
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in CIFI Ever Sunshine Services Group Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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 **旭辉永升服务**
C I F I E S - S E R V I C E
CIFI Ever Sunshine Services Group Limited
旭辉永升服务集团有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1995)

**CONTINUING CONNECTED TRANSACTIONS
REVISION OF ANNUAL CAPS AND RENEWAL OF
PROPERTY MANAGEMENT SERVICES MASTER AGREEMENT
AND
NOTICE OF EGM**

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

 **红日资本有限公司**
RED SUN CAPITAL LIMITED

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular.

A letter from the Board is set out on pages 5 to 23 of this circular and a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages 24 to 25 of this circular. A letter from Red Sun Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 26 to 50 of this circular.

A notice convening the EGM of the Company to be held at Signing Room, 2/F, Building 39 Henderson CIFI Centre, Lane 1088, Shenhong Road, Minhang District, Shanghai, the PRC on Tuesday, 29 November 2022 at 10:30 a.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.cifies.com>).

Whether or not you are able to attend the EGM, you are advised to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. before 10:30 a.m. on Sunday, 27 November 2022) or any adjournment thereof. Completion and return of the form of proxy shall not preclude Shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish and in such event, the proxy shall be deemed to be revoked.

All times and dates specified herein refers to Hong Kong local times and dates.

9 November 2022

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DEFINITIONS

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

“2019 CIFI Property Management Services Master Agreement”	the property management services master agreement entered into between the Company and CIFI Holdings on 11 November 2019 (as amended and supplemented by the Supplemental Property Management Services Master Agreement and the Second Supplemental Property Management Services Master Agreement)
“2022 CIFI Property Management Services Master Agreement”	the property management services master agreement entered into between the Company and CIFI Holdings on 10 October 2022
“associate(s)”	shall have the same meaning as ascribed to it under the Listing Rules
“Best Legend”	Best Legend Development (PTC) Limited, a private trust company limited by shares incorporated in the BVI and is one of the controlling shareholders of the Company
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“CIFI Group”	CIFI Holdings and its subsidiaries (but excluding the Group)
“CIFI Holdings”	CIFI Holdings (Group) Co. Ltd. (stock code: 00884), an exempted company with limited liability incorporated in the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange
“Circular”	the circular of the Company dated 9 December 2019 in relation to the 2019 CIFI Property Management Services Master Agreement
“Company”	CIFI Ever Sunshine Services Group Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	shall have the meaning as ascribed to it under the Listing Rules
“contemporaneous transactions”	shall have its plain meaning and shall refer to a transaction that occurs close enough in time to the subject transaction that it would reasonably be expected to reflect the current market price

DEFINITIONS

“controlling shareholders”	shall have the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Effective Date”	1 January 2023
“EGM”	the extraordinary general meeting of the Company to be convened and held at Signing Room, 2/F, Building 39 Henderson CIFI Centre, Lane 1088, Shenhong Road, Minhang District, Shanghai, the PRC on Tuesday, 29 November 2022 at 10:30 a.m. or any adjournment thereof (as the case may be), the notice of which is set out on pages EGM-1 to EGM-2 of this circular
“Elite Force”	Elite Force Development Limited, a limited liability company incorporated in the BVI and is one of the controlling shareholders of the Company
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee established by the Board, comprising all the independent non-executive Directors, namely Mr. Ma Yongyi, Mr. Yu Tiecheng and Mr. Cheung Wai Chung, to advise the Independent Shareholders in respect of the continuing connected transactions under the Second Supplemental Property Management Services Master Agreement and the 2022 CIFI Property Management Services Master Agreement
“Independent Financial Adviser”	Red Sun Capital Limited, a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions under the Second Supplemental Property Management Services Master Agreement and the 2022 CIFI Property Management Services Master Agreement

DEFINITIONS

“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the EGM for the relevant resolution with respect to the Second Supplemental Property Management Services Master Agreement and the 2022 CIFI Property Management Services Master Agreement
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and Directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Latest Practicable Date”	7 November 2022, 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 of Hong Kong Limited
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus of the Company dated 4 December 2018
“RMB”	Renminbi, the lawful currency of the PRC
“Rosy Fortune”	Rosy Fortune Investments Limited, a limited liability company incorporated in the BVI and is indirectly wholly-owned by a discretionary trust set up jointly by Mr. Lin Zhong, Mr. Lin Wei and Mr. Lin Feng
“Second Supplemental Property Management Services Master Agreement”	the second supplemental agreement dated 10 October 2022 and entered into between the Company and CIFI Holdings, which amended and supplemented the 2019 CIFI Property Management Services Master Agreement
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) with nominal value of HK\$0.01 each in the share capital of the Company

DEFINITIONS

“Specific Agreement(s)”	the specific individual agreement(s) that may be entered into between members of the Group and members of the CIFI Group in accordance with the principles and terms of the 2019 CIFI Property Management Services Master Agreement or the 2022 CIFI Property Management Services Master Agreement (as the case may be)
“Spectron”	Spectron Enterprises Limited, a limited liability company incorporated in the BVI and is one of the controlling shareholders of the Company
“sq.m.”	square meters
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	shall have the same meaning as ascribed to it under the Listing Rules
“Supplemental Property Management Services Master Agreement”	the supplemental agreement dated 5 November 2020 and entered into between the Company and CIFI Holdings, which amended and supplemented the 2019 CIFI Property Management Services Master Agreement
“Ultimate Controlling Shareholders”	Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei
“%”	per cent

LETTER FROM THE BOARD



CIFI Ever Sunshine Services Group Limited

旭辉永升服务集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1995)

Executive Directors:

Mr. LIN Zhong (*Chairman*)

Mr. ZHOU Hongbin

Mr. ZHOU Di

Registered Office:

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Non-executive Director:

Mr. LIN Feng

Principal Place of Business in Hong Kong:

40th Floor, Dah Sing Financial Centre

No. 248 Queen's Road East

Wanchai, Hong Kong

Independent Non-executive Directors:

Mr. MA Yongyi

Mr. YU Tiecheng

Mr. CHEUNG Wai Chung

9 November 2022

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
REVISION OF ANNUAL CAPS AND RENEWAL OF
PROPERTY MANAGEMENT SERVICES MASTER AGREEMENT
AND
NOTICE OF EGM**

INTRODUCTION

Reference is made to the announcement of the Company dated 10 October 2022 in relation to, among others, the Second Supplemental Property Management Services Master Agreement and the 2022 CIFI Property Management Services Master Agreement.

The purposes of this circular are to provide the Shareholders with, among other things, (i) further information on the Second Supplemental Property Management Services Master Agreement, the 2022 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent

LETTER FROM THE BOARD

Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM to consider and, if thought fit, to approve the Second Supplemental Property Management Services Master Agreement, the 2022 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder.

(A) SECOND SUPPLEMENTAL PROPERTY MANAGEMENT SERVICES MASTER AGREEMENT

Due to continuous delivery of properties by CIFI Group for the year ending 31 December 2022, the Group has been providing additional services to the CIFI Group. Therefore, the Directors found that the transaction amounts under the 2019 CIFI Property Management Services Master Agreement are approaching the existing annual caps for the year ending 31 December 2022.

On 10 October 2022 (after trading hours), the Company entered into the Second Supplemental Property Management Services Master Agreement with CIFI Holdings, to revise the existing annual caps for the year ending 31 December 2022.

The principal terms of the 2019 CIFI Property Management Services Master Agreement are reproduced below:

- Date:** 11 November 2019 (after trading hours)
- Parties:**
- (1) the Company
 - (2) CIFI Holdings
- Scope of service:** Property management services to be provided by the Group to CIFI Group, including but without limitation to (i) property management services for unsold properties, car parking lots and the properties owned by CIFI Group; (ii) on-site security, cleaning, greening, as well as customer services to property sales offices; (iii) preliminary planning and design consultancy services; and (iv) cleaning and house inspection services to the property projects developed by CIFI Group upon completion of construction and before delivery of the same to homeowners and other value-added services.
- Term:** Three years commencing from 1 January 2020 and ending on 31 December 2022 (both days inclusive).
- Pricing and other terms:** The parties to the 2019 CIFI Property Management Services Master Agreement have agreed as follows:
- (i) the parties may enter into the Specific Agreements to set out the detailed terms for the relevant transactions contemplated under the 2019 CIFI Property Management Services Master Agreement in the ordinary course of business after arm's length negotiations on normal commercial terms;

LETTER FROM THE BOARD

- (ii) the Specific Agreements shall conform with the principles and provisions set out in the 2019 CIFI Property Management Services Master Agreement;
- (iii) fees for the property management services to be provided by the Group shall be determined in the Specific Agreements and should be set, after arm's length negotiations with reference to the prevailing market rate (taking into consideration the location of the property, the condition of the property and the scope of the property management services) and the price charged by the Group when providing similar services to the Independent Third Parties; and
- (iv) the terms and conditions of the Specific Agreements shall be not less favourable than those being offered by the Group to the Independent Third Parties for comparable services.

The approximate historical aggregate amount of service fees received by the Group for the two financial years ended 31 December 2021 and the six months ended 30 June 2022 are as follows:

	For the year ended 31 December 2020	For the year ended 31 December 2021	For the six months ended 30 June 2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<i>Property management services; on-site security, cleaning, greening and customer services; and cleaning and housing inspection services and other value-added services</i>	358,951	426,148	384,715
<i>Preliminary planning and design consultancy services</i>	28,650	53,818	22,971
Total	387,601	479,966	407,686

LETTER FROM THE BOARD

The existing annual caps for two years ended 31 December 2021 and the year ending 31 December 2022 under the 2019 CIFI Property Management Services Master Agreement are as per below:

	For the year ended		For the year ending
	31 December		31 December
	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<i>Property management services; on-site security, cleaning, greening and customer services; and cleaning and housing inspection services and other value-added services</i>	420,000	420,000	420,000
<i>Preliminary planning and design consultancy services</i>	60,000	60,000	60,000
Total	480,000	480,000	480,000

The annual caps for the year ending 31 December 2022 is proposed to be revised as per below:

	For the year ending
	31 December 2022
	<i>RMB'000</i>
<i>Property management services; on-site security, cleaning, greening and customer services; and cleaning and housing inspection services and other value-added services</i>	785,000
<i>Preliminary planning and design consultancy services</i>	75,000
Total	860,000

Save for such revision in the annual caps, the scope of services and other terms of the 2019 CIFI Property Management Services Master Agreement shall remain valid and in full force and effect.

Based on the Company's management account as at 30 June 2022, the total actual transaction amount for the six months ended 30 June 2022 under the 2019 CIFI Property Management Services Master Agreement amounted to approximately RMB407.7 million, representing approximately 84.9% of the existing annual caps for the year ending 31 December 2022. The Board confirms that as at the Latest Practicable Date, the transaction amounts for the 2019 CIFI Property Management Services Master Agreement have not exceeded the original annual caps for the year ending 31 December 2022.

LETTER FROM THE BOARD

The revised annual caps under the Second Supplemental Property Management Services Master Agreement were determined with reference to the following factors:

- (1) the actual transaction amounts for the two years ended 31 December 2021 and the six months ended 30 June 2022 at an utilisation rate of 80.75%, 99.99% and 84.93%, respectively, of the original annual caps under the 2019 CIFI Property Management Services Master Agreement;
- (2) the estimated revenue of approximately RMB709.1 million to be recognized for the year ending 31 December 2022 in relation to the services provided by the Group pursuant to existing contracts entered into between the Group and CIFI Group;
- (3) the estimated GFA of the properties to be pre-sold by CIFI Group for the year ending 31 December 2022 of approximately 22.3 million sq.m., for which the Group will be engaged to provide on-site security, cleaning, greening, as well as customer services to property sales offices;
- (4) the estimated GFA to be delivered by CIFI Group for the year ending 31 December 2022 of approximately 11.0 million sq.m., for which the Group will be engaged to provide preliminary planning and design consultancy services, cleaning and housing inspection services and other value-added services;
- (5) the estimated GFA of properties developed by CIFI Group and under the Group's management for the year ending 31 December 2022 of approximately 43.1 million sq.m., for which the Group will be engaged to provide property management services; and
- (6) the estimated transaction amount for the year ending 31 December 2022 calculated based on the above factors and the pricing policy as more particularised in the section headed "Pricing Policy" below.

Having taken into account of the above factors, the Board considers the proposed revised annual caps for 2022 under the Second Supplemental Property Management Services Master Agreement are fair and reasonable and in the interests of the Company and the Shareholders.

Reasons for and benefits of entering into the Second Supplemental Property Management Services Master Agreement

The Group has been engaged by the CIFI Group to provide additional property management services and preliminary planning and design consultancy services. Preliminary planning and design consultancy services include, but not limited to, the planning consulting of the construction sites, on-site inspection as to the construction progress and delivery preparation. Firstly, the scale of sale, area and number of the property projects of the CIFI Group in the PRC under the management of the Group has increased due to the continuous delivery of properties developed by CIFI Group for the year ending 31 December 2022. The new contracted GFA of properties to be delivered by the CIFI Group and managed by the Group during the period from July to December 2022 is expected to constitute approximately 66% of the total GFA of properties to be delivered by the CIFI Group and managed by the Group for the whole year of 2022. Together with the existing properties already

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delivered by the CIFI Group for which the Group's management services are required, the Board considers that the proposed revised annual caps for 2022 (representing an increase of approximately 79% compared to the original annual caps) is fair and reasonable. Secondly, more property management services, such as extra cleaning services in the common areas of the subject properties, additional security services for the subject properties as well as over-time services in cleaning and security services requested by and arranged for the relevant parties, have been provided to the CIFI Group as precautionary measures to safeguard the health and safety of the public in 2022 following the outbreak of a new wave of severe COVID-19 in China. Based on the current estimation by the Group, the original cap of RMB480 million for the year ending 31 December 2022 is not sufficient. In order for the Group to provide property management services to the CIFI Group continuously, the Company has entered into the Second Supplemental Property Management Services Master Agreement to revise the annual caps for the year ending 31 December 2022 under the 2019 CIFI Property Management Services Master Agreement.

The Directors (including the independent non-executive Directors, after considering the advice from the Independent Financial Adviser) are of the view that the terms of the Second Supplemental Property Management Services Master Agreement and the transactions contemplated thereunder (including the revised annual caps therefor) are fair and reasonable, on normal commercial terms and will be conducted in the ordinary course of business of the Group and in the interests of the Company and its Shareholders as a whole.

(B) 2022 CIFI PROPERTY MANAGEMENT SERVICES MASTER AGREEMENT

As the 2019 CIFI Property Management Services Master Agreement will be expiring on 31 December 2022 and the Company is expected to carry on the transactions contemplated thereunder upon its expiry, on 10 October 2022 (after trading hours), the Company and CIFI Holdings also entered into the 2022 CIFI Property Management Services Master Agreement pursuant to which the Company has agreed to provide, or procure its subsidiaries to provide, property management services to CIFI Group for a period commencing from the Effective Date and ending on 31 December 2025.

The principal terms of the 2022 CIFI Property Management Services Master Agreement are set out as below:

- Date:** 10 October 2022 (after trading hours)
- Parties:**
- (1) The Company
 - (2) CIFI Holdings

LETTER FROM THE BOARD

- Scope of service:** Property management services to be provided by the Group to CIFI Group, including but without limitation to (i) property management services for unsold properties, car parking lots and the properties owned by CIFI Group; (ii) on-site security, cleaning, greening, as well as customer services to property sales offices; (iii) preliminary planning and design consultancy services; and (iv) cleaning and house inspection services to the property projects developed by CIFI Group upon completion of construction and before delivery of the same to homeowners and other value-added services.
- Term:** Three years commencing from the Effective Date and ending on 31 December 2025 (both days inclusive).
- Pricing and other terms:** The parties to the 2022 CIFI Property Management Services Master Agreement have agreed as follows:
- (i) the parties may enter into the Specific Agreements to set out the detailed terms for the relevant transactions contemplated under the 2022 CIFI Property Management Services Master Agreement in the ordinary course of business after arm's length negotiations on normal commercial terms;
 - (ii) the Specific Agreements shall conform with the principals and provisions set out in the 2022 CIFI Property Management Services Master Agreement;
 - (iii) fees for the property management services to be provided by the Group shall be determined in the Specific Agreements and should be set, after arm's length negotiations with reference to the prevailing market rate (taking into consideration the location of the property, the condition of the property and the scope of the property management services) and the price charged by the Group when providing similar services to the Independent Third Parties; and
 - (iv) the terms and conditions of the Specific Agreements shall be not less favourable than those being offered by the Group to the Independent Third Parties for comparable services.
- Original annual caps:** For the original annual caps for the two years ended 31 December 2021 and the year ending 31 December 2022 under the 2019 CIFI Property Management Services Master Agreement and the proposed revised annual caps for the year ending 31 December 2022 under the Second Supplemental Property Management Services Mater Agreement, please refer to the section headed "(A) Second Supplemental Property Management Services Master Agreement" above.

LETTER FROM THE BOARD

Historical aggregate amount:

The approximate historical aggregate amount of service fees received by the Group for the two financial years ended 31 December 2021 and the six months ended 30 June 2022 are as follows:

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2021 RMB'000	For the six months ended 30 June 2022 RMB'000
<i>Property management services; on-site security, cleaning, greening and customer services; and cleaning and housing inspection services and other value-added services</i>	358,951	426,148	384,715
<i>Preliminary planning and design consultancy services</i>	28,650	53,818	22,971
Total	387,601	479,966	407,686

LETTER FROM THE BOARD

Annual caps:

Pursuant to the 2022 CIFI Property Management Services Master Agreement, it is proposed that the annual caps for the transactions contemplated thereunder for each of the three financial years ending 31 December 2023, 2024 and 2025 are expected not to exceed the following:

	For the year ending 31 December 2023 <i>RMB'000</i>	For the year ending 31 December 2024 <i>RMB'000</i>	For the year ending 31 December 2025 <i>RMB'000</i>
<i>Property management services; on-site security, cleaning, greening and customer services; and cleaning and housing inspection services and other value-added services</i>	920,000	1,015,000	1,060,000
<i>Preliminary planning and design consultancy services</i>	80,000	85,000	90,000
Total	1,000,000	1,100,000	1,150,000

The proposed annual caps for the transactions contemplated under the 2022 CIFI Property Management Services Master Agreement were determined after considering the following factors:

- (i) the historical transaction amounts and the utilisation rates of the annual caps (as detailed in page 9 of this circular) under the 2019 CIFI Property Management Services Master Agreement;
- (ii) the estimated revenue to be recognised for the year ending 31 December 2023 based on the existing signed contracts between the Group and CIFI Group;
- (iii) the estimated total GFA of the properties to be pre-sold by CIFI Group for the year ending 31 December 2023 of approximately 28.2 million sq.m., for which the Group will be engaged to provide on-site security, cleaning, greening, as well as customer services to property sales offices;

LETTER FROM THE BOARD

- (iv) the estimated total GFA for the year ending 31 December 2023 to be delivered by CIFI Group of approximately 11.5 million sq.m., for which the Group will be engaged to provide preliminary planning and design consultancy services, cleaning and housing inspection services and other value-added services;
- (v) the estimated GFA of properties developed by CIFI Group and under the Group's management for the year ending 31 December 2023 of approximately 54.6 million sq.m., for which the Group will be engaged to provide property management services;
- (vi) the estimated transaction amount for the year ending 31 December 2023 calculated based on the above factors and the pricing policy as more particularised in the section headed "Pricing Policy" below; and
- (vii) for the annual caps set for the two years ending 31 December 2025, the Group has adopted a prudent approach by assuming a 5%-10% steady growth in the GFA to be delivered or pre-sold by CIFI Group.

In particular, the Board considers that the increment of the proposed annual caps under the 2022 CIFI Property Management Services Master Agreement over the proposed revised annual caps under the Second Supplemental Property Management Services Mater Agreement is fair and reasonable taking into account factors including: (i) there is expected to be around 60 new property development projects to be delivered in 2023 with an estimated contracted GFA of more than 10 million sq.m. by the CIFI Group; and (ii) the historical growth rate in the revenue of the Group (which mainly comprise revenue generated from the provision of property management services) for the year ended 31 December 2021 and six months ended 30 June 2022, where a year-on-year increase of approximately 50.8% and a period-on-period increase of approximately 53.6% were observed. Such revenue growth rates are higher than the rates of increment of the proposed annual caps under the 2022 CIFI Property Management Services Master Agreement as compared to the proposed revised annual caps under the Second Supplemental Property Management Services Mater Agreement, which proves that, as a secondary evidence and on the assumption that the Group's business remains as usual, the increment is not unreasonable and abnormal.

In view of the above, the Board considers the proposed annual caps under the 2022 CIFI Property Management Services Master Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Reasons for and benefits of entering into the 2022 CIFI Property Management Services Master Agreement

The Group has been providing property management services to CIFI Group for many years and the provision of which is in the ordinary course of business of the Group. As the 2019 CIFI Property Management Services Master Agreement is due to expire on 31 December 2022, the 2022 CIFI Property Management Services Master Agreement is being entered to enable the Group to continue to provide property management services to CIFI Group, which could result in satisfactory synergy effect and further promote the business growth of the Group. The Directors consider that as the CIFI Group is a property developer in the PRC, through managing their properties over the years, the Company's quality property management service business has well been recognized by the CIFI Group. Such long term business relationship will continue to enhance the awareness of the business of the Company in the property management market in the PRC and will therefore attract other property owners/owners' associations and/or property developers in the PRC to request for the Company's property management services. On the other hand, by providing quality property management services to the properties developed by the CIFI Group and the relevant property owners, the brand of the CIFI Group will also be enhanced and become more competitive in the property development market.

The Directors (including the independent non-executive Directors, after considering the advice from the Independent Financial Adviser) are of the view that the terms of the 2022 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor) are fair and reasonable, on normal commercial terms and will be conducted in the ordinary course of business of the Group and in the interests of the Company and its Shareholders as a whole.

PRICING POLICY

During the term of the 2019 CIFI Property Management Services Master Agreement (as supplemented) and the 2022 CIFI Property Management Services Master Agreement, the Group shall from time to time enter into the Specific Agreements with the CIFI Group for the provision of relevant property management services in accordance with the terms of the 2019 CIFI Property Management Services Master Agreement (as supplemented) and the 2022 CIFI Property Management Services Master Agreement. The Group adopts the following pricing policy to ensure that the terms offered to the CIFI Group under the 2019 CIFI Property Management Services Master Agreement (as supplemented) and the 2022 CIFI Property Management Services Master Agreement are on normal commercial terms and shall not be less favourable to the Group than terms offered by the Group to Independent Third Parties as follows:

- (a) for all property management services except for those for unsold properties, car parking lots and the properties owned by the CIFI Group and preliminary planning and design consultancy services under the 2019 CIFI Property Management Services Master Agreement (as supplemented) and the 2022 CIFI Property Management Services Master

LETTER FROM THE BOARD

Agreement, the Group would charge the CIFI Group at prices based on a standard price list prepared by the Group which is applicable to the CIFI Group as well as Independent Third Parties after taking into account:

- (i) the Group's contemporaneous transactions of similar property management services (in respect of similar types of properties in the market in the relevant region and in terms of the scope and requirement of services, the location and condition of properties, and level of difficulty of management, etc.) carried out with Independent Third Parties conducted within 6 months; and
- (ii) prices charged by other property management companies in the PRC of up to three comparable transactions (which shall involve similar types of properties in the market in the relevant region) with independent third parties (if available) conducted within 6 months.

The standard price list shall be compiled based at least three of the Group's other contemporaneous transactions of similar services carried out with Independent Third Parties (if available) for reference by relevant operating departments.

If the Group has no other contemporaneous transactions carried out with Independent Third Parties of similar services, the standard price list will be compiled based on the prevailing market information collected through, among others, information exchange within the industry, industry talent from other property management services providers recruited by the Group, and publicly available information disclosed by other listed companies. Such prevailing market information is primarily the bidding price of successful bidders in public bids for property management services and announcements published by listed companies. Industry talent recruited by the Group will collect information relating to the bidding price announced by the offeror and announcements published by listed companies in Hong Kong and the PRC to check if there is any pricing or other information in association with the pricing. Although not representing an exhaustive list of all comparable transactions, such information is ascertained and constitutes solid basis for the Group to compile the standard price list. The standard price list will be reviewed and approved semi-annually by the heads of relevant operating departments, the chief financial officer and president of the Group to ensure the price list maintained by the Group reflect the prevailing market conditions and that the terms of the continuing connected transactions are fair and reasonable and no more favourable to the connected persons than those charged to Independent Third Parties. Therefore, the Board considers that the standard pricing list could reflect the prevailing market conditions and is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

- (b) for preliminary planning and design consultancy services, the Group would charge the CIFI Group at a fixed amount per sq.m. based on the standard price list mentioned above and for the initial project acceptance fee, fixed amount per site for the first 200,000 sq.m., and a fixed rate per an extra sq.m. after the initial 200,000 sq.m. in accordance with such standard price list after taking into account:
- (i) the Group's contemporaneous transactions of similar preliminary planning and design consultancy services (in respect of similar types of properties in the market in the relevant region and in terms of the scope and requirement of services, the size and condition of construction site, and level of difficulty of planning and design, etc.) carried out with Independent Third Parties conducted within 6 months; and
 - (ii) prices charged by other property management companies in the PRC of up to three comparable transactions (which shall involve similar types of properties in the market in the relevant region) with independent third parties (if available) conducted within 6 months.
- (c) for property management services for unsold properties, car parking lots and the properties owned by the CIFI Group, before determining the price for the provision of services, the Group would make reference to:
- (i) the Group's contemporaneous transactions of similar property management services (in respect of similar types of properties or car parking lots in the market in the relevant region and in terms of the scope and requirement of services, the location and condition of properties, and level of difficulty of management, etc.) carried out with Independent Third Parties conducted within 6 months;
 - (ii) prices charged by other property management companies in the PRC of up to three comparable transactions (which shall involve similar types of properties in the market in the relevant region) with independent third parties conducted within 6 months; and
 - (iii) guidance prices issued by the government in this connection (if any) depending on the location of the property project. According to the Property Service Charge Management Measures (《物業服務收費管理辦法》) promulgated by the National Development and Reform Commission and the Ministry of Construction on 13 November 2003, the specific pricing of property service fees, namely the above-mentioned government guidance prices, is to be determined by the price authorities of the people's governments of provinces, autonomous regions and municipalities directly under the Central Government of the PRC in conjunction with the real estate administrative authorities. In practice, the publication method and update frequency of pricing documents for property service fees are determined by the competent departments of each province, autonomous region and municipality directly under the Central Government of the PRC. If the above-mentioned government guidance price is available, the price for the provision of services charged by the Group shall not be higher than such government guidance price.

LETTER FROM THE BOARD

After the relevant information is collected, the marketing department of the Group would determine a price to be offered to the CIFI Group which would not be less than the prices offered to Independent Third Parties by the Group. Relevant information together with the Specific Agreement will be submitted to the heads of the marketing department and the accounting department of the Group, and president of the Group for approval.

Accordingly, the Board considers that the pricing basis for the continuing connected transactions contemplated under the 2019 CIFI Property Management Services Master Agreement (as supplemented) and the 2022 CIFI Property Management Services Master Agreement is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL MEASURES

The pricing policy for all the continuing connected transactions of the Group will be supervised and monitored by the relevant personnel and management of the Group in charge to ensure the relevant continuing connected transactions are conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its Shareholders as a whole. The relevant personnel and management of the Group will review and assess the terms before entering to the Specific Agreements to ensure they are consistent with the principles and provisions set out in the 2019 CIFI Property Management Services Master Agreement (as supplemented) and the 2022 CIFI Property Management Services Master Agreement.

Regular checks will be conducted on a quarterly basis to review and assess whether the transactions contemplated under the 2019 CIFI Property Management Services Master Agreement (as supplemented) and the 2022 CIFI Property Management Services Master Agreement are conducted in accordance with the terms of its respective agreement and the price charged for a specific transaction is fair and reasonable and in accordance with the aforesaid pricing policy.

The independent non-executive Directors will continue to review the transactions contemplated under the 2019 CIFI Property Management Services Master Agreement (as supplemented) and the 2022 CIFI Property Management Services Master Agreement and the auditors of the Company will also conduct an annual review on the pricing terms and annual caps of the relevant continuing connected transactions thereof.

In view of the foregoing, the Directors consider that the internal control mechanism is effective to ensure that the transactions contemplated under the 2019 CIFI Property Management Services Master Agreement (as supplemented) and the 2022 CIFI Property Management Services Master Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

INFORMATION ON THE PARTIES

The Group

The Group is a property management service provider in the PRC and its business covers a wide spectrum of properties, including residential properties and non-residential properties such as office buildings, shopping malls, schools and government buildings, and provides customers with access to quality tailored services.

CIFI Holdings

CIFI Holdings is an exempted company with limited liability incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00884). CIFI Group is principally engaged in the businesses of property development and property investment in the PRC.

Based on the announcement of CIFI Holdings dated 10 October 2022, Mr. Lin Zhong, Mr. Lin Wei and Mr. Lin Feng, together with their associates, hold a total of approximately 51.55% shareholding in CIFI Holdings

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei, acting in a consensual manner, are entitled to exercise the voting rights of approximately 51.89% of the issued share capital of the Company through CIFI Holdings and other investment holding companies controlled by them, and together they constitute a group of controlling shareholders of the Company.

CIFI Holdings, being one of the controlling shareholders of the Company, is therefore a connected person of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the Second Supplemental Property Management Services Master Agreement and the 2022 CIFI Property Management Services Master Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(A) THE SECOND SUPPLEMENTAL PROPERTY MANAGEMENT SERVICES MASTER AGREEMENT

According to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for its continuing connected transactions, the Company will be required to re-comply with the announcement and shareholders' approval requirements.

As the highest applicable percentage ratio (other than the profits ratio) as defined under the Listing Rules in respect of the revised annual caps for the Second Supplemental Property Management Services Master Agreement is expected to be more than 5%, the Second Supplemental Property Management Services Master Agreement and the transactions contemplated thereunder (including the revised annual caps therefor) will be subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

(B) 2022 CIFI PROPERTY MANAGEMENT SERVICES MASTER AGREEMENT

As the highest applicable percentage ratios (other than the profits ratio) as defined under the Listing Rules in respect of the proposed highest annual cap for the 2022 CIFI Property Management Services Master Agreement is expected to be more than 5%, the transactions contemplated under the 2022 CIFI Property Management Services Master Agreement are subject to reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

BOARD APPROVAL

At the Board meeting held to approve the Second Supplemental Property Management Services Master Agreement and the 2022 CIFI Property Management Services Master Agreement, each of Mr. Lin Zhong and Mr. Lin Feng is considered as having a material interest in the transactions contemplated under the Second Supplemental Property Management Services Master Agreement and the 2022 CIFI Property Management Services Master Agreement. Accordingly, each of Mr. Lin Zhong and Mr. Lin Feng has abstained from voting on the Board resolution for approving the Second Supplemental Property Management Services Master Agreement (including the revised annual caps therefor), the 2022 CIFI Property Management Services Master Agreement (including the proposed annual caps therefor) and the transactions contemplated thereunder.

Save as disclosed above, none of the Directors was required to abstain from voting on the relevant Board resolution.

Independent Board Committee and Independent Financial Adviser

An Independent Board Committee (comprising all the independent non-executive Directors) has been established to advise the Independent Shareholders on the terms of the Second Supplemental Property Management Services Master Agreement, the 2022 CIFI Property Management Services Master Agreement and the transactions contemplated respectively thereunder. Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

EGM

Set out on pages EGM-1 to EGM-2 of this circular is a notice convening the EGM which will be held at Signing Room, 2/F, Building 39 Henderson CIFI Centre, Lane 1088, Shenhong Road, Minhang District, Shanghai, the PRC on Tuesday, 29 November 2022 at 10:30 a.m.. At the EGM, ordinary resolution will be proposed to the Shareholders to consider and, if thought fit, to approve the Second Supplemental Property Management Services Master Agreement, the 2022 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

Pursuant to 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll. Any Shareholders and his/her/its associate(s) who are involved or interested in the Second Supplemental Property Management Services Master Agreement, the 2022 CIFI Property Management Services Master Agreement and the transactions contemplated respectively thereunder are required to abstain from voting on the relevant resolution approving the Second Supplemental Property Management Services Master Agreement, the 2022 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder.

On a poll, every Shareholder present in person or by proxy or (being a corporation) by its duly authorised representative shall have one vote for each share registered in his/her name in the register. A Shareholder entitled to more than one vote needs not use all his/her votes or cast all the votes he/she uses in the same way.

As at the Latest Practicable Date, Elite Force, Spectron and Best Legend, Rosy Fortune and Sun-Mountain Trust directly holds 363,180,000 Shares, 406,820,000 Shares, 137,826,250 Shares, 1,000,000 Shares and 500,000 Shares. Since 30 June 2020, Elite Force entrusted Spectron to exercise voting rights of 363,180,000 Shares directly held by Elite Force, while Elite Force continues to beneficially own the said Shares and have rights to the dividends and distributions etc. attaching thereto. Sun-Mountain Trust is a discretionary trust set up by Mr. Lin Feng as settlor and the beneficiary objects of the Sun-Mountain Trust include certain family members of Mr. Lin Feng. Furthermore, Mr. Chen Dongbiao and Mr. Yang Xin, each being a director of CIFI Holdings, hold 28,000 Shares and 20,000 Shares, respectively. Accordingly, Spectron, Best Legend, Rosy Fortune, Sun-Mountain Trust, Mr. Chen Dongbiao, Mr. Yang Xin and their respective associates shall abstain from voting on the proposed resolution to approve the Second Supplemental Property Management Services Master Agreement, the 2022 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, save for the above, none of the Shareholders is required to abstain from voting on the resolution to be proposed at the EGM.

An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

Closure of register of members

The EGM will be convened and held on Tuesday, 29 November 2022. For the purpose of determining the entitlement of the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 24 November 2022 to Tuesday, 29 November 2022, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, all Share transfer documents, together with the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 23 November 2022.

LETTER FROM THE BOARD

Form of proxy

A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the website of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). Whether or not you are able to attend the EGM, you are advised to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event no less than 48 hours before the time appointed for holding the EGM (i.e. before 10:30 a.m. on Sunday, 27 November 2022) or any adjournment thereof.

Completion and return of the form of proxy shall not preclude Shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish and in such event, the proxy shall be deemed to be revoked.

RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee as set out on pages 24 to 25 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders regarding the proposed resolution to approve the Second Supplemental Property Management Services Master Agreement, the 2022 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder; and (ii) the letter from the Independent Financial Adviser as set out on pages 26 to 50 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the fairness and reasonableness of the terms of the Second Supplemental Property Management Services Master Agreement, the 2022 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder.

The Independent Board Committee, having taken into account, among other things, the advice of the Independent Financial Adviser, is of the view that the terms of the Second Supplemental Property Management Services Master Agreement, the 2022 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM in respect of the approval of the Second Supplemental Property Management Services Master Agreement, the 2022 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder.

The Directors (including the independent non-executive Directors, after considering the advice from the Independent Financial Adviser) are of the view that the Second Supplemental Property Management Services Master Agreement, the 2022 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole and therefore recommends you to vote in favour of the relevant resolution to be proposed at the EGM.

LETTER FROM THE BOARD

GENERAL INFORMATION

Your attention is drawn to the appendix headed “General Information” to this circular.

Yours faithfully
By order of the Board
CIFI Ever Sunshine Services Group Limited
Lin Zhong
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation, prepared for the purpose of incorporation in this circular, from the Independent Board Committee to the Independent Shareholders in respect of approving the Second Supplemental Property Management Services Master Agreement, the 2022 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder (including the revised annual caps therefor).



CIFI Ever Sunshine Services Group Limited

旭辉永升服务集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1995)

9 November 2022

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS REVISION OF ANNUAL CAPS AND RENEWAL OF PROPERTY MANAGEMENT SERVICES MASTER AGREEMENT

We refer to the circular dated 9 November 2022 (the “**Circular**”) issued by the Company to the Shareholders of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether, in our opinion, the terms of the Second Supplemental Property Management Services Master Agreement, the 2022 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Group and the Shareholders as a whole, and how the Independent Shareholders should vote at the EGM, after taking into account the recommendation of the Independent Financial Adviser.

Red Sun Capital Limited has been appointed by the Board as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders in connection with each of the Second Supplemental Property Management Services Master Agreement, the 2022 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder. Details of the advice from the Independent Financial Adviser, together with the reasons for its opinion, the key assumptions made and the factors taken into consideration in forming its opinion, are set out in its letter on pages 26 to 50 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Your attention is also drawn to the letter from the Board set out on pages 5 to 23 of the Circular and the general information set out in the appendix of the Circular.

Having considered the information as set out in the letter from the Board, the terms and conditions of the Second Supplemental Property Management Services Master Agreement, the 2022 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder, the factors and reasons considered by, and the opinion of the Independent Financial Adviser as set out in its letter of advice, we are of the view that the terms of the Second Supplemental Property Management Services Master Agreement, the 2022 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the approval of the Second Supplemental Property Management Services Master Agreement, the 2022 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder to be proposed at the EGM.

Yours faithfully

For and on behalf of the
the Independent Board Committee

CIFI Ever Sunshine Services Group Limited

Mr. Ma Yongyi
*Independent Non-executive
Director*

Mr. Yu Tiecheng
*Independent Non-executive
Director*

Mr. Cheung Wai Chung
*Independent Non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of the letter of advice from Red Sun Capital Limited to the Independent Board Committee and the Shareholders in relation to the Continuing Connected Transactions (including the 2022 Revised Annual Caps and the Proposed Annual Caps) prepared for the purpose of incorporation in this circular



Room 310, 3/F.,
China Insurance Group Building,
141 Des Voeux Road Central,
Hong Kong

Tel: (852) 2857 9208

Fax: (852) 2857 9100

9 November 2022

*To: The independent board of committee and the independent shareholders of
CIFI Ever Sunshine Services Group Limited*

CONTINUING CONNECTED TRANSACTIONS — REVISION OF ANNUAL CAPS AND RENEWAL OF PROPERTY MANAGEMENT SERVICES MASTER AGREEMENT

I. INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Shareholders with regard to the Second Supplemental Property Management Services Master Agreement and the 2022 CIFI Property Management Services Master Agreement and the transactions respectively contemplated thereunder, including the revision of annual caps for the year ending 31 December 2022 (the “**2022 Revised Annual Caps**”) and the proposed annual caps for the three years ending 31 December 2023, 2024 and 2025 (the “**Proposed Annual Caps**”) (together the “**Continuing Connected Transactions**”). Details of the Second Supplemental Property Management Services Master Agreement and the 2022 CIFI Property Management Services Master Agreement entered into with CIFI Holdings are set out in the letter from the Board (the “**Letter from the Board**”) of the circular to the Shareholders dated 9 November 2022 (the “**Circular**”). Unless otherwise stated, terms defined in the Circular have the same meanings in this letter.

The Group has been engaged by the CIFI Group to provide property management related services under the 2019 CIFI Property Management Services Master Agreement. Based on the current estimation by the Group, the original annual cap of RMB480 million for the year ending 31 December 2022 is not sufficient. In this connection, on 10 October 2022 (after trading hours), the Company entered into the Second Supplemental Property Management Services Master Agreement with CIFI Holdings to revise the existing annual caps for the year ending 31 December 2022.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Furthermore, as the 2019 CIFI Property Management Services Master Agreement will be expiring on 31 December 2022 and the Company is expected to carry on the transactions contemplated thereunder upon its expiry, on 10 October 2022 (after trading hours), the Company and CIFI Holdings also entered into the 2022 CIFI Property Management Services Master Agreement pursuant to which the Company has agreed to provide, or procure its subsidiaries to provide, property management services to CIFI Group for a period commencing from the Effective Date and ending on 31 December 2025.

As at the Latest Practicable Date, CIFI Holdings is one of the controlling shareholders of the Company. CIFI Holdings is therefore a connected person of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the Second Supplemental Property Management Services Master Agreement and the 2022 CIFI Property Management Services Master Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

According to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for its continuing connected transactions, the Company will be required to re-comply with the announcement and shareholders' approval requirements.

As the highest applicable percentage ratio (other than the profits ratio) as defined under the Listing Rules in respect of each of (i) the 2022 Revised Annual Caps for the Second Supplemental Property Management Services Master Agreement; and (ii) the Proposed Annual Caps for the 2022 CIFI Property Management Services Master Agreement, is expected to be more than 5%, the Second Supplemental Property Management Services Master Agreement, the 2022 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder (including the 2022 Revised Annual Caps and the Proposed Annual Caps) will be subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

II. THE INDEPENDENT BOARD COMMITTEE

The Board currently consists of seven Directors, namely Mr. Lin Zhong, Mr. Zhou Hongbin and Mr. Zhou Di as executive Directors, Mr. Lin Feng as non-executive Director, Mr. Ma Yongyi, Mr. Yu Tiecheng and Mr. Cheung Wai Chung as independent non-executive Directors.

The Independent Board Committee comprising all of the independent non-executive Directors, namely Mr. Ma Yongyi, Mr. Yu Tiecheng and Mr. Cheung Wai Chung, has been established to advise the Shareholders as to whether the terms of the Second Supplemental Property Management Services Master Agreement (including the 2022 Revised Annual Caps), the 2022 CIFI Property Management Services Master Agreement (including the Proposed Annual Caps) and the transactions contemplated thereunder are conducted in the ordinary and usual course of business, fair and reasonable, and whether the transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

We have been appointed to advise the Independent Board Committee and the Shareholders in these respects and to give our opinion in relation to the Continuing Connected Transactions for the Independent Board Committee's consideration when making their recommendation to the Shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

III. OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. In the previous two years, we have been engaged as independent financial adviser to the independent board committee and independent shareholders of the Group for (i) the continuing connected transactions with the ultimate controlling shareholders of the Company, details of which are set out in the circular of the Company dated 6 November 2020; and (ii) the continuing connected transactions with CIFI Holdings (Group) Co. Ltd., details of which are set out in the circular of the Company dated 30 November 2020. Save as disclosed above, Red Sun Capital Limited has not acted as an independent financial adviser to the Company under the Listing Rules in the past two years.

Apart from the normal advisory fee paid or payable to us in connection with the aforesaid engagements and this appointment as the independent financial adviser, no arrangement exists whereby we have received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant in assessing our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

IV. BASIS AND ASSUMPTIONS OF THE ADVICE

In formulating our advice to the Independent Board Committee and Independent Shareholders, we have relied solely on the statements, information, opinions, beliefs and representations for matters relating to the Group and the CIFI Group 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 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, and the CIFI Group 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 Management 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 of the information provided, nor have we conducted any independent investigation into the business and affairs of the Company, the CIFI Group and their respective shareholder(s) and subsidiaries or affiliates, and their respective histories, experience and track records, or the prospects of the markets in which they respectively operate.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

V. BACKGROUND INFORMATION OF THE CONTINUING CONNECTED TRANSACTIONS

In formulating our opinion on the Continuing Connected Transactions (together with the 2022 Revised Annual Caps and the Proposed Annual Caps), we have taken into consideration the following factors and reasons.

1. Background information of the Group

The Group is a property management service provider in the PRC with over 20 years of experience. The Group's business cover a wide spectrum of properties, including residential properties and non-residential properties such as office buildings, shopping malls, schools and government buildings, and provide customers with access to quality tailored services.

Set out below is a summary of the Group's (i) audited consolidated statements of profit or loss and comprehensive income and consolidated statements of financial position for the years ended 31 December 2020 and 2021 as extracted from the Company's annual report for the year ended 31 December 2021 (the "**2021 Annual Report**"); and (ii) unaudited consolidated financial results of the Group for the six months ended 30 June 2021 and 2022 as set out in the Company's interim report for the six months ended 30 June 2022 (the "**2022 Interim Report**"), respectively:

Summary of consolidated statements of profit or loss and comprehensive income

	For the year ended		For the six months	
	31 December		ended 30 June	
	2020	2021	2021	2022
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue				
- Property management services	1,757.3	2,654.4	1,146.7	1,891.8
- Community value-added services	789.9	1,099.5	519.7	545.2
- Value-added services to non-property owners	571.7	867.4	391.3	540.5
- City services	—	80.6	—	184.5
- Others	0.7	1.0	0.9	1.0
	<u>3,119.6</u>	<u>4,702.8</u>	<u>2,058.6</u>	<u>3,162.9</u>
Total Revenue				
	<u>3,119.6</u>	<u>4,702.8</u>	<u>2,058.6</u>	<u>3,162.9</u>
Profit after tax	442.6	692.5	322.0	437.4
Profit attributable to owners of the Company	390.4	617.0	283.0	377.4

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the six months ended 30 June 2022 compared to the six months ended 30 June 2021

For the six months ended 30 June 2022, revenue increased by approximately RMB1,104.3 million or approximately 53.6%, from approximately RMB2,058.6 million for the six months ended 30 June 2021 to approximately RMB3,162.9 million for the six months ended 30 June 2022.

As set out in the 2022 Interim Report, during the six months ended 30 June 2022, revenue from property management services amounted to approximately RMB1,891.8 million, which accounted for approximately 59.8% of the Group's total revenue. The increase in revenue from property management services was primarily driven by the growth of the total GFA under management, which was approximately 207.9 million sq.m. as at 30 June 2022, compared to approximately 130.0 million sq.m. as at 30 June 2021.

Although the operating environment of the community value-added services was affected by the outbreak of COVID-19 in the PRC during the six months ended 30 June 2022, the Group still recorded an increase in revenue from community value-added services of approximately 4.9% to approximately RMB545.2 million for the six months ended 30 June 2022 as compared with that of approximately RMB519.7 million for the six months ended 30 June 2021, which was mainly attributable to the increased GFA under management and the growth in the number of households served.

Revenue from value-added services to non-property owners increased by approximately 38.1% from approximately RMB391.3 million for the six months ended 30 June 2021 to approximately RMB540.5 million for the six months ended 30 June 2022. Such increase was mainly driven by the increase in the number of projects developed by CIFI Group and the Group's partner property developers, such as reflected in the increase in revenue generated from sales assistance services, additional tailored services as well as housing repair services and pre-delivery inspection services.

Attributable to, among others, the abovementioned factors and a slightly lowered net profit margin mainly as a result of the challenges arising from the outbreak of COVID-19, profit attributable to owners of the Company increased by approximately RMB94.4 million or approximately 33.4%, from approximately RMB283.0 million for the six months ended 30 June 2021 to approximately RMB377.4 million for the six months ended 30 June 2022.

For the year ended 31 December 2021 compared to the year ended 31 December 2020

For the year ended 31 December 2021, revenue of the Group increased by approximately RMB1,583.2 million or approximately 50.8%, from approximately RMB3,119.6 million for the year ended 31 December 2020 to approximately RMB4,702.8 million for the year ended 31 December 2021.

Based on the 2021 Annual Report, revenue from property management services amounted to approximately RMB2,654.4 million, accounted for approximately 56.4% of the Group's total revenue for the year ended 31 December 2021. The increase in revenue from property management services was primarily driven by the growth of its total GFA under management, which increased from approximately 101.6 million sq.m. as of 31 December 2020 to approximately 171.0 million sq.m. as of 31 December 2021.

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The increase in revenue from community value-added services was mainly due to the increase of management area, the growth in the Group's customer base, as well as further development in the provision of specialised value-added services such as decoration services and property agency services to meet diversified customer needs.

The revenue from value-added services to non-property owners increased by approximately 51.7% from approximately RMB571.7 million for 2020 to approximately RMB867.4 million for 2021, which was mainly driven by the increase in the number of projects and property developers the Group served.

As a result of, among others, the increase in revenue and a relatively stable gross profit margin, profit attributable to owners of the Company increased by approximately RMB226.6 million or approximately 58.0%, from approximately RMB390.4 million for the year ended 31 December 2020 to approximately RMB617.0 million for the year ended 31 December 2021.

Summary of consolidated statement of financial position

	As at 31 December	As at	30 June
	2020	2021	2022
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>million</i>	<i>million</i>	<i>million</i>
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
Total assets	4,667.2	7,266.5	7,857.2
— Bank balance, deposits and cash	3,170.6	3,985.0	3,854.3
— Trade and bills receivables	458.6	788.3	1,269.6
— Goodwill	471.0	1,343.7	1,454.7
— Intangible assets	91.0	371.7	370.7
— Prepayments and other receivables	264.7	536.1	627.3
Total liabilities	1,649.7	2,574.8	2,979.5
— Trade payables	362.8	586.4	901.3
— Accruals and other payables	693.3	1,106.3	1,176.7
— Contract liabilities	387.8	597.3	613.4
Total equity attributable to owners of the Company	2,893.4	4,443.8	4,618.8

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

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Financial position of the Group as at 30 June 2022 compared to 31 December 2021

Total assets of the Group increased by approximately RMB590.7 million or approximately 8.1% from approximately RMB7,266.5 million as at 31 December 2021 to approximately RMB7,857.2 million as at 30 June 2022. Such increase was primarily attributable to the increase in trade and bills receivables from approximately RMB788.3 million as at 31 December 2021 to approximately RMB1,269.6 million as at 30 June 2022. As at 30 June 2022, assets of the Group mainly comprised of bank balance, deposits and cash of approximately RMB3,854.3 million, goodwill of approximately RMB1,454.7 million and trade and bills receivables of approximately RMB1,269.6 million, which accounted for approximately 49.1%, 18.5% and 16.2% of the total assets, respectively.

Total liabilities of the Group increased by approximately RMB404.7 million or approximately 15.7%, from approximately RMB2,574.8 million as at 31 December 2021 to approximately RMB2,979.5 million as at 30 June 2022. Such increase was mainly attributable to (i) the increase in trade payables of approximately RMB314.9 million or 53.7% from approximately RMB586.4 million as at 31 December 2021 to approximately RMB901.3 million as at 30 June 2022; and (ii) the increase in accruals and other payables of approximately RMB70.3 million or 6.4% from approximately RMB1,106.3 million as at 31 December 2021 to approximately RMB1,176.7 million as at 30 June 2022. As at 30 June 2022, liabilities of the Group mainly comprised of accruals and other payables of approximately RMB1,176.7 million, trade payables of approximately RMB901.3 million and contract liabilities of approximately RMB613.4 million, which accounted for approximately 39.5%, 30.2% and 20.6% of the total liabilities, respectively.

Financial position of the Group as at 31 December 2021 compared to 31 December 2020

Total assets of the Group increased by approximately RMB2,599.3 million or approximately 55.7% from approximately RMB4,667.2 million as at 31 December 2020 to approximately RMB7,266.5 million as at 31 December 2021. Such increase was primarily attributable to (i) the increase in goodwill from approximately RMB471.0 million as at 31 December 2020 to approximately RMB1,343.7 million as at 31 December 2021; and (ii) the increase in bank balance, deposits and cash from approximately RMB3,170.6 million as at 31 December 2020 to approximately RMB3,985.0 million as at 31 December 2021. As at 31 December 2021, assets of the Group mainly comprised of bank balance, deposits and cash of approximately RMB3,985.0 million and goodwill of approximately RMB1,343.7 million, which accounted for approximately 54.8% and 18.5% of the total assets of the Group, respectively.

Total liabilities of the Group increased by approximately RMB925.1 million or approximately 56.1%, from approximately RMB1,649.7 million as at 31 December 2020 to approximately RMB2,574.8 million as at 31 December 2021. Such increase was mainly attributable to (i) the increase in accruals and other payables of approximately RMB413.0 million or 59.6% from approximately RMB693.3 million as at 31 December 2020 to approximately RMB1,106.3 million as at 31 December 2021; (ii) the increase in a trade payables of approximately RMB223.5 million or 61.6% from approximately RMB362.8 million as at 31 December 2020 to approximately RMB586.4 million as at 31 December 2021; and (iii) the increase in contract liabilities of approximately RMB209.5 million or 54.0% from approximately RMB387.8 million as at 31 December 2020 to approximately RMB597.3

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million as at 31 December 2021. As at 31 December 2021, liabilities of the Group mainly comprised of accruals and other payables of approximately RMB1,106.3 million, contract liabilities of approximately RMB597.3 million and trade payables of approximately RMB586.4 million, which accounted for approximately 43.0%, 23.2% and 22.8% of the total liabilities, respectively.

2. Background information on CIFI Holdings

CIFI Holdings is an exempted company with limited liability incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00884). CIFI Group is principally engaged in the property development and property investment business focusing on developing high quality properties in the PRC.

According to the interim report for the six months ended 30 June 2022 of CIFI Holdings, the principal activities of CIFI Holdings primarily include (i) sales of properties; (ii) rental income; (iii) property management and other related services income; and (iv) project management and other property related services income. CIFI Holdings recorded revenue of approximately RMB29,720.3 million and profit attributable to its equity owners of approximately RMB730.8 million for the six months ended 30 June 2022, respectively.

3. Background information on the economy and property management industry in the PRC

With reference to the website of the National Bureau of Statistics of the PRC (<http://data.stats.gov.cn>) and the PRC 2022 Third Quarter Gross Domestic Product Preliminary Results* (2022年三季度國內生產總值初步核算結果)¹, the PRC recorded year-on-year growth in gross domestic product (“GDP”) in 2021 of approximately 8.1% and based on preliminary published figures for the nine months ended 30 September 2022, the PRC recorded a period-on-period growth in GDP of approximately 3.0% compared to the nine months ended 30 September 2021. This relatively moderate growth in GDP for the nine months ended 30 September 2022 was partly attributable to the re-emergence of Coronavirus cases in parts of the PRC from time to time. In this connection, the PRC government has introduced various regulations and measures to manage and contain the re-emergence of Coronavirus cases, some of which may have temporarily affected the level of economic activities in the subject area.

According to the 14th Five Year Plan (the “14th FYP”)* (十四五規劃) announced by the PRC government in March 2021, the target urbanisation rate of the resident population* (常住人口城鎮化率) is set at 65.0% by 2025. In this connection, the PRC government had implemented policies to promote urbanisation in the PRC through to, among others, (i) accelerate the agricultural population urbanisation* (加快農業轉移人口市民化) by implementing three main strategies, namely further reform of the household registration system* (深化戶籍制度改革), implementation of the residence permit system* (實施居住證制度) and improvement on the system for promoting urbanisation of agricultural population* (健全促進農業轉移人口市民化的機制); and (ii) optimise urbanisation

¹ 2022年三季度國內生產總值初步核算結果(http://www.stats.gov.cn/tjsj/zxfb/202210/t20221024_1889502.html)

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layout* (優化城鎮化佈局和形態) by implementing three main strategies, namely the acceleration of the construction and advancement of urban agglomeration* (加快城市群建設發展), enhance the drive of activities by central cities* (增強中心城市輻射帶動功能) and speeding up of the development of small and medium-sized cities and characteristic towns* (加快發展中小城市和特色鎮).

In addition, based on publication by the PRC government² in relation to the 14th FYP, the PRC government will focus on enhancing the quality and efficacy of the overall economy with a view to attain sustainable and healthy development through, among others, (i) the improvement of supply chain modernisation* (提升產業鏈供應鏈現代化水平); (ii) the development of strategic new industries* (發展戰略性新興產業); (iii) the acceleration of modern service industries development* (加快發展現代服務業); (iv) the coordination of infrastructure construction advancement* (統籌推進基礎設施建設); and (v) the acceleration of the development of digitalisation* (加快數位化發展).

The development of the PRC property market will continue to be influenced by changes in PRC government policies at a national and regional level which is intended to promote sustainable long term development of the industry, prevailing market conditions as well as the overall economic development of the PRC.

VI. PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Reasons for and benefits of entering into the Second Supplemental Property Management Services Master Agreement and the 2022 CIFI Property Management Services Master Agreement

Based on our discussion with the Management, we noted that the Continuing Connected Transactions contemplated under the Second Supplemental Property Management Services Master Agreement are a furtherance of the Group's existing businesses and will subject to terms of the respective master agreements, including without limitation, the relevant pricing policies set out thereunder to ensure that the terms of the transactions with the CIFI Group are conducted on normal commercial terms, and the 2022 Revised Annual Caps and the Proposed Annual Caps are to facilitate the effective execution of the Continuing Connected Transactions.

As set out in the Letter from the Board, the Group has been engaged by the CIFI Group to provide additional property management services, including preliminary planning and design consultancy services. In addition, the scale of sale, area and number of the property projects of the CIFI Group in the PRC under the management of the Group has also increased due to the continuous delivery of properties developed by CIFI Group for the year ending 31 December 2022. The new contracted GFA of properties to be delivered by the CIFI Group and managed by the Group during the period from July to December 2022 is expected to constitute approximately 66% of the total GFA of properties to be delivered by the CIFI Group and managed by the Group for the whole year of 2022. Together with the existing properties already delivered by the CIFI Group for which the Group's management services are required, the Board considers that the proposed revised annual caps for 2022 (representing an increase of approximately 79% compared to the original annual caps) is fair and

² *Publication of the State Council of the PRC titled “中共中央關於制定國民經濟和社會發展第十四個五年規劃 和二零三五年遠景目標的建議” (Source: www.gov.cn/zhengce/2020-11/03/content_5556991.htm)*

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reasonable. Furthermore, more property management services, such as extra cleaning services in the common areas of the subject properties, additional security services for the subject properties as well as over-time services in cleaning and security services requested by and arranged for the relevant parties, have been provided to the CIFI Group as precautionary measures to safeguard the health and safety of the public in 2022 following the outbreak of a new wave of severe COVID-19 in China. Based on the current estimation by the Group, the original cap of RMB480.0 million for the year ending 31 December 2022 is not sufficient. In order to facilitate the Group to provide property management services to the CIFI Group in an efficient manner, the Company has entered into the Second Supplemental Property Management Services Master Agreement to revise the annual cap for the year ending 31 December 2022 under the 2019 CIFI Property Management Services Master Agreement and the Supplemental Property Management Services Master Agreement.

It was further noted that as the 2019 CIFI Property Management Services Master Agreement will be expiring on 31 December 2022 and the Company is expected to carry on the transactions contemplated thereunder upon its expiry. Hence, the Company entered into the 2022 CIFI Property Management Services Master Agreement to continue to provide property management services to CIFI Group, which could further promote business growth of the Group. The Directors consider that as the CIFI Group is a property developer in the PRC, through managing their properties over the years, the Company's quality property management service business has been well recognised by the CIFI Group. Such long term business relationship will continue to enhance the awareness of the business of the Company in the property management market in the PRC and will therefore attract other property owners/owners' associations and/or property developers in the PRC to request for the Company's property management services. On the other hand, by providing quality property management services to the properties developed by the CIFI Group and the relevant property owners, the brand of the CIFI Group will also be enhanced and become more competitive in the property development market.

In view of that, (i) the original annual caps for the year ending 31 December 2022 is estimated to be insufficient, the Management considered that it is necessary to revise the annual caps for the year ending 31 December 2022 in order to provide property management services on an uninterrupted continuous basis to CIFI Group; (ii) the Group is a property management service provider offering a comprehensive portfolio of quality services to its customers, including CIFI Group, in the PRC with over 20 years of experience and the Continuing Connected Transactions are a furtherance of the Group's principal businesses; (iii) the 2019 CIFI Property Management Services Master Agreement will be expiring on 31 December 2022 and that the Company has entered into the 2022 CIFI Property Management Services Master Agreement with a view to continue to provide property management services to CIFI Group and the Proposed Annual Caps, if approved, shall facilitate the Continuing Connected Transactions to be conducted in an effective and efficient manner without the need for the Company to seek Shareholders' approval on a transaction-by-transaction basis; and (iv) the Group has the right but not the obligation to seek or provide the relevant services to the CIFI Group at terms determined in accordance with the respective pricing policies, we concur with the Directors' view that the Continuing Connected Transactions are in the interests of the Company as a whole.

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2. Revision of Annual Caps for 2022 under the 2019 CIFI Property Management Services Master Agreement

Due to continuous delivery of properties developed by CIFI Group for the year ending 31 December 2022, the Group has been providing additional services to the CIFI Group. Based on the current estimation by the Group, the original annual cap for (i) property management services of RMB420 million; and (ii) preliminary planning and design consultancy services of RMB60 million, for the year ending 31 December 2022 is not sufficient. In order to facilitate the Group to provide property management services to the CIFI Group in an efficient manner, the Company has entered into the Second Supplemental Property Management Services Master Agreement to revise the annual caps for (i) property management services to RMB785 million; and (ii) preliminary planning and design consultancy services to RMB75 million, for the year ending 31 December 2022. As set out in the Letter from the Board, save for such revision in the annual caps, the scope of services and other terms of the 2019 CIFI Property Management Services Master Agreement shall remain valid and in full force and effect.

3. Principal terms of the 2022 CIFI Property Management Services Master Agreement

The following principal terms of the 2022 CIFI Property Management Services Master Agreement has been extracted from the Letter from the Board:

Date:	10 October 2022 (after trading hours)
Parties:	(1) the Company (2) CIFI Holdings
Scope of service:	Property management services to be provided by the Group to CIFI Group, including but without limitation to (i) property management services for unsold properties, car parking lots and the properties owned by CIFI Group; (ii) on-site security, cleaning, greening, as well as customer services to property sales offices; (iii) preliminary planning and design consultancy services; and (iv) cleaning and house inspection services to the property projects developed by CIFI Group upon completion of construction and before delivery of the same to homeowners and other value-added services.
Term:	Three years commencing from the Effective Date and ending on 31 December 2025 (both days inclusive).
Pricing and other terms:	The parties to the 2022 CIFI Property Management Services Master Agreement have agreed as follows: (i) the parties may enter into the Specific Agreements to set out the detailed terms for the relevant transactions contemplated under the 2022 CIFI Property Management Services Master Agreement in the ordinary course of business after arm's length negotiations on normal commercial terms;

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- (ii) the Specific Agreements shall conform with the principles and provisions set out in the 2022 CIFI Property Management Services Master Agreement;
- (iii) fees for the property management services to be provided by the Group shall be determined in the Specific Agreements and should be set, after arm's length negotiations with reference to the prevailing market rate (taking into consideration the location of the property, the condition of the property and the scope of the property management services) and the price charged by the Group when providing similar services to the Independent Third Parties; and
- (iv) the terms and conditions of the Specific Agreements shall be not less favourable than those being offered by the Group to the Independent Third Parties for comparable services.

Original annual caps: For the original annual caps for the two years ended 31 December 2021 and the year ending 31 December 2022 under the 2019 CIFI Property Management Services Master Agreement and the proposed revised annual caps for the year ending 31 December 2022 under the Second Supplemental Property Management Services Master Agreement, please refer to the section headed "(A) Second Supplemental Property Management Services Master Agreement" in the Letter from the Board.

Further details of the principal terms of the 2022 CIFI Property Management Services Master Agreement are set out in the Letter from the Board.

Pricing Policy

The pricing policy in connection with the Continuing Connected Transactions are set out in the Letter from the Board, a summary of which is set out below.

During the term of the 2022 CIFI Property Management Services Master Agreement, the Group shall from time to time enter into the Specific Agreements with the CIFI Group for the provision of relevant property management services in accordance with the terms of the 2022 CIFI Property Management Services Master Agreement. The Group adopts the following pricing policy to ensure that the terms offered to the CIFI Group under the 2022 CIFI Property Management Services Master Agreement are on normal commercial terms and shall not be less favourable to the Group than terms offered by the Group to Independent Third Parties as follows:

- (a) for all property management services except for those for unsold properties, car parking lots and the properties owned by the CIFI Group and preliminary planning and design consultancy services under the 2019 CIFI Property Management Services Master Agreement (as supplemented) and the 2022 CIFI Property Management Services Master

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Agreement, the Group would charge the CIFI Group at prices based on a standard price list prepared by the Group which is applicable to the CIFI Group as well as Independent Third Parties after taking into account:

- (i) the Group's contemporaneous transactions of similar property management services (in respect of similar types of properties in the market in the relevant region and in terms of the scope and requirement of services, the location and condition of properties, and level of difficulty of management, etc.) carried out with Independent Third Parties conducted within 6 months; and
- (ii) prices charged by other property management companies in the PRC of up to three comparable transactions with (which shall involve similar types of properties in the market in the relevant region) Independent Third Parties (if available) conducted within 6 months.

The standard price list shall be compiled based at least three of the Group's other contemporaneous transactions of similar services carried out with Independent Third Parties (if available) for reference by the Group's relevant operating departments.

If the Group has no other contemporaneous transactions carried out with Independent Third Parties of similar services, the standard price list will be compiled based on the prevailing market information collected through, among others, information exchange within the industry, industry talent from other providers recruited by the Group, and publicly available information disclosed by other listed companies. Such prevailing market information is primarily the bidding price of successful bidders in public bids for property management services and announcements published by listed companies. Industry talent recruited by the Group will collect information relating to the bidding price announced by the offeror and announcements published by listed companies in Hong Kong and the PRC to check if there is any pricing or other information in association with the pricing. Although not representing an exhaustive list of all comparable transactions, such information is ascertained and constitutes the basis for the Group to compile the standard price list such information is ascertained and constitutes solid basis for the Group to compile the standard price list. The standard price list will be reviewed and approved semi-annually by the heads of relevant operating departments, the chief financial officer and president of the Group to ensure the price list maintained by the Group reflect the prevailing market conditions and that the terms of the continuing connected transactions are fair and reasonable and no more favourable to the connected persons than those charged to Independent Third Parties. Therefore, the Board considers that the standard pricing list could reflect the prevailing market conditions and is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

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- (b) for preliminary planning and design consultancy services, the Group would charge the CIFI Group at a fixed amount per sq.m. based on the standard price list mentioned above and for the initial project acceptance fee, fixed amount per site for the first 200,000 sq.m., and a fixed rate per an extra sq.m. after the initial 200,000 sq.m. in accordance with such standard price list after taking into account:
- (i) the Group's other contemporaneous transactions of similar preliminary planning and design consultancy services (in respect of similar types of properties in the market in the relevant region and in terms of the scope and requirement of services, the size and condition of construction site, and level of difficulty of planning and design, etc.) carried out with Independent Third Parties conducted within 6 months; and
 - (ii) prices charged by other property management companies in the PRC of up to three comparable transactions (which shall involve similar types of properties in the market in the relevant region) with Independent Third Parties (if available) conducted within 6 months.
- (c) for property management services for unsold properties, car parking lots and the properties owned by the CIFI Group, before determining the price for the provision of services, the Group would make reference to:
- (i) the Group's other contemporaneous transactions of similar property management services (in respect of similar types of properties or car parking lots in the market in the relevant region and in terms of the scope and requirement of services, the location and condition of properties, and level of difficulty of management, etc.) carried out with Independent Third Parties conducted within 6 months;
 - (ii) prices charged by other property management companies in the PRC of up to three comparable transactions (which shall involve similar types of properties in the market in the relevant region) with Independent Third Parties conducted within 6 months; and
 - (iii) guidance prices issued by the government in this connection (if any) depending on the location of the property project. According to the Property Service Charge Management Measures (《物業服務收費管理辦法》) promulgated by the National Development and Reform Commission and the Ministry of Construction on 13 November 2003, the specific pricing of property service fees, namely the above-mentioned government guidance prices, is to be determined by the price authorities of the people's governments of provinces, autonomous regions and municipalities directly under the Central Government of the PRC in conjunction with the real estate administrative authorities. In practice, the publication method and update frequency of pricing documents for property service fees are determined by the competent departments of each province, autonomous region and municipality directly under the Central Government of the PRC. If the above-mentioned government guidance price is available, the price for the provision of services charged by the Group shall not be higher than such government guidance price.

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After the relevant information is collected, the marketing department of the Group would determine a price to be offered to the CIFI Group which would not be less than the prices offered to the Independent Third Parties by the Group. Relevant information together with the Specific Agreement will be submitted to the heads of the marketing department, and the accounting department of the Group, and president of the Group for approval.

4. Analysis on the principal terms of the 2022 CIFI Property Management Services Master Agreement and work performed on the internal control procedures

Pursuant to the scope of service under the 2022 CIFI Property Management Services Master Agreement, property management services to be provided by the Group to the CIFI Group, including but without limitation to (i) property management services for unsold properties, car parking lots and the properties held by the CIFI Group; (ii) on-site security, cleaning, greening, as well as customer services to property sales offices; (iii) cleaning and house inspection services to the property projects developed by the CIFI Group upon completion of construction and before delivery of the same to homeowners, and other value-added services such as additional security, cleaning, greening, as well as repair and maintenance services (property management services under (ii) and (iii) together are referred to as the “**General Property Management Services**”) hereinafter; and (iv) preliminary planning and design consultancy services.

Property management services for unsold properties, car parking lots and the properties held by the CIFI Group

The Management advised that the Group typically compete for and, subject to acceptable terms, be engaged as a service provider to provide property management services under the agreed terms with the property developer prior to the property developer(s) enter into individual sales agreement(s) of individual property units and/or car parking lots in a new residential community or commercial building. If the individual property unit and/or car parking lot is subsequently sold, the Group would enter into a separate contract with the subject owner for the provision of property management services on the same rate as previously charged to the property developer and the relevant property management fee would be borne by the then property owner. For property units and/or car parking lots that remained unsold upon completion of such residential community or commercial building, the relevant property management service fees would be borne by the relevant property developer until the subject property units and/or car parking lots are sold.

In this connection, we have reviewed seven sampled transactions/contracts entered into during the year ending 31 December 2022, selected on a random basis, which included four contracts (work scope of which included property management services for both properties and car parking lots) entered into between the Group and the Independent Third Parties (the “**I3P Samples**”), and three contracts (work scope of which included property management services for both unsold properties and car parking lots) entered into between the Group and the CIFI Group (the “**Connected Samples**”). As the sampled transactions/contracts covered different months of 2022, being the most recent financial year of the Company, and involved both unsold properties and car parking lots, we considered the above sampled size and basis to be appropriate and representative for the purposes of our analysis.

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We noted from the I3P Samples that the service fees ranged (i) between RMB1.5 per month per sq.m. to RMB6 per month per sq.m. for the provision of property management services for properties; and (ii) between RMB30 to RMB80 per lot per month for the provision of property management services for car parking lots.

We also noted from the Connected Samples that the service fees ranged (i) between RMB2.2 per month per sq.m. to RMB6.5 per month per sq.m. for the provision of property management services for unsold properties owned by the CIFI Group; and (ii) between RMB60 to RMB80 per lot per month for the provision of property management services for car parking lots. We understand from the Management that factors such as locations and nature of the property units or car parking lots may have a bearing on the rate of the service fees charged to its customers. Hence, the rate of service fees charged may vary from property to property, and from car parking lot to car parking lot. Nonetheless, based on the samples reviewed, we further noted that the service fees charged in connection with the provision of management services for properties and car parking lots to the Independent Third Parties and to members of the CIFI Group within the same residential community or commercial building were charged on the same basis.

Based on our analysis on the sampled transactions, the service fees charged by the Group to the CIFI Group are no less favourable to the Group than those charged to Independent Third Parties for similar transactions. On this basis, the Continuing Connected Transactions were conducted on normal commercial terms and considered to be fair and reasonable.

General Property Management Services

In connection with (i) on-site security, cleaning, greening and customer services; and (ii) cleaning and housing inspection services and other value-added services, we have obtained and reviewed 29 samples of historical transactions in aggregate, such included both transactions between the Group and (i) Independent Third Parties (13 samples); and (ii) members of the CIFI Group (16 samples), on the aforementioned property management services (the “**General Property Management Services Samples**”).

We noted that the rates of service fee of the General Property Management Samples were (i) charged based on labour costs for the on-site security, cleaning, greening service as well as customer services to property sales offices plus a gross profit margin of 7% to 15% in accordance with the standard pricing terms as set out in the standard price list maintained by the Group, such terms of which applies to transactions with both Independent Third Parties and connected parties (the “**Standard Pricing Terms**”); (ii) set at a certain amount per sq.m. in accordance with the Standard Pricing Terms for the house inspection services upon completion of construction and before delivery of the same to homeowners; and (iii) charged at costs plus a gross profit margin of 10% to 15% for other valued added services, such terms of which applies to transactions with both Independent Third Parties and connected parties. In this connection, we have obtained and reviewed the Standard Pricing Terms maintained by the Group which sets out the rate/price for different property management services provided by the Group, such pricing is determined with reference to the market information collected by the Management and is reviewed on a semi-annual basis. Based on the semi-annual review samples reviewed by us, we noted that for the semi-annual review conducted in December 2020 and December 2021, information under the Standard Pricing Terms were updated after the Company has evaluated the relevant information such as the Company’s market positioning and

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market price. Having considered that the Company would charge its property management services with reference to, where applicable (i) the Standard Pricing Terms as set out in the standard price list; or (ii) at a rate not less favourable than similar transactions entered into with Independent Third Parties, the Management confirmed that the basis of such service charges were applied to transactions with both Independent Third Parties and connected parties, we considered the effective implementation of such pricing basis should ensure that the relevant transactions entered into with connected persons under the 2022 CIFI Property Management Services Master Agreement to be fair and reasonable.

Preliminary planning and design consultancy services

In respect of the preliminary planning and design consultancy services, we have obtained and reviewed a total of 16 samples of historical transactions during the year ending 31 December 2022, selected on a random basis, which included transactions between the Group and (i) Independent Third Parties; and (ii) members of the CIFI Group on preliminary planning and design consultancy services (the “**Preliminary Planning Samples**”), which included (i) eight samples of preliminary planning and design consultancy services, which comprised of four I3P Samples and four Connected Samples; and (ii) eight samples of initial project acceptance fee, which comprised of four I3P Samples and four Connected Samples. As the sampled transactions covered different months of 2022, being the most recent financial year of the Company, and involved both preliminary planning and design consultancy services and initial project acceptance fee, we considered the above sample size and basis to be appropriate and representative for the purposes of our analysis. We noted that the rates of service fee of the Preliminary Planning Samples were (i) charged at a fixed amount per sq.m. in accordance with the Standard Pricing Terms for preliminary planning and design consultancy services; and (ii) fixed amount per site for the first 200,000 sq.m. and a fixed rate per an extra sq.m. after the initial 200,000 sq.m. which were both charged in accordance with the Standard Pricing Terms for the initial project acceptance fee.

Based on our work performed on the General Property Management Services and preliminary planning and design consultancy services as detailed above, where applicable, the service fees charged by the Group to the CIFI Group complied with the Standard Pricing Terms of the Company, which was also applied to the basis of which the service fees were charged to the Independent Third Parties and therefore the terms of the sampled transactions between the Group and members of the CIFI Group were no less favourable to the Group than those charged to Independent Third Parties for similar transactions.

Internal procedures of the Group

We have also obtained and reviewed the internal procedures of the Group governing the transactions contemplated under the 2019 CIFI Property Management Services Master Agreement (as supplemented) which involves, among others, the review of terms of relevant transactions, a feedback mechanism by the approval personnel, segregation of duties and approval by the relevant personnel from accounting department of the Group. With a view to ensure that the transactions pursuant to the 2019 CIFI Property Management Services Master Agreement (as supplemented) are conducted on normal commercial terms and is not prejudicial to the interests of the Company and its Shareholders as a whole, the relevant personnel and the management of the Group shall review and assess whether the transactions contemplated under the 2019 CIFI Property Management Services Master Agreement

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(as supplemented) are conducted in accordance with the terms of the 2019 CIFI Property Management Services Master Agreement (as supplemented). We have obtained and reviewed sample approval documents by the Group in respect of not less than 20 relevant transactions, selected on a random basis, which sets out the approval for, among others, (i) information of the contracts, (ii) type of transaction and scope of services to be provided by the Group; and (iii) whether the price and terms are comparable to the standard price. As the aforesaid sampled transactions covered different months of 2022, being the most recent financial year of the Company, and involved various services provided by the Group, we considered the above sample size and basis to be appropriate and representative for the purposes of our analysis. As advised by the Management, similar internal procedures will be applied to transactions contemplated under the Second Supplemental Property Management Services Master Agreement and the 2022 CIFI Property Management Services Master Agreement.

Furthermore, as set out in the Letter from the Board, the standard price list is compiled based on the prevailing market information collected, as well as reviewed and approved semi-annually by, where applicable, the heads of relevant operating departments, the chief financial officer and president of the Group to ensure the price list maintained by the Group reflect the prevailing market conditions. In this connection, we have obtained and reviewed samples of the semi-annual approval documents signed by the respective managerial personnel of the Group supporting that the relevant internal control procedures have been carried out.

Summary

Taking into account our work and analysis performed, in particular, our analysis and work performed on the pricing policies and internal control procedures implemented by the Group including (i) the basis of service fees charged for property management services, except for unsold properties, car parking lots, were determined in accordance with the Standard Pricing Terms for both Independent Third Parties and the CIFI Group; (ii) the service fees charged in connection with the provision of management services for unsold properties and/or car parking lots to the CIFI Group were on a basis consistent with the service fees charged to Independent Third Parties for the provision of similar property management services for property units and/or car parking lots that were sold to and possessed by Independent Third Parties within the same residential community or commercial building sampled; (iii) the sampled transactions obtained and reviewed were conducted in accordance with the applicable stated pricing policies of the Group; (iv) the Management has confirmed that the transactions between the Group and the CIFI Group under the 2019 CIFI Property Management Services Master Agreement (as supplemented) have been in compliance with the relevant internal control procedures and pricing policies thereunder; and (v) the Continuing Connected Transactions are subject to review by the independent non-executive Directors on an annual basis and that the auditors of the Company would also conduct an annual review on the pricing terms and the relevant annual caps under the 2022 CIFI Property Management Services Master Agreement, we are of the view that the effective implementation of the internal control procedures and pricing policies under the 2022 CIFI Property Management Services Master Agreement should ensure the transactions contemplated thereunder to be conducted on normal commercial terms that are fair and reasonable.

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5. Our analysis on the basis of the annual caps in connection with the Second Supplemental Property Management Services Master Agreement and the 2022 CIFI Property Management Services Master Agreement

Revised annual cap under the Second Supplemental Property Management Services Master Agreement

The existing annual caps for the year ending 31 December 2022 under the 2019 CIFI Property Management Services Master Agreement (the “**2022 Original Annual Caps**”) are proposed to be revised under the Second Supplemental Property Management Services Master Agreement (i.e. the 2022 Revised Annual Caps) as per below:

	For the year ending 31 December 2022	
	<i>RMB'000</i>	<i>RMB'000</i>
	2022 Original Annual Cap(s)	2022 Revised Annual Cap(s)
Property management services; on-site security, cleaning, greening and customer services; cleaning and housing inspection services and other value-added services (together the “ PM Services ”)	420,000	785,000
Preliminary planning and design consultancy services (together the “ Other PM Services ”)	<u>60,000</u>	<u>75,000</u>
Total	<u>480,000</u>	<u>860,000</u>

As set out in the Letter from the Board, save for the aforesaid revision in the annual caps, the scope of services and other terms of the 2019 CIFI Property Management Services Master Agreement shall remain valid and in full force and effect.

We noted from the Letter from the Board that the 2022 Revised Annual Caps under the Supplemental Property Management Services Master Agreement was determined with reference to (i) the actual transaction amounts for the two years ended 31 December 2021 and the six months ended 30 June 2022 at an utilisation rate of approximately 80.75%, 99.99% and 84.93%, respectively, of the original annual caps under the 2019 CIFI Property Management Services Master Agreement, respectively; (ii) the estimated revenue of approximately RMB709.1 million to be recognised for the year ending 31 December 2022 in relation to the services provided by the Group pursuant to existing contracts entered into between the Group and CIFI Group; (iii) the estimated GFA of the properties to be pre-sold by CIFI Group for the year ending 31 December 2022 of approximately 22.3 million sq.m., for which the Group will be engaged to provide on-site security, cleaning, greening as well as customer services to property sales offices; (iv) the estimated GFA to be delivered by CIFI Group for the year ending 31 December 2022 of approximately 11.0 million sq.m., for which the Group will be engaged to provide preliminary planning and design consultancy services, cleaning and housing inspection services and other value-added services; (v) the estimated GFA of properties developed by CIFI Group and under the Group’s management for the year ending 31 December 2022 of

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approximately 43.1 million sq.m., for which the Group will be engaged to provide property management services; and (vi) the estimated transaction amount for the year ending 31 December 2022 calculated based on the above factors and the pricing policy as more particularised in the section headed “Pricing Policy” in the Letter from the Board.

In addition, it is noted that the increment of the proposed annual caps under the 2022 CIFI Property Management Services Master Agreement over the proposed revised annual caps under the Second Supplemental Property Management Services Master Agreement were determined after taking into account factors including, among others, (i) the Management expects that there will be around 60 new property development projects to be delivered during the year ending 31 December 2023 with an estimated contracted GFA of more than 10 million sq.m. by the CIFI Group and under the Group’s management; (ii) the historical growth rate in the revenue of the Group (which mainly comprised of revenue generated from the provision of property management services) for the year ended 31 December 2021 and six months ended 30 June 2022, where a year-on-year increase of approximately 50.8% and a period-on-period increase of approximately 53.6% were observed. Such revenue growth rates are higher than the rates of increment of the proposed annual caps under the 2022 CIFI Property Management Services Master Agreement as compared to the proposed revised annual caps under the Second Supplemental Property Management Services Master Agreement, which provides support as secondary evidence and on the assumption that the Group’s business remains as usual, the increment is not unreasonable and abnormal; and (iii) the Group managed 142, 187 and 206 property development projects of the CIFI Group as at 30 June 2021, 31 December 2021 and 30 June 2022, respectively, representing an increase of approximately 45.1% over the aforesaid period, and the respective contract GFA managed by the Group amounted to approximately 24.1 million sq.m., 32.1 million sq.m., and 35.8 million sq.m., respectively, representing an increase of approximately 48.5% over the aforesaid period.

Our analysis on the 2022 Revised Annual Caps

In connection to the above, we had obtained and reviewed a schedule prepared by the Management setting out the actual and estimated transaction amount for the year ended / ending 31 December 2021 and 2022, as well as information on the expected delivery of new property development projects by the CIFI Group in the PRC mainly in 2022 and 2023 which would require property management services (the “**Annual Caps Schedule**”). We noted that the historical transaction amount of the PM Services for the first six months and second six months of the year ended 31 December 2021 accounted for approximately 46.3% and 53.7% of the total aggregate transaction amount for the year ended 31 December 2021, respectively. We considered the Annual Caps Schedule to be one of the supporting documents which sets out relevant information, such as information on the expected delivery of new property development projects of the CIFI Group to be managed by the Group in the PRC mainly in 2022 and 2023 and basis of the subject annual caps as such expected delivery timeframe represents when new property management services opportunities are available for the Group to compete for, and if awarded, be engaged to provide the relevant property management services.

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We have taken into consideration the aforesaid ratio and the actual PM Services transaction amount under the 2019 CIFI Property Management Services Master Agreement of approximately RMB384.7 million for the six months ended 30 June 2022 (the “**1H2022 PM Transaction Amount**”). In addition, based on our discussion with the Management, the 1H2022 PM Transaction Amount is estimated to be close to 50% of the full year transaction amount. For illustration purposes only, assuming that the 1H2022 PM Transaction Amount accounts for 50% of the transaction amount for the year ending 31 December 2022, on an annualised basis, the calculated PM Services transaction amount for the year ending 31 December 2022 would amount to approximately RMB769.4 million, which would represent over 98% of the 2022 Revised Annual Caps for the PM Services.

In connection with our analysis on the 2022 Revised Annual Caps for the Other PM Services, we reviewed the Annual Caps Schedule noted that the historical transaction amount of the Other PM Services for the first six months and second six months of the year ended 31 December 2021 accounted for approximately 35.5% and 64.5% (the “**Historical Other PM Services Ratio**”) of the total aggregate transaction amount for the year ended 31 December 2021, respectively.

To assess the reasonableness of the 2022 Revised Annual Cap for the Other PM Services, we have taken into consideration (i) the Historical Other PM Services Ratio, which is considered to be a reasonable basis to estimate the trend for the transaction amount for the second half of the year ending 31 December 2022 for the Other PM Services; and (ii) the actual Other PM Services transaction amount under the 2019 CIFI Property Management Services Master Agreement of approximately RMB23.0 million for the six months ended 30 June 2022 (the “**1H2022 Other PM Transaction Amount**”). For illustration purposes only, we applied the Historical Other PM Services Ratio, which reflect the seasonal effect of the PRC property industry in general (i.e. typically there are a higher volume of launch and delivery activities in property development projects in the second half of the year) to the 1H2022 Other PM Transaction Amount and calculated the full year transaction amount for the purpose of our analysis. On this basis, the calculated full year totalled to approximately RMB64.7 million, which represents over 86% of the 2022 Revised Annual Cap for the Other PM Services.

Based on the aforesaid analysis, the fact that the transactions under the 2019 CIFI Property Management Services Master Agreement are conducted in the ordinary and usual course of the Group’s business governed by the pricing policies thereunder, the Group has the right but not the obligation to provide property management services to CIFI Group at terms no less favourable than those to independent third parties, we considered the 2022 Revised Annual Caps to be reasonable.

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Proposed Annual Caps for the years ending 31 December 2023, 2024 and 2025 under the 2022 CIFI Property Management Services Master Agreement

Pursuant to the 2022 CIFI Property Management Services Master Agreement, it is proposed that the annual caps for the transactions contemplated thereunder for each of the three financial years ending 31 December 2023, 2024 and 2025 are expected not to exceed the following:

	For the year ending 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Property management services; on-site security, cleaning, greening and customer services; cleaning and housing inspection services and other value-added services (i.e. the PM Services)	920,000	1,015,000	1,060,000
Preliminary planning and design consultancy services (i.e. the Other PM Services)	80,000	85,000	90,000
Total	1,000,000	1,100,000	1,150,000
	(the “2023 Annual Cap”)	(the “2024 Annual Cap”)	(the “2025 Annual Cap”)

The proposed annual caps for the transactions contemplated under the 2022 CIFI Property Management Services Master Agreement were determined by the Company after considering a range of factors, which are set out under section headed “(B) 2022 CIFI PROPERTY MANAGEMENT SERVICES MASTER AGREEMENT” in the Letter from the Board.

We noted that each of the 2023, 2024 and 2025 Annual Cap for PM Services of approximately RMB920 million, RMB1,015 million and RMB1,060 million, represented an increase of approximately 17.2%, 10.3% and 4.4% compared to the corresponding annual cap for the respective prior years. As for the 2023, 2024 and 2025 Annual Cap for Other PM Services of approximately RMB80 million, RMB85 million and RMB90 million, represented an increase of approximately 6.7%, 6.3% and 5.9% compared to the corresponding annual cap for the respective prior years.

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Our analysis on the Proposed Annual Caps

In assessing the reasonableness of the Proposed Annual Caps, we considered the following factor, including but not limited to,

- (i) the Annual Caps Schedule, which sets out, among others, information on the expected delivery of new property development projects by the CIFI Group in the PRC. Based on information available to the Management and barring unforeseen circumstances, there is expected to be around 60 of such new property development projects to be delivered in 2023 with an estimated contract GFA (合同面積) of more than 10 million sq.m. across different regions including Northern region, Central region, Southern region, Western region and Northeastern region, of the PRC;
- (ii) we have also noted from the 2021 Annual Report and the 2022 Interim Report that the overall revenue of the Group, which mainly comprised of revenue generated from its property management services segment, continued to record growth. The revenue of the Group increased from approximately RMB3,119.6 million for the year ended 31 December 2020 to approximately RMB4,702.8 million for the year ended 31 December 2021, representing a year-on-year increase of approximately 50.8%, and increased from approximately RMB2,058.6 million for the six months ended 30 June 2021 to approximately RMB3,162.9 million for the six months ended 30 June 2022, representing a period-on-period increase of approximately 53.6%;
- (iii) each of the 2023, 2024 and 2025 Annual Cap for (a) PM Services, represented an increase of approximately 17.2%, 10.3% and 4.4% compared to the corresponding annual cap for the respective prior years; and (b) Other PM Services, represented an increase of approximately 6.7%, 6.3% and 5.9% compared to the corresponding annual cap for the respective prior years, the above rates of increase in annual cap are lower than the rate of increase of the 2022 Revised Annual Caps compared to the 2022 Original Annual Caps as assessed under the section headed “Our analysis on the 2022 Revised Annual Caps” in this letter, the year-on-year increase in revenue growth of approximately 50.8%, and period-on-period increase in revenue growth of approximately 53.6% as analysed under (ii) above, respectively;
- (iv) based on the interim report of CIFI Holdings for the six months ended 30 June 2022, we noted that the CIFI Group had over 200 property projects under development or held for future development with a total and attributable GFA of approximately 41.1 million sq.m. and 21.8 million sq.m. as at 30 June 2022, respectively. While the total and attributable GFA in land bank of the CIFI Group amounted to approximately 49.3 million sq.m. and 26.3 million sq.m. as at 30 June 2022 (the “**Land Bank**”) compared to approximately 52.5 million sq.m. and 28.4 million sq.m. as at 31 December 2021. The Land Bank included property development projects situated across cities in the PRC, including cities in the Yangtze River Delta region, the Pan Bohai Rim region, Central Western region, South China region;

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- (v) although the PRC real estate development industry has faced challenges recently attributable to the introduction of various PRC government policies in the past with a view to promote the long term sustainability of the PRC real estate development industry, the Group has continued to record increase in overall revenue as well as the total transaction amount of continuing connected transactions arising from the provision of property management services to the CIFI Group. Such increase in the transaction amount of the continuing connected transactions was significant and to the extent that the Company had to revise the 2022 Original Annual Caps to the 2022 Revised Annual Caps under the Second Supplemental Property Management Services Master Agreement. Against this backdrop, the Management has, to the extent possible, factored in the aforesaid historical and potential fluctuations in demand with a view to avoid a situation whereby the insufficient annual caps may lead to the possibility of a temporary cessation of all relevant property management services in a short period of time, which would cause undue disruption; and
- (vi) furthermore, we noted that the transactions contemplated under the 2022 CIFI Property Management Services Master Agreement shall be conducted on terms in accordance with the Group's relevant pricing policies, which will further broaden the revenue base of the Group.

Based on the above factors, we considered the basis for determining the 2022 Revised Annual Caps and the Proposed Annual Caps to be fair and reasonable so far as the Company and the Independent Shareholders are concerned.

VII. RECOMMENDATION

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

- (i) the reasons for and benefits of the Supplemental Property Management Services Master Agreement and 2022 CIFI Property Management Services Master Agreement;
- (ii) the provision of services under the Supplemental Property Management Services Master Agreement and 2022 CIFI Property Management Services Master Agreement is a furtherance and continuance of the Group's principal businesses;
- (iii) based on our work performed, the sampled transactions under the 2019 CIFI Property Management Services Master Agreement were conducted on terms not less favourable to the Group than those terms transacted with Independent Third Parties; and
- (iv) our analysis and work performed on the 2022 Revised Annual Caps and the Proposed Annual Caps set out in this letter above,

we are of the view that the transactions contemplated under the Second Supplemental Property Management Services Master Agreement and the 2022 CIFI Property Management Services Master Agreement are in the ordinary and usual course of business of the Group, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and the terms of which, including the 2020 Revised Annual Caps of the Second Supplemental Property Management Services Master Agreement and the Proposed Annual Caps of the 2022 CIFI Property Management Services Master Agreement are fair and reasonable so far as the Shareholders are concerned. Accordingly, we

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advise the Independent Board Committee to recommend, and we ourselves recommend, that the Independent Shareholders to vote in favour of the relevant ordinary resolutions to approve the Second Supplemental Property Management Services Master Agreement (including the 2020 Revised Annual Caps), and the 2022 CIFI Property Management Services Master Agreement (including the Proposed Annual Caps) at the EGM.

Yours faithfully
For and on behalf of
Red Sun Capital Limited
Lewis Lai
Managing 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 15 years of experience in the corporate finance industry.

** For identification purpose only*

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors

As at the Latest Practicable Date, the Directors and chief executives of the Company had the following interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer (the “**Model Code**”) set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange:

Long positions in the Shares

Name of Director	Nature of interest	Number of Shares/ underlying shares held ⁽¹⁾	Approximate percentage of shareholding in the Company ⁽¹⁾
Mr. LIN Zhong ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	Interest in a controlled corporation, and co-founder of a discretionary trust	909,326,250	51.89%
Mr. LIN Feng ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	Interest in a controlled corporation, and co-founder of a discretionary trust	909,326,250	51.89%
Mr. ZHOU Hongbin	Beneficial owner	50,695,750	2.89%
Mr. ZHOU Di	Beneficial owner	1,358,000	0.08%

Notes:

(1) As at the Latest Practicable Date, the Company had 1,752,536,000 Shares in issue.

- (2) Elite Force is owned as to 50% by Mr. Lin Zhong, 25% by Mr. Lin Feng and 25% by Mr. Lin Wei. Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei signed an acting in concert deed on 6 August 2018. Elite Force entrusted Spectron to exercise voting rights of 363,180,000 shares directly held by Elite Force since 30 June 2020, while Elite Force continues to beneficially own the said Shares and have rights to the dividends and distributions etc. attaching thereto. For details, please see “History, Reorganization and Corporate Structure” in the Prospectus the announcements of the Company dated 29 May 2020 and 28 June 2020. By virtue of the SFO and based on the public information available, Mr. Lin Zhong and Mr. Lin Feng are deemed to be interested in the Shares held by Elite Force. Spectron is indirectly wholly owned by CIFI Holdings. Mr. Lin Zhong, Mr. Lin Feng, Mr. Lin Wei signed an acting in concert deed on 6 August 2018. For details, please see “History, Reorganization and Corporate Structure” in the Prospectus. By virtue of the SFO, Mr. Lin Zhong and Mr. Lin Feng are deemed to be interested in the Shares held by Spectron.
- (3) Spectron is indirectly wholly owned by CIFI Holdings. Mr. Lin Zhong, Mr. Lin Feng, Mr. Lin Wei signed an acting in concert deed on 6 August 2018. For details, please see “History, Reorganization and Corporate Structure” in the Prospectus. By virtue of the SFO, Mr. Lin Zhong and Mr. Lin Feng are deemed to be interested in the Shares held by Spectron.
- (4) Best Legend is wholly owned by Mr. Lin Feng. Mr. Lin Zhong, Mr. Lin Feng, Mr. Lin Wei signed an acting in concert deed on 6 August 2018. For details, please see “History, Reorganization and Corporate Structure” in the Prospectus. By virtue of the SFO, Mr. Lin Zhong and Mr. Lin Feng are deemed to be interested in the Shares held by Best Legend.
- (5) Rosy Fortune Investments Limited (“**Rosy Fortune**”) is wholly-owned by Gentle Beauty Assets Limited, the entire issued share capital of which is in turn held by Standard Chartered Trust (Singapore) Limited (“**Standard Chartered Trust**”) as the trustee of the Lin’s Family Trust via SCTS Capital Pte. Ltd. (“**SCTS Capital**”). The Lin’s Family Trust is a discretionary trust set up jointly by our Ultimate Controlling Shareholders as settlors and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Lin’s Family Trust include certain family members of Mr. Lin Zhong and Mr. Lin Feng. By virtue of the SFO, Mr. Lin Zhong and Mr. Lin Feng are deemed to be interested in the 1,000,000 Shares held by Rosy Fortune.
- (6) Sun-Mountain Trust is a discretionary trust set up by Mr. Lin Feng as settlor and the beneficiary objects of the Sun-Mountain Trust include certain family members of Mr. Lin Feng. By virtue of the SFO, Mr. Lin Feng and Mr. Lin Zhong are deemed to be interested in the 500,000 Shares held by Sun-Mountain Trust.

Interest in associated corporations

Name of Director	Associated corporation	Capacity/nature of interest	Number of shares	Approximate percentage of shareholding interest
Mr. LIN Zhong ⁽¹⁾⁽²⁾	CIFI Holdings	Founder of a discretionary trust, co-founder of a discretionary trust, beneficial owner and interest of his spouse	4,109,527,727	43.49%
Mr. LIN Feng ⁽²⁾⁽³⁾⁽⁴⁾	CIFI Holdings	Founder of a discretionary trust, co-founder of a discretionary trust, interest in a controlled corporation and beneficial owner	2,995,118,961	31.70%

Name of Director	Associated corporation	Capacity/nature of interest	Number of shares	Approximate percentage of shareholding interest
Mr. ZHOU Hongbin	CIFI Holdings	Beneficial owner	630,000	0.01%
Mr. ZHOU Di	CIFI Holdings	Beneficial owner	80,000	0.0001%
Mr. LIN Zhong ⁽⁵⁾	Xu Sheng	Interested in a controlled corporation	1	100%
Mr. LIN Feng ⁽⁵⁾	Xu Sheng	Interested in a controlled corporation	1	100%
Mr. LIN Zhong ⁽⁶⁾	Spectron	Interested in a controlled corporation	1	100%
Mr. LIN Feng ⁽⁶⁾	Spectron	Interested in a controlled corporation	1	100%
Mr. LIN Zhong ⁽⁷⁾	Elite Force	Beneficial owner	100	100%
Mr. LIN Feng ⁽⁷⁾	Elite Force	Beneficial owner	100	100%
Mr. LIN Zhong ⁽⁸⁾	Best Legend	Beneficial owner	1	100%
Mr. LIN Feng ⁽⁸⁾	Best Legend	Beneficial owner	1	100%

Notes:

- (1) 1,363,754,301 shares of CIFI Holdings are held by Ding Chang Limited (“**Ding Chang**”). The entire issued share capital of Ding Chang is wholly owned by Eternally Success International Limited, the entire issued share capital of which is in turn held by Standard Chartered Trust as the trustee of the Sun Success Trust via SCTS Capital. The Sun Success Trust is a discretionary trust set up by Mr. Lin Zhong as settlor and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Sun Success Trust include certain family members of Mr. Lin Zhong. Mr. Lin Zhong as founder of the Sun Success Trust is taken to be interested in the 1,363,754,301 shares of CIFI Holdings held by Ding Chang pursuant to Part XV of the SFO.
- (2) 2,735,372,105 shares of CIFI Holdings are held by Rosy Fortune. The entire issued share capital of Rosy Fortune is wholly owned by Gentle Beauty Assets Limited, the entire issued share capital of which is in turn held by Standard Chartered Trust as the trustee of the Lin’s Family Trust via SCTS Capital. The Lin’s Family Trust is a discretionary trust set up jointly by our Ultimate Controlling Shareholders as settlors and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Lin’s Family Trust include certain family members of Mr. Lin Zhong and Mr. Lin Feng. Each of Mr. Lin Zhong and Mr. Lin Feng as a co-founder of the Lin’s Family Trust is taken to be interested in the 2,735,372,105 shares of CIFI Holdings held by Rosy Fortune pursuant to Part XV of the SFO.
- (3) 239,487,089 shares of CIFI Holdings are held by Rain-Mountain Limited (“**Rain-Mountain**”). The entire issued share capital of Rain-Mountain is wholly owned by Beauty Fountain Holdings Limited, the entire issued share capital of which is in turn held by Standard Chartered Trust as the trustee of the Sun-Mountain Trust via SCTS Capital. The Sun-Mountain Trust is a discretionary trust set up by Mr. Lin Feng as settlor and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Sun-Mountain Trust include certain family members of Mr. Lin Feng. Mr. Lin Feng as founder of the Sun-Mountain Trust is taken to be interested in the 239,487,089 shares of CIFI Holdings held by Rain-Mountain pursuant to Part XV of the SFO.

- (4) 11,882,715 shares of CIFI Holdings are held by Towin Resources Limited. Towin Resources Limited is wholly owned by Mr. Lin Feng. By virtue of the SFO, Mr. Lin Feng is taken to be interested in the shares of CIFI Holdings held by Towin Resources Limited.
- (5) Xu Sheng Limited (“**Xu Sheng**”) is wholly owned by CIFI Holdings. By virtue of the SFO, Mr. Lin Zhong and Mr. Lin Feng are deemed to be interested in the shares of Xu Sheng held by CIFI Holdings.
- (6) Spectron is wholly owned by Xu Sheng, which is a wholly-owned subsidiary of CIFI Holdings. By virtue of the SFO, Mr. Lin Zhong and Mr. Lin Feng are deemed to be interested in the shares of Spectron held by CIFI Holdings.
- (7) The entire issued share capital of Elite Force is owned as to 50% by Mr. Lin Zhong, 25% by Mr. Lin Feng and 25% by Mr. Lin Wei. Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei has entered into an acting in concert deed on 6 August 2018. For details, please see “History, Reorganization and Corporate Structure” in the Prospectus. Mr. Lin Zhong and Mr. Lin Feng are taken to be interested in the shares of Elite Force pursuant to Part XV of the SFO.
- (8) The entire issued share capital of Best Legend is wholly owned by Mr. Lin Feng. Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei signed an acting in concert deed on 6 August 2018. For details, please see “History, Reorganization and Corporate Structure” in the Prospectus. Mr. Lin Zhong and Mr. Lin Feng are taken to be interested in the shares of Best Legend pursuant to Part XV of the SFO.

Interests in Debentures of Associated Corporation

Name of Director	Associated corporation	Capacity/nature of interest	Principal amount of relevant debentures held	Approximate percentage of aggregate principal amount of the relevant debentures issued
Mr. LIN Zhong ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	CIFI Holdings	Co-founder of a discretionary trust	US\$1 million	0.18%
		Co-founder of a discretionary trust	US\$1 million	0.24%
		Co-founder of a discretionary trust	US\$1 million	0.67%
Mr. LIN Feng ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾	CIFI Holdings	Founder of a discretionary trust, and interest in a controlled corporation	US\$16 million	5.33%
		Co-founder of a discretionary trust	US\$1 million	0.18%
		Co-founder of a discretionary trust	US\$1 million	0.24%
		Co-founder of a discretionary trust	US\$1 million	0.67%

Notes:

- (1) The 6% senior notes (securities stock code: 40120) due 2025 with the aggregate principal amount of US\$567 million were issued by CIFI Holdings in January 2020, which are listed on the Stock Exchange (the “**6% Senior Notes**”). For details of the 6% Senior Notes, please refer to the announcements of CIFI Holdings dated 8 January 2020 and 10 January 2020 respectively.
- (2) The 4.375% senior notes due 2027 with the aggregate principal amount of US\$419 million were issued by CIFI Holdings in January 2021, which are listed on the Stock Exchange (the “**4.375% Senior Notes**”).
- (3) The 4.8% senior notes due 2028 with the aggregate principal amount of US\$150 million were issued by CIFI Holdings in May 2021, which are listed on the Stock Exchange (the “**4.8% Senior Notes**”).
- (4) The principal amount of US\$1 million of the 6% Senior Notes, 4.375% Senior Notes and 4.8% Senior Notes are held by Rosy Fortune. The entire issued share capital of Rosy Fortune is wholly owned by Gentle Beauty Assets Limited, the entire issued share capital of which is in turn held by Standard Chartered Trust as the trustee of the Lin’s Family Trust via SCTS Capital. The Lin’s Family Trust is a discretionary trust set up jointly by our Ultimate Controlling Shareholders as settlors and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Lin’s Family Trust include certain family members of Mr. Lin Zhong and Mr. Lin Feng. Each of Mr. Lin Zhong and Mr. Lin Feng as a co-founder of the Lin’s Family Trust is taken to be interested in the principal amount of such senior notes held by Rosy Fortune pursuant to Part XV of the SFO.
- (5) The senior perpetual capital securities (securities stock code: 05261) were issued by CIFI Holdings in August 2017 with the aggregate principal amount of US\$300 million at a distribution rate of 5.375% per annum (the “**5.375% Perpetual Securities**”), which are listed on the Stock Exchange..
- (6) Towin Resources Limited is wholly owned by Mr. Lin Feng. By virtue of the SFO, Mr. Lin Feng is taken to be interested in the principal amount of US\$15 million of the 5.375% Perpetual Securities held by Towin Resources Limited.
- (7) The principal amount of US\$1 million of the 5.375% Perpetual Securities is held by Rain-Mountain. The entire issued share capital of Rain-Mountain is wholly owned by Beauty Fountain Holdings Limited, the entire issued share capital of which is in turn held by Standard Chartered Trust as the trustee of the Sun-Mountain Trust via SCTS Capital. The Sun-Mountain Trust is a discretionary trust set up by Mr. Lin Feng as settlor and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Sun-Mountain Trust include certain family members of Mr. Lin Feng. Mr. Lin Feng as founder of the Sun-Mountain Trust is taken to be interested in the principal amount of the 5.375% Perpetual Securities held by Rain-Mountain pursuant to Part XV of the SFO.

Save from disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executive of the Company had interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) Interests of Substantial Shareholders

As at the Latest Practicable Date, to the best knowledge of the Directors, as indicated by the register recording share interests and short positions required to be kept under Section 336 of Part XV of the SFO, the persons (not being Directors or chief executives of the Company) listed in the following table had interest and/or short positions in the Shares or underlying shares of the Company:

Long Position in the Shares

Name of Shareholder	Nature of interest	Number of shares	Approximate percentage of shareholding interest⁽¹⁾
Mr. LIN Wei ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	Interest in a controlled corporation, and co-founder of a discretionary trust	909,326,250	51.89%
Elite Force ⁽²⁾	Beneficial owner	363,180,000	20.71%
Spectron	Beneficial owner	406,820,000	23.19%
Xu Sheng ⁽³⁾	Interest in a controlled corporation	406,820,000	23.19%
CIFI Holdings ⁽⁴⁾	Interest in a controlled corporation	406,820,000	23.19%
Best Legend ⁽⁵⁾	Beneficial owner	137,826,250	7.86%

Notes:

- (1) As at Latest Practicable Date, the Company had 1,752,536,000 Shares in issue.
- (2) Elite Force is owned as to 50% by Mr. Lin Zhong, 25% by Mr. Lin Feng and 25% by Mr. Lin Wei. Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei signed an acting in concert deed on 6 August 2018. Elite Force entrusted Spectron to exercise voting rights of 363,180,000 shares directly held by Elite Force since 30 June 2020, while Elite Force continues to beneficially own the said shares and have rights to the dividends and distributions etc. attaching thereto. For details, please see “History, Reorganization and Corporate Structure” in the Prospectus and the announcements dated 29 May 2020 and 28 June 2020. By virtue of the SFO and based on the public information available, Mr. Lin Zhong and Mr. Lin Feng are deemed to be interested in the Shares held by Elite Force.
- (3) Spectron is wholly owned by Xu Sheng. By virtue of the SFO, Xu Sheng is deemed to be interested in Shares held by Spectron.
- (4) Xu Sheng is wholly owned by CIFI Holdings. By virtue of the SFO, CIFI Holdings is deemed to be interested in Shares held by Xu Sheng.

- (5) Best Legend is wholly owned by Mr. Lin Feng. Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei signed an acting in concert deed on 6 August 2018. For details, please see “History, Reorganization and Corporate Structure” in the Prospectus. By virtue of the SFO, Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei are deemed to be interested in the Shares held by Best Legend.
- (6) Rosy Fortune is wholly owned by Gentle Beauty Assets Limited, the entire issued share capital of which is in turn held by Standard Chartered Trust as the trustee of the Lin’s Family Trust via SCTS Capital. The Lin’s Family Trust is a discretionary trust set up jointly by our Ultimate Controlling Shareholders as settlors and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Lin’s Family Trust include certain family members of Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei. By virtue of the SFO, Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei are deemed to be interested in the Shares held by Rosy Fortune.

Save as disclosed above, as at the Latest Practicable Date, the Directors or chief executive of the Company are not aware of any other person (other than the Directors or chief executives of the Company) having an interest or short position in the Shares or underlying Shares which would require to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under section 336 of SFO.

3. DIRECTOR’S INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, Mr. Lin Zhong and Mr. Lin Feng, being an executive Director and the non-executive Director, respectively, were substantial shareholders of and held directorship in CIFI Holdings. In 2021, CIFI Group commenced operation of its own property management business in some projects, which was considered to be competing business for the Group. Therefore, Mr. Lin Zhong and Mr. Lin Feng were considered to have interests in competing business for the Group which were required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules.

Save as disclosed above, none of the Directors or their respective close associates (as defined in the Listing Rules) is interested in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them was a controlling shareholder, other than being a director of the Company and/or its subsidiaries.

4. DIRECTORS’ INTERESTS IN ASSETS

Save for the lease agreement dated 30 September 2022 entered into between Shanghai Yongsheng Property Management Co., Ltd.*, a wholly-owned subsidiary of the Company (as lessee), and Shanghai Pingtuo Business Consulting Co., Ltd*, a wholly-owned subsidiary of CIFI Holdings (as lessor), where right-of-use assets of the Group of approximately RMB13,312,000 is recognised, and in which each of Mr. Lin Zhong and Mr. Lin Feng is considered as having a material interest, as at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by, or leased to, any member of the Group or were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which is not expiring or determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

6. DIRECTOR'S INTERESTS IN CONTRACTS OR ARRANGEMENTS

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

7. MATERIAL LITIGATION

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

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed there had been no material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited financial statements of the Group were made.

9. EXPERT AND CONSENT

The following is the qualification of the expert or professional adviser who has given its opinion or advice contained in this circular:

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

As at the Latest Practicable Date, the above expert:

- (a) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name, in the form and context in which it appears;
- (b) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (c) did not have any direct or indirect interest in any assets which had been since 31 December 2021 (the date to which the latest published audited consolidated financial statements of the Company were made up), acquired, 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.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the Company's website (www.cifies.com) and the HKEXnews website (www.hkexnews.hk) from the date of this circular up to and including the date of the EGM (being not less than 14 days):

- (a) the 2019 CIFI Property Management Services Master Agreement;
- (b) the Supplemental Property Management Services Master Agreement;
- (c) the Second Supplemental Property Management Services Master Agreement;
- (d) the 2022 CIFI Property Management Services Master Agreement; and
- (e) the written consent of Red Sun Capital Limited as referred to in the section headed "Expert and Consent" in this appendix.

11. MISCELLANEOUS

This circular and the accompanying proxy form have been prepared in both English and Chinese. In the event of discrepancies, the English text of this circular shall prevail over the Chinese text.

* *For identification purpose only*

NOTICE OF EGM



CIFI Ever Sunshine Services Group Limited

旭辉永升服务集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1995)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of CIFI Ever Sunshine Services Group Limited (the “**Company**”) will be convened and held at Signing Room, 2/F, Building 39 Henderson CIFI Centre, Lane 1088, Shenhong Road, Minhang District, Shanghai, the PRC on Tuesday, 29 November 2022 at 10:30 a.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the second supplemental agreement dated 10 October 2022 (the “**Second Supplemental Property Management Services Master Agreement**”) entered into between the Company and CIFI Holdings (Group) Co. Ltd. (“**CIFI Holdings**”) and the transactions contemplated thereunder (including the revised annual caps for the year ending 31 December 2022) be and are hereby confirmed, approved and ratified; and
- (b) the directors of the Company (the “**Directors**”) be and are hereby authorised to do all such acts, deeds and things and to sign, execute and deliver all such documents as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect, determine, revise, supplement or complete any matters relating to or in connection with the Second Supplemental Property Management Services Master Agreement and the transactions contemplated thereunder.”

2. “**THAT**

- (a) the property management services master agreement dated 10 October 2022 (the “**2022 CIFI Property Management Services Master Agreement**”) entered into between the Company and CIFI Holdings and the transactions contemplated thereunder (including the proposed annual caps for each of the three years ending 31 December 2025) be and are hereby confirmed, approved and ratified; and

NOTICE OF EGM

- (b) the Directors be and are hereby authorised to do all such acts, deeds and things and to sign, execute and deliver all such documents as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect, determine, revise, supplement or complete any matters relating to or in connection with the 2022 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder.”

By order of the Board
CIFI Ever Sunshine Services Group Limited
Lin Zhong
Chairman

Hong Kong, 9 November 2022

Registered office:
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
40th Floor, Dah Sing Financial Centre
No. 248 Queen’s Road East
Wanchai, Hong Kong

Notes:

- (i) A shareholder entitled to attend and vote at the above meeting is entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/it; a proxy need not be a shareholder of the Company.
- (ii) In the 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 the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.
- (iii) In order to be valid, the form of proxy must be deposited at the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the EGM (i.e. before 10:30 a.m. on Sunday, 27 November 2022) or any adjournment thereof. The completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the EGM (or any adjourned meeting thereof) if they so wish.
- (iv) The register of members of the Company will be closed from Thursday, 24 November 2022 to Tuesday, 29 November 2022, both days inclusive, to determine the entitlement of the shareholders of the Company to attend and vote at the EGM, during which period no share transfers will be registered. All share transfer documents together with the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, 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 Wednesday, 23 November 2022.

As at the date of this circular, the executive Directors are Mr. LIN Zhong, Mr. ZHOU Hongbin and Mr. ZHOU Di; the non-executive Director is Mr. LIN Feng; and the independent non-executive Directors are Mr. MA Yongyi, Mr. YU Tiecheng and Mr. CHEUNG Wai Chung.