target Company.

In relation to the Financial Arrangement, as discussed with the Management, we understand that the amount of the Receivables will be collected by the Target Company on behalf of the Original Energy Operation and Maintenance Units and will be settled with the Original Energy Operation and Maintenance Units on a semi-annual cycle. The Management advised that the Receivables amounted to approximately RMB81.9 million as at the Latest Practicable Date. In addition, we have discussed with the Management and confirmed with the Independent Valuer that the expected cash inflow from the Receivables (i.e. upon the collection of the Receivables) and the corresponding cash outflow (i.e. upon the settlement with the Original Energy Operation and Maintenance Units) have been excluded in the Valuation Report and the Cash Flow Projection, hence have no net impact on the Valuation. Given the Receivables did not form part of the Valuation and thus have been excluded from the negotiation of the Consideration. The Financial Arrangement does not have an adverse impact on the fairness and reasonableness of the Equity Transfer Agreement.

3.6 Summary

Having considered (i) the reasons and the benefits of the Acquisition as set out in "1. Reasons for and benefits of the Acquisition" above; (ii) the relevant qualification and experience of the Independent Valuer; (iii) the Valuation as set out in the Valuation Report; (iv) our work and analysis as set out under section headed "3. Our analysis on the Consideration and other terms" above; (v) the Consideration was determined, amongst others, with reference to the Valuation and represents a discount to the Valuation; and (vi) our analysis on other terms of the Equity Transfer Agreement, including the Subsidy Fees and Financial Arrangement, we concur with the view of the Directors that the terms of the Equity Transfer Agreement, including, among others, the consideration of the Acquisition, is fair and reasonable so far as the Independent Shareholders are concerned.

VII. RECOMMENDATION

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

(i) the reasons and the benefits of the Acquisition as set out in "1. Reasons for and benefits of the Acquisition" above, in particular, the Acquisition will enhance the business lines and increase the profit level of the Group;

(ii) our work and analysis as set out in this letter, in particular, those as detailed under the section headed "3. Our analysis on the Consideration and other terms" above; and

(iii) the Consideration represents a discount to the appraised value of the entire equity interest in the Target Company based on the Valuation Report,

we consider that although the Equity Transfer Agreement is not entered into in the ordinary and usual course of business of the Group, the Equity Transfer Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, that the Independent Shareholders to vote in favour of the relevant ordinary resolution to approve the Equity Transfer Agreement at the EGM.

Yours faithfully
For and on behalf of
Red Sun Capital Limited

Lewis Lai	**Ben Leung**
Managing Director	*Director*

Mr. Lewis Lai is a licensed person registered with the SFC and a responsible officer of Red Sun Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 18 years of experience in the corporate finance industry.

Mr. Ben Leung is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Red Sun Capital Limited to carry out type 6 (advising on corporate finance) regulated activity under the SFO and has over nine years of experience in corporate finance industry.

* *for identification purposes only*

The following is the text of the summary of the valuation report, prepared for the purpose of incorporation in this circular, received from Vocation (Beijing) International Asset Valuation Co., Ltd. (沃克森(北京)國際資產評估有限公司), an independent valuer, in connection with its valuation of the entire equity interest in Jinmao Lvjian Chongqing as at 28 February 2025.

Scope of Work

The scope of work for the Independent Valuer includes: (1) defining fundamental business matters; (2) concluding business engagement contracts; (3) drafting a valuation plan; (4) conducting on-site valuation surveys; (5) gathering and organizing valuation data; (6) assessing estimates and reaching conclusions; and (7) preparing and submitting valuation reports.

Sources of Information

In valuing the 100% equity interests in the Target Company, the Independent Valuer has reviewed information obtained from various sources, including but not limited to:

(i) Historical operational data of energy operation and maintenance business: the valued entity is a company newly established to consolidate the energy operation and maintenance business of the Original Energy Operation and Maintenance Units. While the various contracts of the Original Energy Operation and Maintenance Units will be transferred to the valued entity, its assets and liabilities will not be transferred concurrently. This assessment analyzes the operational data of the valued entity based on simulated financial data for the energy operation and maintenance business for the years ended 31 December 2023 and 2024 and during the period from 1 January 2025 to 28 February 2025 ("**Simulated Financial Data**"), and the operational data for the future years were forecasted accordingly; and

(ii) List of projects as at the Valuation Benchmark Date and list of future project delivery schedules: these lists are provided by the valued entity, and the valuers will select some projects for inspection and verification.

Valuation Methodology

Considering that (i) the valued entity is a newly reorganized company that has taken over the personnel, business, and operating contracts of the Original Energy Operation and Maintenance Units, and possesses independent profit-generating capabilities; and (ii) based on Simulated Financial Data, the future earnings and risks of the valued entity can be reasonably forecasted and quantified in monetary terms, and the risks associated with obtaining future expected earnings can also be assessed, the income approach is adopted for the valuation of the valued entity in this assessment.

Given the limited number of listed peer companies comparable to the valued entity in our country's capital market, the scarcity of market transaction cases in the same industry and inadequate disclosure of information, the market approach is not applicable to this assessment.

The valued entity is a company newly established to consolidate the energy operation and maintenance business of the Original Energy Operation and Maintenance Units. Its main business is providing energy operation and maintenance services. As an asset-light company, its significant value lies at the property contract level, which cannot be reflected through the asset-based approach. Therefore, the asset-based approach is not applicable to this assessment.

PRINCIPAL ASSUMPTIONS

Details of the principal assumptions on which the profit forecast is based (including business assumptions as well as other general assumptions on which the profit forecast is customarily based) are set out below:

Basic Assumptions

(i) Transaction assumption: valuation objects and assets and liabilities within the valuation scope are already in the process of transaction, and the valuer carries out the valuation based on a similar market such as the trading conditions. The transaction assumption is the most basic premise on which the valuation can be carried out;

(ii) Open market assumption: the parties to an asset traded, or intended to be traded, in a market are on equal footing with each other, and that each party to the asset transaction has had the opportunity and the time to obtain sufficient market information, enabling them to make a reasonable judgment as to the asset's function, use, and transaction price. The open market assumption is based on the assumption that the asset is publicly tradable in the market;

(iii) Asset going-concern assumption: the valuation method, parameters and basis shall be determined on the premise that the valued assets will be continuously used in consistence with their current functions and methods, scale, frequency and environment of application, or used on the basis of certain changes thereof; and

(iv) Corporate going-concern assumption: the valued entity will remain a going concern and will operate in a manner consistent with its current operations.

General Assumptions

(i) There will be no material changes in the relevant prevailing laws, regulations and policies or macro-economic situations of the PRC; there will be no material changes in the political, economic and social environment of the regions where the parties to this transaction are located;

(ii) Considering the actual use and operation of the assets of the valued entity on the valuation benchmark date, the valued entity has been operating as a going concern;

(iii) The operator of the valued entity is a responsible party and the management is capable of undertaking its duties, there are no significant changes during the income forecast period to the key management and technical personnel of the valued entity affecting its operations with reference to the conditions as at the valuation benchmark date, and the management team will be under stable development without any material change to the management system that would affect its operations;

(iv) The operations of the valued entity will be in compliance with and not against the national laws and regulations during the income forecast period. Except those laws and regulations already enacted or enacted but not yet enforced by the government on the valuation benchmark date which affect the operations of the valued entity, there are no significant changes in the laws and regulations related to the operations of the valued entity during the income period;

(v) Save for the accounting standards issued but not yet implemented, the accounting policies adopted by the valued entity during the income forecast period are consistent, continuous and comparable with those adopted as at the valuation benchmark date in material respects;

(vi) The valued entity will continue to operate during the income forecast period on the basis of the existing management approach and management level, and the scope and approach of operation will remain consistent with the current operating strategy;

(vii) From the valuation benchmark date, there are no changes to the currency exchange rate, interest rate, tax rate, political levy and inflation that will cause material effects on the business condition of the valued entity during the income period; and

(viii) From the valuation benchmark date, there are no force majeure or unforeseeable events affecting the operations of the valued entity.

Specific Assumptions

(i) Except for the fixed assets investments for which there is definite evidence as of the valuation benchmark date showing that the production capacity will change subsequently, the valued entity will not make significant investment activities on fixed assets that will affect its operations during the income forecast period, and its production capacity will be estimated based on the status as of the valuation benchmark date;

(ii) In this valuation, the impact of the external equity investments made by the valued entity following the valuation benchmark date on its value is not considered;

(iii) The amount of taxable income and the total profits of the valued entity will be consistent in general, that is, there will be no material adjustment on perpetual difference and temporal difference during the income forecast period;

(iv) During the income forecast period, the valued entity will maintain a similar turnover situation regarding accounts receivable and accounts payable as that in the historical years, and there will be no delinquent payments for goods that are significantly different from the situations in the historical years;

(v) The valued entity will have steady cash inflows and cash outflows during the income forecast period and there will not be a concentration of income recognition at one point in the year;

(vi) The valued entity maintains a human resources management model with small number of management personnel and a large number of outsourced personnel within the system;

(vii) As part of the Acquisition, the energy operation and maintenance projects pending for renewal will be transferred to the valued entity. Subsequent new business will be directly contracted by the valued entity. The operating scope and method of the original business will remain consistent with the current direction;

(viii) As of the valuation benchmark date, the energy operation and maintenance projects pending for renewal have not been transferred to the valued entity. However, the valuation assumes the energy operation and maintenance projects pending for renewal will be transferred to the valued entity as scheduled; and

(ix) To reflect the support from China Jinmao to the energy operation and maintenance business, the valuation incorporates a subsidy plan according to the plan of China Jinmao's headquarters management. The assumption is based on an annual subsidy of RMB7.5 million starting from 2025, lasting for 5 years, totaling RMB37.5 million. Any changes to this arrangement in the future will directly affect the valuation (the "**Subsidy Arrangements**").

Valuation Model and Input Parameters

Valuation Model

The discounted cash flow method is adopted in the valuation report to estimate the main business value of the valued entity as at the valuation benchmark date, and select the discounted corporate free cash flows model of the enterprise as the specific method. The main business value of the valued entity is calculated on the basis of the corporate free cash flows in the next few years, summing up after its discounting by using the appropriate discount rate. The total value of the valued entity is calculated on the basis of the main business value of the valued entity, plus the value of non-operating and surplus assets and minus the value of non-operating and surplus liabilities. The market value of entire shareholders' equity is then derived by subtracting the value of interest-bearing debts.

The specific calculation methods of each item involved in the above income model are as follows:

(i) corporate free cash flows

Corporate free cash flows in the forecast period = net profit after tax + depreciation and amortization + finance cost after tax – capital expenditure – changes in working capital.

(ii) weighted average capital cost

According to the principle of consistent basis for the income amount and the discount rate, the basis to determine the income amount for this valuation is the corporate free cash flows and the weighted average cost of capital (WACC) is chosen as the discount rate. The formula is:

$$\mathrm{WACC} = Ke \times [E/(E + D)] + Kd \times (1 - T) \times [D/(E + D)]$$

Wherein: *E* represents market value of equity; *D* represents market value of debt; *Ke* represents cost of equity capital; *Kd* represents cost of debt capital; and *T* represents income tax rate applicable to the appraised entity. The cost of equity capital (*Ke)* is calculated using the internationally recognized CAPM model. The calculation formula is:

$$Ke = Rf + MRP \times \beta + Rc$$

Wherein: *Rf* represents risk-free rate of return; *MRP* represents market risk premium; β represents system risk coefficient of equity; and *Rc* represents enterprise-specific risk adjustment coefficient.

(iii) The main business value of the valued entity

The main business value of the valued entity refers to the value of the operating assets of the enterprise. The calculation formula is as follows:

$$P = \sum_{i=1}^{n} \frac{FCFF_i}{(1+r)^i} + \frac{FCFF_n \times (1+g)}{(r-g) \times (1+r)^n}$$

Wherein: P represents value of operating assets of the enterprise as at the valuation benchmark date; FCFFi represents expected corporate free cash flows of the enterprise in the coming i year after the valuation benchmark date; FCFFn represents expected corporate free cash flows at the end of the forecast period; r represents discount rate (here refers to the weighted average cost of capital (WACC)); n represents forecast period; i represents the coming i year of the forecast period; and g represents perpetual growth rate.

(iv) Scope of non-operating and surplus assets

In the model, the scope of non-operating and surplus assets includes long-term equity investment, surplus assets and non-operating assets, accordingly, the value of other assets is equal to the sum of longterm equity investment value, surplus assets value and non-operating assets value.

(v) Scope of non-operating and surplus liabilities

In the model, the scope of non-operating and surplus liabilities includes surplus liabilities, non-operating liabilities, etc. Correspondingly, the value of the other liabilities is equal to the sum of the value of the surplus liabilities and the non-operating liabilities.

(vi) Market value of entire shareholders' equity

The formula for calculating the market value of entire shareholders' equity is:

Market value of entire shareholders' equity = total value of the enterprise – value of interest-bearing debts

Total value of the enterprise = value of main business of the enterprise + value of non-operating and surplus assets – value of non-operating and surplus liabilities

Determination of Income period

Jinmao Lvjian Chongqing a newly established company under the smart property management sector, was formed to consolidate and took over the energy operation and maintenance business from the Original Energy Operation and Maintenance Units, and belongs to the smart property industry. The valuation report determined that the revenue period of Jinmao Lvjian Chongqing is indefinite, and the forecast period is from March 2025 to 2030.

Determination of Future Income

(i) Income forecast

The principal business of the valued entity is energy operation and maintenance services, specifically referring to the provision of the equipment operation and maintenance business for technological systems such as ground source heat pumps, fresh air units and plate heat exchangers after the delivery of technology-enabled residential projects of China Jinmao, which belongs to ongoing service after delivery of residential projects. The components of the operating income of the energy operation and maintenance business from 2023 to February 2025 are as follows:

Amount unit: RMB0' 000

Item	2023	2024	January-February 2025
Energy operation and maintenance income	26,868.11	34,124.95	6,804.20
Others	1,138.19	283.04	–
Total	**28,006.30**	**34,407.99**	**6,804.20**

Assuming that the energy operation and maintenance business of the Original Energy Operation and Maintenance Units will be transferred to Jinmao Lvjian Technology (Chongqing) Co., Ltd.*, the energy operation and maintenance income will come from the energy operation and maintenance business of the Original Energy Operation and Maintenance Units. Based on the existing projects on the valuation benchmark date and combined with the Company's future delivery plans, it is estimated that the compound annual growth rate of the total revenue from 2025 to 2030 will be approximately 9.29%.

Other business income is occasional income and is excluded from this valuation's projections, as it is unlikely to occur in the future.

The income forecast for the future years is as follows:

Amount unit: RMB0' 000

Year	March to December 2025	2026	2027	2028	2029	2030
Operating income	27,637.36	39,744.24	47,717.69	50,214.57	52,711.45	53,695.85

(ii) Forecast of operating costs

The historical annual operating costs of energy operation and maintenance business mainly include labor costs, equipment maintenance expenses, other administrative expenses, business entertainment, energy costs and lease expenses of fixed assets.

The specific cost proportion of energy operation and maintenance business from 2023 to February 2025 is as follows:

Amount unit: RMB0' 000

Item	2023		2024		January-February 2025	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Labor costs	1,280.52	5.10%	940.67	2.88%	230.33	3.54%
Equipment maintenance expenses	1,733.93	6.91%	759.27	2.32%	196.08	3.02%
Other administrative expenses	5,227.69	20.83%	6,388.84	19.55%	1,203.24	18.50%
Business entertainment	10.70	0.04%	0.00	0.00%	0.00	0.00%
Energy costs	16,324.48	65.05%	23,747.17	72.65%	4,578.29	70.40%
Lease expenses of fixed assets	36.26	0.14%	–	0.00%	–	0.00%
Others	479.86	1.93%	850.18	2.60%	295.52	4.54%
Total	**25,093.44**	**100.00%**	**32,686.13**	**100.00%**	**6,503.46**	**100.00%**

According to the average level of energy operation and maintenance business from 2023 to February 2025, of the principal business costs, energy costs account for about 70%, other administrative expenses account for about 20%, labor costs, equipment maintenance expenses, business entertainment, lease expenses of fixed assets and other expenses account for about 10%. The cost carryforward will maintain this trend for a long time in the future.

(a) The labor costs are predicted mainly based on the proportion of revenue in the historical years and the further investment planning of enterprises.

(b) The lease expenses of fixed assets are estimated based on the depreciation amount of equipment, without considering adding back the depreciation and deducting capital expenditures;

(c) The consultation and evaluation expenses are predicted with reference to enterprises' planning;

(d) Subsidy Arrangement, the relevant subsidy amount will be deducted from the operating costs of the corresponding year; and

(e) The remaining costs are projected based on the proportion of revenue in the historical years.

(iii) Forecast of tax and surcharges

Tax and surcharges include urban construction tax, education surcharge, local education surcharge and stamp duty, etc. Urban construction tax, education surcharge and local education surcharge are calculated based on the value-added tax payable. There is a strong correlation between stamp duty and the operating income of enterprises, so stamp duty is predicted with reference to the occurrence level of the ratio of stamp duty to operating income of the enterprise in the historical years.

(iv) Forecast of administrative expenses

Since the positions of sales personnel and management personnel of the Original Energy Operation and Maintenance Units in the historical years are concurrently held by the employees of the property management company, and the valued unit will maintain the current management model in the future, administrative expenses are projected with reference to the number of concurrently employed employees on the benchmark date, taking into account of other necessary management expenses.

(v) Forecast of financial expenses

The financial expenses in the historical years are mainly service charges, which are estimated based on the proportion of service charges to revenue in the historical years.

(vi) Calculation of depreciation and amortization and capital expenditure

The fixed assets of Jinmao Lvjian Chongqing are leased equipment from the Original Energy Operation and Maintenance Units, and the volume of the original equipment is sufficient to support the business development, so there is no need to consider depreciation, amortization and further capital expenditures.

(vii) Calculation of income tax

On the day of establishment of Jinmao Lvjian Chongqing, only the headquarter existed, and no branch offices had been established. The preferential tax rate of 15% for the development of the Western region is applicable to the headquarter and may not be applicable to the business conducted in other regions given the business locations are widely distributed. Therefore, the income tax rate of the subsequent business is conservatively considered to be 25%, and the valuation is calculated based on the income tax rate of 25%.

(viii) Net profit forecast

The net profit of energy operation and maintenance business in 2023 was RMB19.3254 million, the net profit in 2024 was RMB15.4438 million and the net profit for the period from January to February 2025 was RMB2.1053 million. Integrating the changes in the operating income and operating costs of the energy operation and maintenance business over a long period of time in the future, and based on the expectation that (1) the tax policy and tax benefits enjoyed by the Target Company during the forecast period will remain unchanged, and (2) administrative expenses and financial expenses will increase slightly, the net profit margin of the Target Company during the forecast period is expected to range from 5.10% to 6.05%.

(ix) Estimation of increase in working capital

Increase in working capital = working capital requirements in the current period – working capital requirements in the previous period

Working capital requirements = minimum cash holdings + average balance of receivables + average balance of inventory – average balance of payables

Of which:

The occurrence of the minimum cash holdings in the current year is related to the expected cash-pay cost in the next year. The valuation is based on the historical data provided by the enterprise and the understanding of the operating cash holdings of the enterprise. It is estimated that the number of days of cash turnover of the enterprise is about 30 days. It is assumed that the minimum cash holdings required to maintain the normal operation of the enterprise is 30 days of cash demand.

Annual cash-pay cost = operating cost of the next year in the forecast period + tax of the next year in the forecast period + total expenses of the next year in the forecast period – total non-cash-pay cost expenses (depreciation and amortization) of the next year in the forecast period

Average balance of receivables = predicted sales revenue in the current period/average turnover rate of receivables in the forecast period

Average balance of inventory = predicted cost of sales in the current period/average inventory turnover rate in the forecast period

The increase in working capital during the forecast period is as follows:

Amount unit: RMB0' 000

Item	Opening amount of the Target Company	Data for the forecast year					
	28 February 2025	31 December 2025	31 December 2026	31 December 2027	31 December 2028	31 December 2029	31 December 2030
Working capital	2,975.26	4,030.61	4,684.32	5,647.85	5,921.17	6,194.17	6,291.71

Amount unit: RMB0' 000

Item	March-December 2025	2026	2027	2028	2029	2030
Increase in working capital	1,055.35	653.71	963.54	273.32	273.00	97.54

Determination of Discount Rate

On the basis of estimating the corporate free cash flows of the valued entity in the prediction period, we calculated the weighted average cost of capital *(WACC)* using a methodology consistent with the cash flow projection approach, and the specific calculation formula is as follows:

$$WACC = K_D \times (1-T) \times \frac{D}{V} + K_E \times \frac{E}{V}$$

Wherein: *WACC* represents weighted average cost of capital; K_D represents cost of interest-bearing debt capital; K_E represents cost of equity capital; *D* represents value of interest-bearing debt; *E* represents equity value; *V* is the sum of *D* and *E;* and *T* represents income tax rate implemented by the valued entity.

For the calculation of cost of equity capital, we use the capital asset pricing model (CAPM) in the valuation report to determine, and the specific calculation formula is as follows:

$$K_E = R_F + \beta\ (R_M\text{-}R_F) + \alpha$$

Wherein: K_E represents cost of equity capital; R_F represents risk-free rate of return; R_M-R_F represents market risk premium; β represents Beta coefficient; and α represents enterprise-specific risk.

According to the interest-bearing debts of the valued entity on the valuation benchmark date, the cost of interest-bearing debt capital is determined to be 0.00%.

WACC is calculated according to the above formula, and the discount rate (WACC) from March 2025 to 2030 is 10.78%.

Calculation of input parameters and valuation results

Corporate free cash flows in the forecast period = net profit after tax + depreciation and amortization + finance cost after tax – capital expenditure – changes in working capital.

According to the above model, the specific estimated results of the business value of the valued entity from March 2025 to the perpetual period are as follows:

Unit: 0' 000

Item	March-December 2025	2026	2027	2028	2029	2030	Perpetual period
Corporate free cash flows	**532.51**	**1,556.05**	**1,470.87**	**2,485.70**	**2,813.40**	**3,148.48**	**3,242.33**
Discount rate	10.78%	10.78%	10.78%	10.78%	10.78%	10.78%	10.78%
Time since the last discount period (years)	0.4167	0.9167	1.0000	1.0000	1.0000	1.0000	–
Discount factor	0.9582	0.8724	0.7875	0.7109	0.6417	0.5793	5.3738
Present value of corporate free cash flows	**510.26**	**1,357.50**	**1,158.31**	**1,767.09**	**1,805.36**	**1,823.91**	**17,423.64**
Value of principal businesses				**25,846.05**			

As of 28 February 2025, Jinmao Lvjian Chongqing had no non-operating and surplus assets or non-operating and surplus liabilities.

Through the above calculations, based on the formula that market value of entire shareholders' equity = value of main business + value of other assets – value of other liabilities – value of interest-bearing debts, the final market value of entire shareholders' equity of Jinmao Lvjian Chongqing on the valuation benchmark date was approximately RMB258.46 million.

SENSITIVITY ANALYSIS

The Independent Valuer has performed the following sensitivity analysis on the discount rates as they are considered to have a relatively significant impact on the valuation.

Change in parameters	-15.00%	-10%	-5%	0%	5.00%	10.00%	15.00%
Discount rate	9.16%	9.70%	10.24%	10.78%	11.32%	11.86%	12.40%
Appraised value (0'000)	31,029.37	29,107.80	27,384.90	25,846.05	24,455.86	23,193.47	22,043.04
Change (0'000)	5,183.32	3,261.75	1,538.85	–	-1,390.19	-2,652.58	-3,803.01
Difference rate	20.05%	12.62%	5.95%	0.00%	-5.38%	-10.26%	-14.71%

* *For identification purposes only*

The following is the text of the report dated 30 April 2025 from the Reporting Accountants, prepared for inclusion in this circular.

30 April 2025

The Directors
Jinmao Property Services Co., Limited
Room 4702-4703, 47th Floor, Office Tower
Convention Plaza, 1 Harbour Road, Wan Chai
Hong Kong

Report from the reporting accountants on the arithmetical accuracy of the calculations of discounted cash flow forecast in connection with the valuation report

We have been engaged to report on the arithmetical accuracy of the calculations of the discounted cash flow forecast (the "**Forecast**") on which the valuation report dated 25 April 2025 prepared by Vocation (Beijing) International Asset Valuation Co., Ltd. (沃克森(北京)國際資產評估有限公司) in respect of Jinmao Lvjian Technology (Chongqing) Co., Ltd. (金茂綠建科技(重慶)有限公司) (the "**Target**") as at 28 February 2025 is based. The valuation is set out in the announcement of Jinmao Property Services Co., Limited (the "**Company**") dated 30 April 2025 (the "**Announcement**") in connection with the acquisition of 100% equity interests in the Target. The valuation based on the Forecast is regarded by The Stock Exchange of Hong Kong Limited as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Directors' responsibilities

The directors of the Company (the "**Directors**") are solely responsible for the Forecast. The Forecast has been prepared using a set of bases and assumptions (the "**Assumptions**"), the completeness, reasonableness and validity of which are the sole responsibility of the Directors. The Assumptions are set out in the section headed "APPENDIX I-SUMMARY OF THE VALUATION REPORT" of the Announcement.

Our independence and quality management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the Forecast based on our work. The Forecast does not involve the adoption of accounting policies.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the arithmetical accuracy of the calculations are concerned, the Directors have properly compiled the Forecast in accordance with the Assumptions adopted by the Directors. Our work consisted primarily of checking the arithmetical accuracy of the calculations of the Forecast prepared based on the Assumptions made by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

We are not reporting on the appropriateness and validity of the Assumptions on which the Forecast are based and thus express no opinion whatsoever thereon. Our work does not constitute any valuation of the Target. The Assumptions used in the preparation of the Forecast include hypothetical assumptions about future events and management actions that may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Forecast and the variation may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.60A(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

Based on the foregoing, in our opinion, so far as the arithmetical accuracy of the calculations of the Forecast is concerned, the Forecast has been properly compiled in accordance with the Assumptions adopted by the Directors.

Yours faithfully

Ernst & Young
Certified Public Accountants
Hong Kong

The following is the text of the letter dated 30 April 2025 from the Board prepared for inclusion in this circular.

30 April 2025

Dear Sir/Madam,

Reference is made to the announcement of Jinmao Property Services Co., Limited (the "**Company**") dated 30 April 2025 in relation to, among others, (i) the acquisition of the entire equity interest in Jinmao Lvjian Technology (Chongqing) Co., Ltd.* (金茂綠建科技(重慶)有限公司) (the "**Target Company**") by Sinochem Jinmao Property Management (Beijing) Co., Ltd.* (中化金茂物業管理(北京)有限公司), a wholly-owned subsidiary of the Company, from Shanghai Jinmao Investment Management Group Co., Ltd.* (上海金茂投資管理集團有限公司); and (ii) the valuation report dated 25 April 2025 (the "**Valuation Report**") prepared by Vocation (Beijing) International Asset Valuation Co., Ltd. (沃克森(北京)國際資產評估有限公司) (the "**Independent Valuer**"). The Independent Valuer adopted income approach in valuation of the entire equity interest in the Target Company.

The board of directors of the Company (the "**Board**") has reviewed the basis and assumptions of the valuation and discussed the same with the Independent Valuer. The Board has also considered the report issued by Ernst & Young on 30 April 2025 in relation to the arithmetical accuracy of the calculations of the profit forecast in the Valuation Report.

Pursuant to the requirements of Rule 14.60A(3) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Board confirmed that the profit forecast used in the aforesaid Valuation Report has been made after due and careful enquiry.

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

* *For identification purposes only*

1. RESPONSIBILITY OF THE DIRECTORS

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

2. DISCLOSURE OF INTERESTS

2.1 Directors' interests

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) 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 recorded in the register of the Company 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 C3 to the Listing Rules:

Interests in the Shares or underlying shares of the Company

Name of Director/ chief executive of the Company	Capacity/Nature of interest	Number of Shares held	Approximate % of total issued Shares of the Company *(Note 1)*
Song Liuyi	Beneficial owner	45,317 (L)	0.005%

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

Name of Director/ chief executive of the Company	Name of associated corporation *(Note 2)*	Capacity/ Nature of interest	Number of shares held in the associated corporation	Number of underlying shares held in the associated corporation *(Note 3)*	Approximate % of total issued shares of the associated corporation *(Note 4)*
Song Liuyi	China Jinmao	Beneficial owner	3,500,000 (L)	2,000,000 (L)	0.041%
Qiao Xiaojie	China Jinmao	Beneficial owner	4,500,000 (L)	1,334,000 (L)	0.043%
Zhao Jinlong	China Jinmao	Beneficial owner	–	1,000,000 (L)	0.007%
Li Yulong	China Jinmao	Beneficial owner	–	1,000,000 (L)	0.007%
Gan Yong	China Jinmao	Beneficial owner	–	500,000 (L)	0.004%

Notes:

1. The calculation is based on the total number of issued Shares of the Company as at the Latest Practicable Date (i.e. 904,189,000 Shares).

2. 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.

3. 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.

4. This represents the percentage of the aggregate long positions in the shares and underlying shares to the total number of issued shares of China Jinmao as at the Latest Practicable Date (i.e. 13,505,971,218 shares).

5. The letter "L" denotes the entity's long position in the shares.

2.2 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:

Name of Shareholder	Capacity/Nature of interest	Number of Shares held	Approximate % of total issued Shares of the Company *(Note 2)*
China Jinmao	Beneficial owner	608,319,969 (L)	67.28% (L)
Sinochem Hong Kong	Interest in controlled corporation *(Note 1)*	608,319,969 (L)	67.28% (L)
	Beneficial owner	67,616,133 (L)	7.48% (L)
Sinochem Corporation	Interest in controlled corporation *(Note 1)*	675,936,102 (L)	74.76% (L)
Sinochem Group	Interest in controlled corporation *(Note 1)*	675,936,102 (L)	74.76% (L)
Sinochem Holdings	Interest in controlled corporation *(Note 1)*	675,936,102 (L)	74.76% (L)

Notes:

1. Sinochem Holdings holds the entire equity interests in Sinochem Group, which in turn holds the entire equity interests in Sinochem Corporation. Sinochem Corporation holds the entire equity interests in Sinochem Hong Kong, which in turn holds an approximately 38.40% interest in China Jinmao as of 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 beneficially owned by Sinochem Hong Kong.

2. The calculation is based on the total number of issued Shares of the Company as at the Latest Practicable Date (i.e. 904,189,000 Shares).

3. The letter "L" denotes the entity's long position in the shares.

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:

Name of Director	Name of substantial shareholder of the Company	Position in the substantial shareholder of the Company
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 were not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2024, 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 (as defined in the Listing Rules) 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

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.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been since 31 December 2024 (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. EXPERTS AND CONSENTS

The following are the name and qualifications of the experts who have given opinion or advice, which are contained or referred to in this circular:

Name	Qualifications	Date of opinion
Red Sun Capital	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the SFO, the Independent Financial Adviser	29 May 2025
Vocation (Beijing) International Asset Valuation Co., Ltd. (沃克森(北京)國際資產評估有限公司)	independent valuation firm	25 April 2025
Ernst & Young	certified public accountants	30 April 2025

As at the Latest Practicable date, each of the experts:

(a) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letters, reports and/or opinions and the references to its name (including its qualifications), in the form and context in which it appears;

(b) did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and

(c) did not have any direct or indirect interest in any material assets which had been since 31 December 2024 (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. LITIGATION

As at the Latest Practicable Date, the Group was not engaged in any litigation or claim of material importance and there was no litigation or claims of material importance known to the Directors to be pending or threatened by or against the Group.

10. DOCUMENTS ON DISPLAY

Copies of the following documents are available on the HKExnews website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.jinmaowy.com) from the date of this circular up to and including the date of the EGM:

(a) the Equity Transfer Agreement;

(b) the letter of advice from Red Sun Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 20 to 40 of this circular;

(c) the summary of valuation report on the entire equity interest in the Target Company prepared by the independent valuer, the text of which is set out in Appendix I to this circular;

(d) the letter from Ernst & Young on profit forecast, the text of which is set out in Appendix II to this circular;

(e) the letter from the Board on profit forecast, the text of which is set out in Appendix III to this circular; and

(f) the written consents referred to in the section headed "Experts and Consents" in this appendix.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of Jinmao Property Services Co., Limited (the "**Company**") will be held at 6F, YouAn International Tower, Unit 2, Xitieying Middle Avenue, Fengtai District, Beijing, the PRC on Friday, 13 June 2025 at 2:00 p.m. or any adjournment thereof to consider and, if thought fit, pass the following resolution as an ordinary resolution (with or without modifications):

ORDINARY RESOLUTION

1. "**THAT**:

   (a) the Equity Transfer Agreement (as defined and described in the circular to the shareholders of the Company dated 29 May 2025 (the "**Circular**"), a copy of which is tabled at the EGM marked "A" and initialled by the chairman of the EGM for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

   (b) any director of the Company 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 transactions contemplated under the Equity Transfer Agreement, 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, 29 May 2025

Notes:

(1) The resolution to be proposed at the meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The results of the poll will be published on the HKExnews website of Hong Kong Exchanges and Clearing Limited and the website of the Company in accordance with the Listing Rules.

(2) Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.

(3) In case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of votes of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company.

(4) In order to be valid, the form of proxy 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). Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

(5) For determining the entitlement of shareholders to attend and vote at the meeting, the register of members of the Company will be closed from Wednesday, 11 June 2025 to Friday, 13 June 2025, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 10 June 2025.

(6) References to time and dates in this notice are to Hong Kong time and dates.

As at the date of this notice, the executive directors are Mr. Song Liuyi (Chairman), Mr. Li Yulong and Mr. Zhao Jinlong; 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.