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If you are in any doubt about any of the contents of this circular or as to what action to take in relation to this circular, you should consult appropriate independent advisers to obtain independent professional advice.

If you have sold or transferred all your shares in **S-Enjoy Service Group Co., Limited**, you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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S-Enjoy Service Group Co., Limited **新城悅服務集團有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1755)

CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

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



A letter from the Board is set out on pages 5 to 35 of this circular. A letter from the Independent Board Committee is set out on pages 36 to 37 of this circular. A letter from Opus Capital, the independent financial adviser, containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 38 to 61 of this circular.

A notice convening the EGM of the Company to be held at Room 1211, 12th Floor, Seazen Holdings Tower B, No. 5, Lane 388, Zhongjiang Road, Putuo, Shanghai, PRC on Thursday, 29 December 2022 at 9:00 a.m. is set out on page EGM-1 to EGM-3 of this circular. A form of proxy for use at the extraordinary general meeting is also enclosed. Such form of proxy is also published on the website of the Stock Exchange at www.hkexnews.hk. If you intend to attend the extraordinary general meeting by proxy, you are required to duly complete the enclosed proxy form according to the instructions printed thereon and return it to the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting (i.e. before 9:00 a.m. on Tuesday, 27 December 2022) or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the extraordinary general meeting or any adjourned meeting thereof if they so wish.

14 December 2022

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DEFINITIONS

In this circular (other than those set out in the Notice of EGM), unless the context otherwise requires, the following expressions shall have the following meanings:

“2022 Services Framework Agreement”	the services framework agreement dated 28 October 2021 entered into between Jiangsu Xinchengyue and Mr. Wang Xiaosong (as attorney for and on behalf of Mr. Wang) in relation to the provision of certain property related services to Mr. Wang’s Associated Companies
“2023 Seazen Annual Cap”	the annual cap of RMB1,350 million for the service fees payable by Seazen Holdings to the Group under the 2023 Seazen Framework Agreement for the year ending 31 December 2023
“2023 Seazen Framework Agreement”	the services framework agreement dated 28 October 2022 entered into between Jiangsu Xinchengyue and Seazen Holdings in relation to the provision of certain property related services to Seazen Holdings
“2023 Services Annual Cap”	the annual cap of RMB100 million for the service fees payable by Mr. Wang’s Associated Companies (excluding Seazen Holdings) to the Group under the 2023 Services Framework Agreement for the year ending 31 December 2023
“2023 Services Framework Agreement”	the services framework agreement dated 28 October 2022 entered into between Jiangsu Xinchengyue and Mr. Wang Xiaosong (as attorney for and on behalf of Mr. Wang) in relation to the provision of certain property related services to Mr. Wang’s Associated Companies (excluding Seazen Holdings)
“2023 Services Framework Supplemental Agreement”	the supplemental agreement to the 2023 Services Framework Agreement dated 8 December 2022 entered into between Jiangsu Xinchengyue and Mr. Wang Xiaosong (as attorney for and on behalf of Mr. Wang) in relation to the adjustment of the 2023 Services Annual Cap
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors

DEFINITIONS

“Company”	S-Enjoy Service Group Co., Limited (新城悅服務集團有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at Room 1211, 12th Floor, Seazen Holdings Tower B, No. 5, Lane 388, Zhongjiang Road, Putuo, Shanghai, PRC on Thursday, 29 December 2022 at 9:00 a.m. for the Independent Shareholders to consider and, if thought fit, to approve the resolutions in relation to the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement and the transactions contemplated thereunder and the 2023 Seazen Annual Cap and the 2023 Services Annual Cap
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	a board of committee, comprising the independent non-executive Directors, established to advise the Independent Shareholders in respect of the continuing connected transactions contemplated under the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement and the 2023 Seazen Annual Cap and the 2023 Services Annual Cap

DEFINITIONS

“Independent Financial Adviser” or “Opus Capital”	Opus Capital Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement and the transactions contemplated thereunder (including the 2023 Seazen Annual Cap and the 2023 Services Annual Cap)
“Independent Shareholders”	the Shareholders, other than Mr. Wang and his associates, and all other Shareholders interested in the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement and the transactions contemplated thereunder
“Jiangsu Xinchengyue”	Jiangsu Xinchengyue Holdings Co., Ltd.* (江蘇新城悅控股有限公司), a company established in the PRC and one of the principal subsidiaries of the Group
“Latest Practicable Date”	8 December 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Mr. Wang”	Mr. Wang Zhenhua, the founder of the Company and a controlling Shareholder
“Mr. Wang’s Associated Companies”	companies (including the Seazen Holdings) in which Mr. Wang can exercise or control the exercise of 30% or more of the voting power at their general meetings and their subsidiaries
“Notice of EGM”	the notice convening the EGM as set out on pages EGM-1 to EGM-3 of this circular
“PRC”	the People’s Republic of China

DEFINITIONS

“Prospectus”	prospectus of the Company dated 24 October 2018 issued in relation to its share offer
“RMB”	Renminbi, the lawful currency of the PRC
“Seazen”	Seazen Group Limited (新城發展控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 1030)
“Seazen Framework Agreement”	the services framework agreement dated 28 October 2021 entered into between Jiangsu Xinchengyue and Seazen Holdings in relation to the provision of certain property related services to Seazen Holdings, being a subsidiary agreement pursuant to the 2022 Services Framework Agreement
“Seazen Group”	Seazen and its subsidiaries
“Seazen Holdings”	Seazen Holdings Co., Ltd. (新城控股集團股份有限公司), a subsidiary of Seazen with its A shares listed on the Shanghai Stock Exchange (stock code: 601155) and one of Mr. Wang’s Associated Companies
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of US\$0.01 each
“Shareholder(s)”	the holder(s) of the share(s) of the Company
“sq.m.”	square meters
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

* For identification purposes only

LETTER FROM THE BOARD



S-Enjoy Service Group Co., Limited

新城悅服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1755)

Directors:

Executive Directors:

Mr. QI Xiaoming (*Chairman and
Chief Executive Officer*)
Mr. GAO Xinli
Ms. WU Qianqian

Registered office:

PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Non-Executive Directors:

Mr. WANG Xiaosong
Mr. LV Xiaoping
Mr. LU Zhongming

Headquarters in the PRC:

12th Floor, Seazen Holdings Tower B
No. 5, Lane 388, Zhongjiang Road
Putuo, Shanghai
PRC

Independent Non-Executive Directors:

Ms. ZHANG Yan
Mr. ZHU Wei
Mr. XU Xinmin

Principal place of business in Hong Kong:

31/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

14 December 2022

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference are made to (i) the announcements of the Company dated 28 October 2022 and 8 December 2022 in relation to the proposed continuing connected transactions under the 2023 Services Framework Agreement for one year ending 31 December 2023; and (ii) Notice of EGM.

LETTER FROM THE BOARD

The main purpose of this circular is, among other things, to provide the Shareholders with the following information, so that the Shareholders can make properly informed decisions on the resolutions proposed at the EGM:

1. details of the 2023 Seazen Framework Agreement and the transactions contemplated thereunder (including the proposed 2023 Seazen Annual Cap);
2. details of the 2023 Services Framework Agreement, the 2023 Services Framework Supplemental Agreement and the transactions contemplated thereunder (including the proposed 2023 Services Annual Cap);
3. the opinion and recommendation of the Independent Board Committee on the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement, the 2023 Services Framework Supplemental Agreement, and the transactions contemplated thereunder (including the proposed 2023 Seazen Annual Cap and 2023 Services Annual Cap); and
4. a letter of advice from Opus Capital to the Independent Board Committee and the Independent Shareholders containing its opinion and recommendation on the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement, the 2023 Services Framework Supplemental Agreement, and the transactions contemplated thereunder (including the proposed 2023 Seazen Annual Cap and 2023 Services Annual Cap).

THE 2023 SEAZEN FRAMEWORK AGREEMENT, THE 2023 SERVICES FRAMEWORK AGREEMENT AND THE 2023 SERVICES FRAMEWORK SUPPLEMENTAL AGREEMENT

Background

The 2023 Seazen Framework Agreement was entered into between Jiangsu Xinchengyue and Seazen Holdings on 28 October 2022 (after trading hours), in relation to provision of certain property related services to Seazen Holdings, for a term of one year from 1 January 2023 to 31 December 2023 subject to the 2023 Seazen Annual Cap.

The 2023 Services Framework Agreement was entered into between Jiangsu Xinchengyue and Mr. Wang Xiaosong (as attorney for and on behalf of Mr. Wang) on 28 October 2022 (after trading hours) in relation to provision of certain property related services to Mr. Wang's Associated Companies (excluding the Seazen Holdings), for a term of one year from 1 January 2023 to 31 December 2023 subject to the 2023 Services Annual Cap. The 2023 Services Framework Supplemental Agreement was entered into between Jiangsu Xinchengyue and Mr. Wang Xiaosong (as attorney for an on behalf of Mr. Wang) on 8 December 2022 (after trading hours) in relation to the adjustment of the 2023 Services Annual Cap.

LETTER FROM THE BOARD

Principal Terms of the 2023 Seazen Framework Agreement, the 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement

The principal terms of the 2023 Seazen Framework Agreement, the 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement are set out below, which are substantially identical except the contractual parties and the annual caps. Any reference to Mr. Wang's Associated Companies in the summary terms below, applies to Seazen Holdings as well:

Date: 28 October 2022

Parties:

- (i) Jiangsu Xinchengyue (as the service provider); and
- (ii) Mr. Wang Xiaosong (as attorney for and on behalf of Mr. Wang) (Mr. Wang's Associated Companies (excluding Seazen Holdings) as the recipient of services).

Term: The 2023 Seazen Framework Agreement, the 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement shall be effective from 1 January 2023 to 31 December 2023 (both days inclusive).

**Property Management
Services and Value-added
Services:**

Jiangsu Xinchengyue is commissioned to provide various property management services, including the maintenance, consultancy and inspection services in connection with the development projects of Mr. Wang's Associated Companies. Jiangsu Xinchengyue agrees to provide the following services to Mr. Wang's Associated Companies with the pricing policies and payment terms as briefly listed below:

a. Property Management Services

Scope of Services: Jiangsu Xinchengyue is responsible for providing a wide range of property management services, including maintenance, conservation and management of properties, ancillary facilities and relevant locations, preserving the cleanliness and maintaining order of the relevant areas.

LETTER FROM THE BOARD

Payment Term: Payment shall be made annually, half-yearly, quarterly or monthly (as the case may be) pursuant to the relevant terms in the subsidiary agreements to be entered into.

b. Intelligent Construction Services

Scope of Services: Jiangsu Xinchengyue will provide engineering and construction services of community intelligence system, e.g., surveillance system, access control system, parking system and indoor smart homes, for the properties developed by Mr. Wang's Associated Companies.

Payment Term: Payment shall be made after the delivery of, the inspection and acceptance of the intelligent construction service pursuant to the subsidiary agreement to be entered into.

c. Sales Offices Management Services

Scope of Services: Jiangsu Xinchengyue is responsible for the cleaning, security and customer services at the sale offices, city exhibition halls, showrooms and clubhouses in the development projects.

Payment Term: Payment shall be made quarterly or monthly pursuant to the terms of the subsidiary agreement to be entered into.

LETTER FROM THE BOARD

d. Property Inspection Services

Scope of Services: Before the delivery of the property projects, Jiangsu Xinchengyue shall organise inspectors to carry out inspection of the property projects according to the notice of Mr. Wang's Associated Companies. Jiangsu Xinchengyue shall provide quality inspection which involves the inspection of the practical functions and the detailed perception of each residential unit; the outdoor general engineering, including roads, underground garages, community landscape, small artwork, green plantation and security intelligence system. Jiangsu Xinchengyue will provide feedback based on the inspection results and in accordance to the acceptance standards of project management and inspection standards of Mr. Wang's Associated Companies to rectify and improve the delivery quality of Mr. Wang's Associated Companies.

Payment Term: Payment shall be made within one month after the delivery of property inspection services pursuant to the subsidiary agreement to be entered into.

e. Property Preliminary Stage Consultancy Services

Scope of Services: Preliminary stage of property development projects: Jiangsu Xinchengyue will provide advice including marketing strategy, property design and on the improvement of property services in areas involving engineering, procurement, design and other professional areas.

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Pre-delivery risk assessment: Jiangsu Xinchengyue will conduct on-site risk assessment and assess the progress of construction. The risk assessment mainly includes: (1) safety (entrance and exit design, security intelligence system, fire facilities and equipment, road traffic signs, etc.); (2) engineering (elevator, power system, drainage, fire protection system, intelligence system, children's fitness facilities, lighting, lightning protection, equipment room, technical information, etc.); (3) landscape (trees, shrubs and vegetation, lawn, water collection points, dumpster placement points, road flooring, etc.).

Preparation work for pre-delivery: Jiangsu Xinchengyue will set up project team for project service and management plan optimisation, staff recruitment, initial identification of project manager, training of service personnel at all levels, clothing procurement, participation in predelivery risk assessment and propose rectification, material production and various preparatory work before delivery. Jiangsu Xinchengyue will coordinate and communicate with Mr. Wang's Associated Companies before delivery.

Payment Term: Lump sum payment within three months after the delivery of properties of the relevant development project.

LETTER FROM THE BOARD

f. Parking Lot Sales Services

Scope of Services: Jiangsu Xinchengyue will provide sales agency services in relation to parking lot developed by Mr. Wang's Associated Companies, and the ownership of the parking lots remain with Mr. Wang's Associated Companies in case the Group fails to procure buyer for the parking lots by certain deadline.

Payment Term: Payment shall be made quarterly pursuant to the terms of the subsidiary agreement to be entered into.

g. Property Maintenance and Management Services during the Warranty Period

Scope of Services: Jiangsu Xinchengyue will provide property maintenance and management services during the warranty period after the delivery of properties developed by Mr. Wang's Associated Companies and to solve the housing quality issues for homeowners.

Payment Term: Payment shall be made quarterly pursuant to the terms of the subsidiary agreement to be entered into.

h. Elevator Installation and Maintenance Services

Scope of Services: Mr. Wang's Associated Companies has entrusted Jiangsu Xinchengyue to carry out elevator installation services in its property development projects, and to provide maintenance services for the elevators in some of the properties under its management.

LETTER FROM THE BOARD

Payment Term: Payment shall be made according to the method agreed in the specific construction contract. Generally a part of the payment shall be made upon commencement of construction, and the rest shall be paid according to the final amount after the completion of the construction and the acceptance of the project by Mr. Wang's Associated Companies. The payment for elevator maintenance service shall be settled quarterly according to the service contract.

i. On-site Event Planning and Layout Services

Scope of Services: Mr. Wang's Associated Companies has entrusted Jiangsu Xinchengyue to conduct on-site event planning and layout services for its property development project.

Payment Term: Payment shall be made in accordance with the specific site service commission contract, and the settlement shall be made based on the service quality within 1 month after the completion of the services.

j. Miscellaneous Entrustment Services

Scope of Services: Jiangsu Xinchengyue will provide miscellaneous entrustment service in relation to development projects organized by Mr. Wang's Associated Companies.

Payment Term: Payment shall be made generally after the end of provision of services pursuant to the specific terms of the temporary subsidiary agreement to be entered into.

LETTER FROM THE BOARD

Pricing Policies:

The pricing policies under each of the different type of services to be offered by Jiangsu Xinchengyue are as follows:

The service fees shall be determined principally by arm's length commercial negotiations according to the principles of fairness and reasonableness by taking into account factors including the type of the development projects, the prevailing market rate, the guidance price of such services for similar type of development projects issued by the local government (if applicable) and the fees charged to the third party customers independent of the Group, the operational costs (including labor costs, material costs and administrative costs) to be incurred in the course of the provision of the services plus a profit margin and the anticipated increase in such costs due to inflation and economic and social development. The service fees shall not be higher than the standard fees approved by the state pricing regulatory authorities (if available) in any event.

- (a) For property management services, the Group generally set the prices by taking into account a number of factors, including (i) the type and location of properties, (ii) the Group's budgeted costs, (iii) the contracted scope of services and standard, (iv) the Group's brand recognition in the cities, (v) local government policies and pricing guidance (if applicable), (vi) the property management fee charged by preceding property management service providers (if applicable), and (vii) future profitability after taking into consideration the increase in labour cost in the foreseeable future. In particular, the fees charged by property management companies nationwide are regulated by the price administration department and construction administration department of the State Council. The price administration department of the local people's governments above the county level and the competent property administration departments at the same level are responsible for regulating the fees charged by property management companies in their respective administrative regions. Therefore, different administrative regions may have different government guidance prices for different types of properties and service standards and local government policies and pricing guidance apply to most of the preliminary property management service agreements entered into between the property developers and the Group at the preliminary stage.

LETTER FROM THE BOARD

As of 31 December 2021 and 30 September 2022, the average property management fee charged to Mr. Wang's Associated Companies (as owners of completed but unsold properties) for the residential properties under the Group's management was RMB2.10 and RMB2.12 per sq.m. per month, respectively, which (i) are identical to the average property management fee charged to other property owners for the same residential properties under the Group's management at either the preliminary stage¹ or property owners' associations stage, and (ii) are generally in line with the average property management fees charged to property developers other than Mr. Wang's Associated Companies (as owners of completed but unsold properties) for similar types of properties and service standards with slight adjustments depending on factors as mentioned in (a)(i) to (a)(vii) above. Further, as confirmed by the Board, the average property management fees charged by the Company to Mr. Wang's Associated Companies are no less favourable than the management fees charged by the Company to third-party property developers.

- (b) For valued-added services, the Group generally set the prices by taking into account a number of factors, including the services required, period of agreement, cost of sales, the local market conditions and the nature and requirements of individual properties.

¹ Preliminary stage refers to the period starting from the date when the property management services agreement with the property developer becomes effective and ending on the date when such agreement expires/terminates and the property management services agreement with owners' association becomes effective.

LETTER FROM THE BOARD

Pursuant to the 2023 Seazen Framework and 2023 Services Framework Agreement and as confirmed by the Directors, detailed pricing policies for transactions contemplated under the 2023 Seazen Framework, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement will be as follows:

(i) Intelligent construction services

Jiangsu Xinchengyue will deploy appropriate equipment purchased from third party manufacturers with relevant materials based on the request of Mr. Wang's Associated Companies, and make bids/quotations accordingly. The price for intelligent construction services will be determined through agreement between Mr. Wang's Associated Companies and Jiangsu Xinchengyue, after taking into account factors including, prevailing market prices, technical skills and know-how required and Jiangsu Xinchengyue's costs of services (including the manpower required for construction and the installation procedures requirement based on the construction blueprints of the relevant projects);

(ii) Sales office management services

The service fee shall be determined by arm's length negotiation between Mr. Wang's Associated Companies and Jiangsu Xinchengyue with reference to various factors including the market prices and Jiangsu Xinchengyue's costs of services (including but not limited to labour costs and material costs) plus reasonable management fees. In determining the market price in a particular region, the Group will take into account (a) the level of fees charged by the Group for other projects in the same region of similar scale, (b) the number of staff members needed, (c) whether the staff is required to have any specific skill or qualification, (d) the applicable minimum wage in the same region, and (e) the costs of deploying local staff members of the Group;

LETTER FROM THE BOARD

(iii) Property inspection services for development projects

The service fee shall be determined by arm's length negotiation between Mr. Wang's Associated Companies and Jiangsu Xinchengyue with reference to various factors including the market prices and Jiangsu Xinchengyue's costs of services (including but not limited to labour costs and material costs) plus reasonable management fees. In particular, the Group will make reference to the prices charged by at least two other medium to large scale property management companies listed on the Stock Exchange for similar projects, which are obtained from industry experts and the business development department of the Group, the number of staff members required to complete the projects as well as the facilities required to be inspected;

(iv) Property preliminary stage consultancy services

The service fee shall be determined by arm's length negotiation between Mr. Wang's Associated Companies and Jiangsu Xinchengyue with reference to various factors including the market prices and Jiangsu Xinchengyue's costs of services. In particular, the Group will make reference to the prices charged by at least two other medium to large scale property management companies listed on the Stock Exchange for similar projects, which are obtained from industry experts and the business development department of the Group, the number of staff members needed and whether the staff is required to have any specific qualification such as graduated from any specific faculty;

LETTER FROM THE BOARD

(v) Parking lots sales agency services

The Group obtains new parking space sales projects from Mr. Wang's Associated Companies through either a process of tendering or appointment by way of agreement. The Group will settle in accordance with terms of individual sales or exclusive distribution² arrangements, and under both circumstances the fees are charged on a commission basis.

During 2022, the commission charged by the Group for provision of parking lots sales agency services ranged from 15% to 32% of the sales amount. For 2023, it is expected that similar range of commission rate will be charged by the Group, which is also in line with the market practice.

The parties shall negotiate the settlement approaches of the parking space sales agency services, being either through individual sales or exclusive distribution arrangements, on an arm's length basis and taking into account the then local market conditions. The Group often prefers an approach which brings greater profitability, while the counterparty is often more cost conscious and in the case of tendering, they will usually include their preferred approach in the tender documents. If the Group considers the profitability of such particular project is comparatively low, the Group will not participate in the tender;

(vi) Property maintenance and management services during the warranty period

Service fee shall be determined by arm's length negotiation between both parties after taking into account various factors including the costs of staff deployed by Jiangsu Xinchengyue and reasonable management costs;

² Exclusive distribution is an agreement between the Group and the relevant customer, whereby an exclusive right to sell all parking lots of a particular project is granted to the Group, and the Group does not has to pay any consideration in return for the exclusive right to sell parking lots on behalf of the Mr. Wang's Associated Companies.

LETTER FROM THE BOARD

- (vii) Elevator installation and maintenance services for elevators in some of the properties

Service fee shall be determined by arm's length negotiation between both parties after taking into account various factors including the costs of staff deployed by Jiangsu Xinchengyue and reasonable management costs. In determining the market price in a particular region, the Group will take into account (a) the location and conditions of the elevators and the properties, (b) the purchasing cost of the elevators and the anticipated operational costs including labour costs and material costs and (c) the costs of deploying local staff members of the Group;

- (viii) On-site event planning and layout services for properties developed by Mr. Wang's Associated Companies

Service fee shall be determined by arm's length negotiation between both parties after taking into account various factors including the costs of staff deployed by Jiangsu Xinchengyue and reasonable management costs. In determining the market price in a particular region, the Group will take into account (a) the level of fees charged by the Group for other projects in the same region of similar scale, (b) the number of staff members needed, (c) whether the staff is required to have any specific skill or qualification, (d) the applicable minimum wage in the same region, and (e) the costs of deploying local staff members of the Group; and

LETTER FROM THE BOARD

- (ix) Miscellaneous entrustment services ancillary to the property management services and value-added services

Service fee shall be determined by arm's length negotiation between both parties after taking into account various factors including the market prices and Jiangsu Xinchengyue's costs of services (including but not limited to labour costs and material costs) plus reasonable management costs. In determining the market price in a particular region, the Group will take into account (a) the level of fees charged by the Group for other projects in the same region of similar scale, (b) the number of staff members needed, (c) whether the staff is required to have any specific skill or qualification, (d) the applicable minimum wage in the same region and (e) the costs of deploying local staff members of the Group.

In determining the reasonableness of the management costs charged on the projects under different services, the project management personnel, procurement management personnel under different services, and programme management personnel of the local branches of the Group will obtain and assess, among other things, (a) the prices charged by at least two other medium to large scale property management companies listed on the Stock Exchange for similar projects, which are obtained from industry experts and the business development department of the headquarter of the Group; and (b) the level of fees charged by the Group for other projects in the same region of similar scale (including the fees of at least 3 projects from customers other than Mr. Wang's Associated Companies). Based on the market rate of the services to be provided by referring to (a) and (b) above, the relevant personnel will proceed to plan and prepare budget for a particular subsidiary service agreement and then come up with a suggested price. The managers of the local branches of the Group are authorised to approve and determine the price(s) for a particular service agreement in accordance with the applicable pricing policies.

As confirmed by the Directors, the terms offered by the Group to Mr. Wang's Associated Companies should not be more favourable than those offered to other parties for similar services.

LETTER FROM THE BOARD

There is no exclusivity between Mr. Wang's Associated Companies and the Group. As such, the customer network of the Group is not affected by the transactions contemplated under the 2023 Services Framework Agreement.

Subsidiary Agreement(s): For each development project of Mr. Wang's Associated Companies which requires the property management services under the 2023 Service Framework Agreement, Jiangsu Xinchengyue and Mr. Wang's Associated Companies will (directly or through their respective subsidiaries) enter into subsidiary agreements setting out the specific scopes of services required and amount of fees payable in conformity with the principles (including the pricing policy mentioned above) set out in the 2023 Service Framework Agreement.

All transactions contemplated under the 2023 Service Framework Agreement shall be conducted on normal commercial terms and negotiated on arm's length basis. It is agreed that the terms offered by Jiangsu Xinchengyue to Mr. Wang's Associated Companies should not be more favorable than those offered to other parties for similar services.

2023 Seazen Annual Cap and 2023 Services Annual Cap and its Basis

The maximum annual service fee payable to the Group by Seazen Holdings for the property management services and value-added services contemplate under the 2023 Seazen Framework Agreement for the year ending 31 December 2023 shall not exceed RMB1,350 million.

The maximum annual service fees payable to the Group by Mr. Wang's Associated Companies (excluding Seazen Holdings) for the property management services and value-added services contemplated under the 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement for the year ending 31 December 2023 shall not exceed RMB100 million.

LETTER FROM THE BOARD

Set out below is the estimated allocation of the 2023 Seazen Annual Cap and the 2023 Services Annual Cap to the property management services and value-added services provided for Seazen Holdings and Mr. Wang's Associated Companies (excluding Seazen Holdings).

	2023 Seazen Framework Agreement	2023 Services Framework Agreement
	<i>RMB</i>	
Property management services	181,820,000	27,280,000
Value-added services		
— Sales offices management services	300,000,000	27,270,000
— Intelligent construction services	263,640,000	9,090,000
— Parking lots sales agency services	172,730,000	9,090,000
— Property inspection services	109,090,000	9,090,000
— Property preliminary stage consultancy services	100,000,000	9,090,000
— Elevator installation and maintenance services	45,450,000	—
— Property maintenance and management services during the warranty period	36,360,000	—
— On-site event planning and layout services	18,180,000	—
Buffer of 10%	122,730,000	9,090,000
 Total	 1,350,000,000	 100,000,000

In determining the 2023 Seazen Annual Cap and the 2023 Services Annual Cap for the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement, the Directors have considered various factors including:

- (a) the aggregate amount of approximately RMB956.3 million settled by Mr. Wang's Associated Companies for property management services and value-added services for the nine months ended 30 September 2022, representing approximately 47.8% (or 63.7% after annualisation) of the existing annual cap for the year ending 31 December 2022 amounted to RMB2,000 million;
- (b) the decrease in the estimated demand of Mr. Wang's Associated Companies for property related services for the year ending 31 December 2023: based on the public information disclosed by the Seazen Group, the area of land reserve of the Seazen Group as at 30 June 2022 is 130.5 million sq.m., representing a year-on-year decrease of approximately 12.7% as compared with that as at 30 June 2021;

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- (c) the historical amounts for property management services and value-added services for the three years ended 31 December 2019, 2020 and 2021 settled between the Group and Mr. Wang's Associated Companies as disclosed in the section headed "Historical Transaction Amount under the 2022 Services Framework Agreement"; and
- (d) other factors such as our Group's business plans, inflation and buffer of 10% to cover the miscellaneous entrustment services ancillary to the property management services and value-added services and unexpected circumstances.

Detailed reasons for the above estimated allocation are as follows:

- (a) for property management services, the increasing GFA under management has a positive and direct impact on the revenue of the Group. For the years ended 31 December 2020 and 2021 and for the nine months ended 30 September 2022, the GFA under management were approximately 60.2 million, 80.6 million and 89.3 million sq.m, respectively, for the properties developed by Mr. Wang's Associated Companies, and it is expected that the service fee deriving from the property management services will continue to increase in accordance with the growth in the GFA under management. As such, an amount of RMB209,100,000 from the 2023 Seazen Annual Cap and the 2023 Services Annual Cap is allocated accordingly;
- (b) for intelligent construction services which involve engineering and maintenance services of intelligent security equipment, the estimated demand for intelligent construction services is determined based on potential contractual value, estimated construction progress and expected completion of such intelligent engineering projects. Based on the factors that (i) an unaudited revenue of approximately RMB307.4 million in relation to the provision of intelligent construction services has been recognised for the nine months ended 30 September 2022; and (ii) the Group has 420 intelligent construction service projects in relation to Mr. Wang's Associated Companies, most of which will be completed in 2022. The revenue from the remaining 190 projects shall be recognised using the percentage of completion starting from 2023. Accordingly an amount of RMB272,730,000 from the 2023 Seazen Annual Cap and the 2023 Services Annual Cap has therefore been allocated for this service;
- (c) for sales offices management services, for the nine months ended 30 September 2022, the Company has provided sales offices management services to 245 projects, and an unaudited revenue of approximately RMB239.9 million has been recorded. The Group now is providing service to 181 sales offices management service projects in relation to Mr. Wang's Associated Companies, which correspond to the contract sum of approximately RMB263.0 million. It is expected that each sales office will be held for 12 to 18 months from 30 September 2022. The Group therefore expects that demands will not change too much during the year ending 31 December 2023, and therefore an amount of RMB327,270,000 from the 2023 Seazen Annual Cap and the 2023 Services Annual Cap is allocated accordingly;

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- (d) for parking lots sales agency services, the Group has recorded an unaudited revenue of approximately RMB94.0 million for the nine months ended 30 September 2022. As the service will be less influenced by the outbreak of COVID-19 pandemic, the Group expects that the commission fee to be derived from the parking lots of the Seazen Group will increase, and as such, an amount of RMB181,820,000 from the 2023 Seazen Annual Cap and the 2023 Services Annual Cap has been allocated for this service; and
- (e) in terms of (i) property inspection services, (ii) property preliminary stage consultancy services, (iii) property maintenance and management services during the warranty period, (iv) elevator installation and maintenance services and (v) on-site event planning and layout services, the amounts of RMB118,180,000, RMB109,090,000, RMB36,360,000, RMB45,450,000 and RMB18,180,000 are allocated, respectively, which are similar to the corresponding amounts allocated under the 2022 Services Framework Agreement and represent Director's expectation of continuous and stable demand for such services for the year ending 31 December 2023.

The remaining portion represents approximately 10% buffer for all categories of services to be provided by the Group to Mr. Wang's Associated Companies, including miscellaneous entrustment services ancillary to property management services and value-added services, in order to accommodate any unexpected increase in demand for any of the Group's services and/or unexpected increase in the cost of supply of such services during 2023.

In determining the 2023 Seazen Annual Cap to the 2023 Seazen Framework Agreement, similar factors have been taken into account which also include, among others, (a) the aggregate amount of approximately RMB949.2 million settled by Seazen Holdings for property management services and value-added services for the nine months ended 30 September 2022; (b) Seazen Group's total contracted sales area of approximately 952.1 million sq.m. for the nine months ended 30 September 2022; (c) the expected sales scale, area and number of the Seazen Group's property projects to be managed by Jiangsu Xinchengyue, as well as the pre-sale and delivery time of such property projects; and (d) the estimated demand of the Seazen Group for property management services and the price charged by such services.

Further, the amount of 2023 Seazen Annual Cap and 2023 Services Annual Cap allocated to each category of services is an estimation only and the amount will be adjusted based on the circumstances in the year ending 31 December 2023.

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Historical Transaction Amount under the 2022 Services Framework Agreement

The table below shows the allocation of annual caps and the actual amount charged for each of the property management services and value-added services provided to Mr. Wang's Associated Companies (including Seazen Group) for the three years ended 31 December 2019, 2020 and 2021 and the nine months ended 30 September 2022:

	For the year ended 31 December 2019 (RMB million) ⁽¹⁾		For the year ended 31 December 2020 (RMB million) ⁽¹⁾		For the year ended 31 December 2021 (RMB million) ⁽¹⁾		For the nine months ended 30 September 2022 (RMB million) ⁽¹⁾	
	Actual amount	Allocation of annual cap	Actual amount	Allocation of annual cap	Actual amount	Allocation of annual cap	Actual amount	Allocation of annual cap
Property Management	45.1	60.0	51.6	84.0	46.9	90.0	76.8	150.0
Value-added services	953.2	1,120.0	1,159.2	1,216.0	1,435.0	1,410.0	879.5	1,850.0
Total	998.3	1,180.0	1,210.8	1,300.0	1,481.9	1,500.0	956.3	2,000.0

Note:

- (1) The annual caps of each category of service are for illustrative purposes only, which (i) were prepared based on the estimation of the management at the time of setting the annual cap of a particular year and (ii) have included the 10% buffer for all categories of services.

As illustrated above, the historical transaction amount that the Group settled with Mr. Wang's Associated Companies for the nine months ended 30 September 2022 was approximately RMB956.3 million, which is within the annual cap of RMB2,000 million under the 2022 Services Framework Agreement. Approximately RMB949.2 million was settled between the Group and the Seazen Group for the nine months ended 30 September 2022.

Information of the Parties

The Company is an experienced property management services provider in the PRC engaging in the provision of property management services, such as property and equipment maintenance, security services, cleaning services, gardening services, and public area maintenances. Jiangsu Xinchengyue is one of the principal subsidiaries of the Company providing the same business.

Mr. Wang is a controlling Shareholder. Mr. Wang has been involved in property development and property investment in the PRC via the Seazen Group. Seazen Holdings is a subsidiary of Seazen with its A shares listed on the Shanghai Stock Exchange (stock code: 601155). The principal business activities of Mr. Wang's Associated Companies (including the Seazen Group) are property development and property investment in the PRC.

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Reasons for and Benefits of the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement

The Company is an experienced property management services provider in the PRC engaging in the provision of property management services, such as property and equipment maintenance, security services, cleaning services, gardening services, public area maintenances, whereas Mr. Wang has been involved in property development and property investment in the PRC via the Seazen Group. The Company has been providing such property management services to Mr. Wang's Associated Companies (including the Seazen Group) since 1996 and the Directors believe such services are of great assistance to Mr. Wang's Associated Companies (including the Seazen Group), as well as providing a steady stream of income to the Company. The 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement hence represents a stable and trustworthy business relationship which the Group can leverage to achieve its business objectives.

REDUCING RELIANCE ON MR. WANG'S ASSOCIATED COMPANIES

Reference is made to the section headed "Summary — Our Relationship with Future Land Group" in the Prospectus. The table below sets forth a breakdown of the Group's revenue from Mr. Wang's Associated Companies (including the Seazen Group) and customers other than Mr. Wang's Associated Companies for the periods indicated:

	For the year ended 31 December 2019		For the year ended 31 December 2020		For the year ended 31 December 2021		For the nine months ended 30 September 2022 (unaudited)	
	RMB	%	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>								
<i>Revenue from Mr. Wang's Associated Companies</i>								
Property management services								
Property management services fee in respect of completed but unsold properties	33,620	1.7	39,835	1.4	33,863	0.8	67,739	1.7
Property management services fees in respect of the office buildings of Seazen Holdings	11,457	0.5	11,771	0.4	13,024	0.3	9,113	0.2
Subtotal	45,077	2.2	51,606	1.8	46,887	1.1	76,852	1.9

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	For the year ended 31 December 2019		For the year ended 31 December 2020		For the year ended 31 December 2021		For the nine months ended 30 September 2022 (unaudited)	
	RMB	%	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>								
Value-added Services								
Provision of intelligent construction services	297,130	14.7	365,985	12.8	504,064	11.5	307,432	7.9
Provision of sales offices management services	475,057	23.5	419,488	14.6	426,499	9.8	239,934	6.2
Provision of property inspection services for development projects	68,713	3.4	140,082	4.9	185,770	4.3	104,128	2.7
Provision of property preliminary stage consultancy services	66,198	3.3	130,147	4.5	164,721	3.8	94,365	2.4
Provision of parking lots sales agency services	46,089	2.3	82,194	2.9	82,237	1.9	93,963	2.4
Provision of property maintenance and management services during the warranty period	—	—	18,387	0.6	47,260	1.1	15,637	0.4
Provision of elevator installation and maintenance services	—	—	—	—	15,861	0.4	15,179	0.4
Provision of on-site planning and layout services	—	—	2,955	0.1	8,579	0.2	8,841	0.2
Subtotal	<u>953,187</u>	<u>47.1</u>	<u>1,159,238</u>	<u>40.4</u>	<u>1,434,991</u>	<u>33.0</u>	<u>879,479</u>	<u>22.6</u>
Total revenue from Mr. Wang's Associated Companies	<u>998,264</u>	<u>49.3</u>	<u>1,210,844</u>	<u>42.2</u>	<u>1,481,878</u>	<u>34.1</u>	<u>956,331</u>	<u>24.5</u>

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	For the year ended 31 December 2019		For the year ended 31 December 2020		For the year ended 31 December 2021		For the nine months ended 30 September 2022 (unaudited)	
	RMB	%	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>								
<i>Revenue from customers other than Mr. Wang's Associated Companies</i>								
Property management services								
Property management services fees derived from properties developed by Mr. Wang's Associated Companies	650,815	32.2	877,391	30.6	1,388,154	31.9	1,295,904	33.3
Property management services fees derived from properties developed by other property developers	153,063	7.6	326,139	11.4	665,171	15.3	815,312	20.9
Subtotal	803,878	39.8	1,203,530	42.0	2,053,325	47.2	2,111,216	54.2
Value-added Services³								
Provision of intelligent construction services	311	—	22,935	0.8	15,599	0.4	9,568	0.2
Provision of sales offices management services	23,240	1.1	25,147	0.9	23,900	0.5	21,681	0.6
Provision of property inspection services for development projects	3,772	0.2	2,738	0.1	1,697	—	569	—
Provision of property consultancy services	10,768	0.5	7,129	0.2	12,671	0.3	1,424	—
Provision of parking lots sales agency services	14,834	0.7	2,424	0.1	119,675	2.8	63,244	1.6
Provision of property maintenance and management services during the warranty period	—	—	3,902	0.1	2,629	0.1	1,921	—
Provision of elevator installation and maintenance services	—	—	—	—	98,269	2.3	117,489	3.0
Provision of on-site planning and layout services	—	—	—	—	875	—	—	—
Other community-related services	168,959	8.4	387,801	13.5	540,217	12.3	615,236	15.9
Subtotal	221,884	11.0	452,074	15.8	815,532	18.7	831,132	21.3
Total revenue from customers other than Mr. Wang's Associated Companies	1,025,762	50.7	1,655,605	57.8	2,868,857	65.9	2,942,348	75.5
Total	2,024,026	100.0	2,866,449	100.0	4,350,735	100.0	3,898,679	100.0

³ The number of customers and projects (which are not related to Mr. Wang's Associated Companies) for value-added services for the years ended 31 December 2019, 2020 and 2021 and nine months ended 30 September 2022 is 53, 73, 105 and 187, respectively. For the years ended 31 December 2019, 2020 and 2021 and nine months ended 30 September 2022, the revenue derived from the five largest customers (which exclude Mr. Wang's Associated Companies) accounted for approximately 1.1%, 0.9%, 1.9% and 1.1%, respectively, of our total revenue and the services provided to them include intelligent construction services, sales offices management services, and other value-added services. The aforesaid customers are mainly property developers based in the PRC.

While it is the Company's intention to increase the number of independent customers and projects in 2023, the Company expects that the number of independent customers and projects for 2022 shall be maintained, absent any unforeseeable factors or events.

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The percentage for revenue derived from Mr. Wang's Associated Companies over the total revenue of the Group for the nine months ended 30 September 2022 has decreased by 9.6 percentage points to 24.5% (for the year ended 31 December 2020 and 2021: 42.2% and 34.1%), and such percentage is expected to remain approximately 25.0% for the year ending 31 December 2022. The overall rapidly decreasing trend of percentage of revenue derived from Mr. Wang's Associated Companies over the total revenue of the Group is primarily due to the measures successfully adopted and to be continuously taken by the Group in reducing its reliance on Mr. Wang's Associated Companies, details of which are explained as follows.

(i) Continuous participation and favourable success rates in tenders and the potential delivery of contracted GFA

The Group has continued its efforts in developing its relationship with independent customers. For the nine months ended 30 September 2022, the Group participated in 172 tenders for provision of property management services (for the year ended 31 December 2020 and 2021: 105 and 164), representing a 4.9 % increase from the total number of tenders participated by the Group for the year ended 31 December 2021. The tender success rate for securing property management projects of developers other than Mr. Wang's Associated Companies for the year ended 31 December 2020, 31 December 2021 and the nine months ended 30 September 2022 are 68.6%, 68.9% and 58.1% respectively.

In addition, as at 30 June 2022, there is a total contracted GFA of 130.6 million sq.m. signed with customers other than Mr. Wang's Associated Companies. The Company anticipates that the contracted GFA will be continuously delivered in 2023 and will increase revenue from customers other than Mr. Wang's Associated Companies.

(ii) Commendable efforts in third party customer retention and provision of wider range of value-added services

For the nine months ended 30 September 2022, the revenue generated from property management services fees of (i) the properties developed by Mr. Wang's Associated Companies and thereafter sold to independent third parties and (ii) properties developed by other property developers increased to approximately RMB1,295.9 million (for the year ended 31 December 2020 and 2021: RMB877.4 million and RMB1,388.2 million) and RMB815.3 million (for the year ended 31 December 2020 and 2021: RMB326.1 million and RMB665.2 million), respectively, reflecting the commendable efforts in retaining third party customers.

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In 2022, the contracted GFA for property management services from customers other than Mr. Wang's Associated Companies has increased from approximately 112.6 million sq.m. as at 31 December 2021 to approximately 130.6 million sq.m. as at 30 June 2022. These contracted GFA are attributable to the properties developed by independent third parties. Moreover, the Group has continuously been selected as the property management service provider once the property owners' association stage commenced, where property owners could freely decide whether to enter into a property management services agreement with the Group on a case-by-case basis. The general term of the property management contracts with property owners at the property owners' association stage will usually be for 1-3 years. For the nine months ended 30 September 2022, the Group has achieved 99% customer retention rate in relation to properties developed by Mr. Wang's Associated Companies and 95% customer retention rate in relation to residential properties developed by other property developers, which have excluded certain projects voluntarily withdrawn by the Company due to the internal evaluation of economic costs. These indicate the Company's capability in market expansion with third-party property developers, property owners' associations and individual property owners.

For the year ended 31 December 2021 and the nine months ended 30 September 2022 in relation to the properties developed by Mr. Wang's Associated Companies, the breakdown for the revenue generated from property management services fees into (i) revenue from preliminary stage and (ii) revenue from property owners' association stage are as follows, which shows the widening gap between revenue derived from independent third parties and revenue derived from Mr. Wang's Associated Companies:

Revenue generated from property management services fees derived from properties developed by Mr. Wang's Associated Companies	For the year ended 31 December 2021	For the nine months ended 30 September 2022
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
For properties retained by Mr. Wang's Associated Companies	46,887	76,852
– Revenue from preliminary stage	46,211	76,342
– Revenue from property owners' association stage	676	510
For properties subsequently sold to independent third parties	1,388,154	1,295,904
– Revenue from preliminary stage	1,213,873	1,154,918
– Revenue from property owners' association stage	174,281	140,986

Looking forward, in addition to the maintaining of high customer retention rate, the Company intends to procure additional opportunities for the provision of value-added services. Revenue for provision of Company's community value-add-services (especially

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catering and elevator-related services) has surged for the nine months ended 30 September 2022, which mostly target the third party customers. It is expected that more community-related services will be provided in the future years, which further brings profits and customer stickiness for the Group

(iii) Diversification of business portfolios through new acquisition and establishment of joint ventures

The Company has also been successful in exploring market opportunities to diversify its service offerings through acquisitions in recent years or periods. For the nine months ended 30 September 2022, the Group completed the acquisitions of Suzhou Health Catering Management Service Co., Ltd (蘇州海奧斯餐飲管理服務有限公司) and Tianjin Jin Yu Property Management Co., Ltd (天津市金玉物業管理有限公司). Through the above acquisitions, the Company has been able to increase its market share, brand influence and value-added service provision capabilities in various regions of China, and further reduce its reliance on Mr. Wang's Associated Companies.

In addition, as at 30 September 2022, the Company has established 24 joint venture companies in different provinces of the PRC. Through the establishment of the joint venture companies and strategic alliances with influential independent local property developers, the Group, through the provision of value-added and property management services, would be able to increase its revenue from customers other than Mr. Wang's Associated Companies.

For the year ending 31 December 2023, the Group will continue to look for further opportunities with other independent third parties and comply with the relevant requirements under the Listing Rules as and when appropriate.

In light of the disclosure above which include, among others, (i) the Group's success rate and continuous participation in tenders as well as potential delivery of contracted GFA, (ii) the Group's efforts in third party customer retention and provision of wider range of value-added services, (iii) diversification of business portfolios through new acquisitions and joint venture establishments, and (iv) continuous increase in number of customers as well as revenue and GFA from customers other than Mr. Wang's Associated Companies, the Directors consider that the risk of reliance on the Seazen Group is low and the measures in addressing the potential reliance issue are effective.

Taking into account the factors as stated above, each of the Directors is of the view that the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement is entered into on an arm's length basis, on normal commercial terms, in the usual and ordinary course of business of the Group. The

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transactions contemplated under the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

INTERNAL CONTROL MEASURES

In order to ensure that the transactions contemplated under the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement will be on normal commercial terms, and that the relevant fees will not fall below the prevailing market rate, the guidance price of such services for similar type of development projects issued by the local government (if applicable) and the fees charged to the third party customers independent of the Group, the Group will adopt the following measures:

- (i) the finance department of the Group will be responsible for regular monitoring of the continuing connected transactions contemplated under the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement to ensure that the 2023 Seazen Annual Cap and the 2023 Services Annual Cap will not be exceeded, in particular, the Group will cease to enter into any new subsidiary agreement if such will cause the total contractual income to exceed the 2023 Seazen Annual Cap and the 2023 Services Annual Cap for that financial year;
- (ii) internal review will be conducted by the Group to assess, on a monthly basis, whether the provision of property management services and value-added services has been made in accordance with the terms of the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement and in accordance with the aforesaid pricing policy;
- (iii) prior to entering into any subsidiary agreements, the personnel of various departments including the legal department, finance department and operation department of the Company will review and assess the specific terms and conditions of the transactions to ensure their consistency with the 2023 Seazen Framework Agreement, the 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement. During such internal review process, the relevant personnel will examine, among others, (a) information of the parties; (b) the term of the agreement; (c) the type and scope of services to be provided by the Group thereunder; and (d) whether the contract price is in line with the aforesaid pricing policy, in order to ensure comment (if any) from various departments of the Group will be properly addressed;

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- (iv) the Company will engage its auditors to conduct an annual review of the continuing connected transactions to be conducted pursuant to the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement; and
- (v) the independent non-executive Directors will review the continuing connected transactions to be conducted pursuant to the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement on an annual basis and confirm in the annual report of the Company for the year ending 31 December 2023 whether such continuing connected transactions have been entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, and in accordance with the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Directors consider that the personnel authorised to execute the above internal control measures possess relevant experience and expertise in relation thereto, and the above internal control measures can ensure that the continuing connected transactions contemplated under the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement will be conducted on normal commercial terms in a manner not prejudicial to the interests of the Company and its Shareholders.

IMPLICATIONS UNDER THE LISTING RULES

As at the Latest Practicable Date, Mr. Wang is the controlling Shareholder, and thus is a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement constitute continuing connected transactions for the Company.

As the applicable ratios for the 2023 Seazen Annual Cap and 2023 Services Annual Cap for the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement are more than 5%, the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement and the 2023 Services Annual Cap and 2023 Seazen Annual Cap are subject to the announcement, reporting, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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As at the date of the Board meeting, Mr. Wang Xiaosong, a non-executive Director and the son of Mr. Wang, was considered to have a material interest in the transactions under the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement. As such, he has abstained from voting on the Board resolutions approving the relevant agreement and the transactions contemplated thereunder (including the proposed 2023 Seazen Annual Cap and the 2023 Services Annual Cap). Save as mentioned above, none of the other Directors have a material interest in the transactions contemplated under the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement, and therefore, no Director has abstained from voting on approval of the relevant resolutions.

RECOMMENDATIONS

The Directors (including the independent non-executive Directors whose views are set out in the section headed “Letter from Independent Board Committee” in this circular, after considering the advice from Opus Capital) are of the view that the terms of continuing connected transactions contemplated under the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement are fair and reasonable, the relevant continuing connected transactions (including the proposed 2023 Seazen Annual Cap and 2023 Service Annual Cap) are on normal commercial terms and in the ordinary and usual course of business of the Company, and are in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors (including the independent non-executive Directors) recommends the Independent Shareholders to vote in favour of all the resolutions to be proposed at the EGM.

EGM AND PROXY ARRANGEMENT

An EGM will be convened for the Independent Shareholders to consider and, if appropriate, to approve the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement, the 2023 Services Framework Supplemental Agreement and the transactions contemplated thereunder (including the proposed 2023 Seazen Annual Cap and the 2023 Services Annual Cap).

Mr. Wang and Mr. Wang’s Associated Companies, which directly hold 600,000,000 Shares, representing an aggregate of approximately 68.89% of the issued share capital of the Company as at the Latest Practicable Date, will be required to abstain from voting at the EGM on the resolutions in relation to the 2023 Seazen Framework Agreement, the 2023 Services Framework Agreement, the 2023 Services Framework Supplemental Agreement and the transactions contemplated thereunder (including the proposed 2023 Seazen Annual Cap and the 2023 Services Annual Cap). Save as disclosed above, there is no other Shareholder who has any material interest in the transactions contemplated under the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement. As such, no

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other Shareholder is required to abstain from voting at the EGM on the resolutions in relation to the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement, the 2023 Services Framework Supplemental Agreement and the transactions contemplated thereunder.

The Independent Board Committee has been formed in accordance with the Listing Rules to advise the Independent Shareholders on the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement, the 2023 Services Framework Supplemental Agreement and the transactions contemplated thereunder (including the proposed 2023 Seazen Annual Cap and the 2023 Services Annual Cap). In this connection, Opus Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement, the 2023 Services Framework Supplemental Agreement and the transactions contemplated thereunder (including the proposed 2023 Seazen Annual Cap and 2023 Service Annual Cap).

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.xinchengyue.com>).

Whether or not you are able to attend the EGM, you are requested to complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return the completed form of proxy 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 holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish and in such event, the form of proxy shall be deemed to be revoked.

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 22 December 2022 to Thursday, 29 December 2022 (both dates inclusive), during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by 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, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 21 December 2022.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 36 to 37 of this circular containing the recommendations from the Independent Board Committee to the Independent Shareholders in respect of the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement, the 2023 Services Framework Supplemental Agreement and the transactions contemplated thereunder (including the proposed 2023 Seazen Annual Cap and the 2023 Services Annual Cap). The advice from Opus Capital to the Independent Board Committee and the Independent Shareholders, on the fairness and reasonableness of the terms of the continuing connected transactions contemplated under the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement (including the 2023 Seazen Annual Cap and the 2023 Services Annual Cap) is set out on pages 38 to 61 of this circular.

Your attention is also drawn to the information set out in the appendix to this circular.

The financial information for the nine months ended 30 September 2022 is only based on the preliminary assessment by the Board on the management accounts of the Group and information currently available to the Group, which has not been audited or reviewed by the auditors and/or audit committee of the Company and may be subject to amendments or adjustments. Shareholders and potential investors are advised to refer to detailed financial information to be disclosed in the Company's announcement in respect of the annual results for the year ending 31 December 2022 to be published in due course.

By order of the Board
S-Enjoy Service Group Co., Limited
Qi Xiaoming
Chairman
Executive Director
Chief Executive Officer

LETTER FROM INDEPENDENT BOARD COMMITTEE



S-Enjoy Service Group Co., Limited

新城悅服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1755)

14 December 2022

CONTINUING CONNECTED TRANSACTIONS

To the Independent Shareholders

Dear Sir or Madam,

We refer to the circular of the Company dated 14 December 2022 (the “**Circular**”), of which this letter forms a part. Terms defined therein shall have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to advise you as to whether in our opinion, the terms of the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement (including the proposed 2023 Seazen Annual Cap and the 2023 Services Annual Cap) are fair and reasonable so far as the Independent Shareholders are concerned, the relevant continuing connected transactions (including the proposed 2023 Seazen Annual Cap and the 2023 Services Annual Cap) are on normal commercial terms and in the ordinary and usual course of business of the Company, and are in the interests of the Company and the Shareholders as a whole.

Opus Capital has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee on the fairness and reasonableness of the terms of the continuing connected transactions contemplated under the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement (including the proposed 2023 Seazen Annual Cap and the 2023 Services Annual Cap). Details of the advice from Opus Capital, together with the principal factors taken into consideration in arriving at such advice, are set out in its letter on pages 38 to 61 of the Circular.

We wish to draw your attention to the letter from the Board set out on pages 5 to 35 of the Circular. Having considered the information contained in the letter from the Board, the interests of the Independent Shareholders and the advice and recommendations given by Opus Capital, we consider that the terms of continuing connected transactions contemplated under the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework

LETTER FROM INDEPENDENT BOARD COMMITTEE

Supplemental Agreement (including the proposed 2023 Seazen Annual Cap and the 2023 Services Annual Cap) are on normal commercial terms, fair and reasonable, and in the ordinary and usual course of business of the Company, and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend that the Independent Shareholders vote in favour of the resolutions regarding the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement, the 2023 Services Framework Supplemental Agreement and the transactions contemplated thereunder (including the proposed 2023 Seazen Annual Cap and the 2023 Services Annual Cap) to be proposed at the EGM.

Yours faithfully

Zhang Yan
Independent
non-executive Director

Zhu Wei
Independent
non-executive Director

Xu Xinmin
Independent
non-executive Director

Independent Board Committee of S-Enjoy Service Group Co., Limited

LETTER FROM OPUS CAPITAL

Set out below is the text of a letter from Opus Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2023 Seazen Framework Agreement and the 2023 Services Framework Agreement and the transactions contemplated thereunder (including the 2023 Seazen Annual Cap and 2023 Services Annual Cap) for the purpose of inclusion in this circular.



18th Floor, Fung House
19–20 Connaught Road Central
Central, Hong Kong

14 December 2022

To: The Independent Board Committee and the Independent Shareholders of S-Enjoy Service Group Co., Limited

Dear Sirs or Madams,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the 2023 Seazen Framework Agreement, the 2023 Services Framework Agreement, the 2023 Services Framework Supplemental Agreement and the transactions contemplated thereunder (including the 2023 Seazen Annual Cap and 2023 Services Annual Cap) (“**Continuing Connected Transactions**”), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 14 December 2022 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined or the context requires otherwise.

As stated in the Letter from the Board, reference is made to the announcement of the Company dated 28 October 2022 and 8 December 2022 in relation to the proposed continuing connected transactions under the 2023 Services Framework Agreement for one year ending 31 December 2023. Further reference are made to the announcements of the Company dated 28 October 2021 and 1 November 2021 and the circular of the Company dated 3 December 2021 that, among other things, Jiangsu Xinchengyue (an indirect subsidiary of the Company) and Mr. Wang Xiaosong (as attorney for and on behalf of Mr. Wang) entered into the 2022 Services Framework Agreement on 28 October 2021 for the provision of certain property related services to Mr. Wang’s Associated Companies (including the Seazen Group) and Jiangsu Xinchengyue and Seazen Holdings entered into the Seazen Framework Agreement, being a subsidiary agreement pursuant to the 2022 Services Framework Agreement, specifically governing the transactions contemplated between the Group and Seazen Holdings (collectively, the “**Existing Framework Agreements**”).

LETTER FROM OPUS CAPITAL

As the Existing Framework Agreements will expire on 31 December 2022, on 28 October 2022 (after trading hours), the 2023 Seazen Framework Agreement was entered into between Jiangsu Xinchengyue and Seazen Holdings, in relation to provision of certain property related services to Seazen Holdings, for a term of one year from 1 January 2023 to 31 December 2023 subject to the 2023 Seazen Annual Cap. The 2023 Services Framework Agreement was entered into between Jiangsu Xinchengyue and Mr. Wang Xiaosong (as attorney for and on behalf of Mr. Wang) on 28 October 2022 (after trading hours) in relation to provision of certain property related services to Mr. Wang's Associated Companies (excluding the Seazen Holdings), for a term of one year from 1 January 2023 to 31 December 2023 subject to the 2023 Services Annual Cap. The 2023 Services Framework Supplemental Agreement was entered into between Jiangsu Xinchengyue and Mr. Wang Xiaosong (as attorney for an on behalf of Mr. Wang) on 8 December 2022 (after trading hours) in relation to the adjustment of the 2023 Services Annual Cap (collectively, the "Services").

As at the Latest Practicable Date, Mr. Wang is the controlling Shareholder, and thus is a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement constitute continuing connected transactions for the Company. As the applicable ratios for the 2023 Seazen Annual Cap and 2023 Services Annual Cap under the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement are more than 5%, the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement, the 2023 Services Framework Supplemental Agreement, the 2023 Services Annual Cap and the 2023 Seazen Annual Cap are subject to the announcement, reporting, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of the Board meeting, Mr. Wang Xiaosong, a non-executive Director and the son of Mr. Wang, was considered to have a material interest in the transactions under the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement. As such, he has abstained from voting on the Board resolutions approving the relevant agreement and the transactions contemplated thereunder (including the proposed 2023 Seazen Annual Cap and 2023 Services Annual Cap). Save as mentioned above, none of the other Directors have a material interest in the transactions contemplated under the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement, and therefore, no Director has abstained from voting on approval of the relevant resolutions.

Mr. Wang and Mr. Wang's Associated Companies, which directly hold 600,000,000 Shares, representing an aggregate of approximately 68.89% of the issued share capital of the Company as at the Latest Practicable Date, will be required to abstain from voting at the EGM on the resolution in relation to the 2023 Seazen Framework Agreement, the 2023 Services Framework Agreement, the 2023 Services Framework Supplemental Agreement and the transactions contemplated thereunder (including the proposed 2023 Seazen Annual Cap and the 2023 Services Annual Cap). Save as disclosed above, there is no other Shareholder who has any material interest

LETTER FROM OPUS CAPITAL

in the Continuing Connected Transactions. As such, no other Shareholder is required to abstain from voting at the EGM on the resolution in relation to the 2023 Seazen Framework Agreement, the 2023 Services Framework Agreement, the 2023 Services Framework Supplemental Agreement and the transactions contemplated thereunder.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee of the Company comprising Ms. Zhang Yan, Mr. Zhu Wei and Mr. Xu Xinmin, all being independent non-executive Directors, has been established to consider and make a recommendation to the Independent Shareholders on: (i) whether the terms of the 2023 Seazen Framework Agreement, the 2023 Services Framework Agreement, the 2023 Services Framework Supplemental Agreement and the Continuing Connected Transactions are on normal commercial terms and fair and reasonable; (ii) whether the Continuing Connected Transactions are entered into in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as whole; and (iii) how the Independent Shareholders should vote in respect to the relevant resolutions to be proposed at the EGM to approve the 2023 Seazen Framework Agreement, the 2023 Services Framework Agreement, the 2023 Services Framework Supplemental Agreement and the Continuing Connected Transactions. Our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in the same respect has been approved by the Independent Board Committee pursuant to the Rule 13.84 of the Listing Rules.

OUR INDEPENDENCE

We do not have any relationship with, or interest in, the Group, Mr. Wang, Mr. Wang's Associated Companies (including the Seazen Holdings) or other parties that could reasonably be regarded as relevant to our independence. During the two years immediately prior to this letter, we have not acted in the capacity as financial adviser or as an independent financial adviser or in any other capacity to the Company. Apart from normal independent financial advisory fee paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Group, Mr. Wang, Mr. Wang's Associated Companies (including the Seazen Holdings) or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider ourselves independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things:

- (i) the Company's interim report for the six months ended 30 June ("1H") 2022 (the "**2022 Interim Report**");

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- (ii) the Company's annual report for the year ended 31 December ("FY") 2021 (the "**2021 Annual Report**");
- (iii) the 2023 Seazen Framework Agreement;
- (iv) the 2023 Services Framework Agreement;
- (v) the 2023 Services Framework Supplemental Agreement; and
- (vi) other information as set out in the Circular.

We have relied on the truth, accuracy and completeness of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Company, the Directors and the management of the Group (collectively, the "**Management**"). We have assumed that all information and representations contained or referred to in the Circular and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the EGM.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Management in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided by the Management, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospects.

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts not contained in this letter, the omission of which would make any statement herein misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection for their consideration of the terms of the 2023 Seazen Framework Agreement, the 2023 Services Framework Agreement, the 2023 Services Framework Supplemental

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Agreement and the Continuing Connected Transactions, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the 2023 Seazen Framework Agreement, the 2023 Services Framework Agreement, the 2023 Services Framework Supplemental Agreement and the Continuing Connected Transactions, we have taken into consideration the following principal factors and reasons:

1. Background information of the Group

The Company is an experienced property management services provider in the PRC engaging in the provision of property management services, such as property and equipment maintenance, security services, cleaning services, gardening services, and public area maintenances.

The following is a summary of the financial results of the Group for each of FY2020 and FY2021, 1H2021 and 1H2022, as extracted from the 2021 Annual Report and the 2022 Interim Report:

Table 1: Highlights of the financial results of the Group

	Unaudited		Audited	
	1H2022 (RMB'000)	1H2021 (RMB'000)	FY2021 (RMB'000)	FY2020 (RMB'000)
Revenue	2,465,961	1,876,950	4,350,735	2,866,447
— <i>Property management services</i>	1,392,613	919,700	2,100,212	1,255,136
— <i>Value-added services</i>	1,073,348	957,250	2,250,523	1,611,311
Gross profit	716,129	574,649	1,341,547	880,765
Profit for the period/year attributable to the owners of the Company	225,816	286,417	525,455	452,837

Sources: the 2021 Annual Report and the 2022 Interim Report

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FY2021 vs FY2020

During FY2021, the Group recorded revenue of approximately RMB4,350.7 million, representing a significant increase of approximately 51.8% from approximately RMB2,866.5 million for FY2020. Such significant increase in revenue was mainly attributable to: (i) the increase in property management services segment by approximately 67.3% from approximately RMB1,255.1 million for FY2020 to approximately RMB2,100.2 million for FY2021; and (ii) the rise in value-added services segment by approximately 39.7% from approximately RMB1,611.3 million for FY2020 to approximately RMB2,250.5 million for FY2021. Under the value-added segment, the community-related value-added services in particular recorded a substantial growth of approximately 84.0% from approximately RMB497.7 million for FY2020 to approximately RMB915.6 million for FY2021.

As a result, the Group recorded profit attributable to the owners of the Company of approximately RMB525.5 million for FY2021, representing an increase of approximately 16.1% from approximately RMB452.8 million for FY2020.

1H2022 vs 1H2021

The revenue of the Group increased significantly by approximately 31.4% from approximately RMB1,877.0 million for 1H2021 to approximately RMB2,466.0 million for 1H2022. The revenue increase was primarily attributable to: (i) the increase in property management services segment by approximately 51.4% from approximately RMB919.7 million for 1H2021 to approximately RMB1,392.6 million for 1H2022; and (ii) the growth in value-added services segment of approximately 12.1% from approximately RMB957.3 million for 1H2021 to approximately RMB1,073.3 million for 1H2022, which was due to a combined effect of: (a) the significant increase in community-related value-added services segment by approximately 113.2% from approximately RMB292.9 million for 1H2021 to approximately RMB624.6 million for 1H2022; (b) a decrease of approximately 36.3% in the smart community services segment from approximately RMB273.6 million for 1H2021 to approximately RMB174.4 million for 1H2022; and (c) a decline in developer-related value-added services by approximately 29.8% from approximately RMB390.7 million for 1H2021 to approximately RMB274.3 million for 1H2022.

Based on the above, the net profit attributable to equity shareholders of the Company reached approximately RMB225.8 million for 1H2022, representing a decrease of approximately 21.2% from approximately RMB286.4 million for 1H2021.

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The following is a summary of the financial positions of the Group as at 30 June 2022 and as at 31 December 2021, as extracted from the 2022 Interim Report:

Table 2: Highlights of the financial positions of the Group

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2022	2021
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Non-current assets	1,130,380	1,073,263
Current assets	4,460,021	4,336,382
Non-current liabilities	192,933	203,606
Current liabilities	2,753,580	2,681,407
Net asset value (“NAV”) attributable to owners of the Company	2,368,718	2,283,920

Source: the 2022 Interim Report

As at 30 June 2022, the total assets and liabilities of the Group were approximately RMB5,590.4 million and RMB2,946.5 million respectively, as compared to the respective total assets and liabilities of approximately RMB5,409.6 million and RMB2,855.0 million as at 31 December 2021 respectively, registering a slight increase of approximately 3.3% and 3.2% respectively. Given the movement of the total assets and total liabilities of the Group highlighted above, the NAV attributable to owners of the Company increased from approximately RMB2,283.9 million as at 31 December 2021 to approximately RMB2,368.7 million as at 30 June 2022, representing a moderate increase of approximately 3.7%.

2. Background information of Mr. Wang and Seazen Holdings

As stated in the Letter from the Board, Mr. Wang is a controlling Shareholder. Mr. Wang has been involved in property development and property investment in the PRC via the Seazen Group. Seazen Holdings is a subsidiary of Seazen with its A shares listed on the Shanghai Stock Exchange (stock code: 601155). The principal business activities of Mr. Wang’s Associated Companies (including the Seazen Holdings) are property development and property investment in the PRC.

3. Reasons for and benefits for the Continuing Connected Transactions

As disclosed in the Letter from the Board, the Company is an experienced property management services provider in the PRC engaging in the provision of property management services, such as property and equipment maintenance, security services, cleaning services, gardening services, public area maintenances, whereas Mr. Wang has been involved in property development and property investment in the PRC via the Seazen Group. The Company has been

LETTER FROM OPUS CAPITAL

providing such property management services to Mr. Wang's Associated Companies (including the Seazen Holdings) since 1996 and the Directors believe such services are of great assistance to Mr. Wang's Associated Companies (including the Seazen Holdings), as well as providing a steady stream of income to the Company. The 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement hence represent a stable and trustworthy business relationship which the Group can leverage to achieve its business objectives.

With reference to the prospectus of the Company dated 24 October 2018, we noted that the Group has a long-standing relationship with Mr. Wang's Associated Companies as the Group first provided property management services to Mr. Wang's Associated Companies over 26 years ago. Benefiting from such long-standing relationship, the Company is familiar with the strategies, standards and requirements of Seazen Group and is therefore able to provide tailored services to Seazen Group to meet its specific needs. It is therefore believed that the Group has also contributed to the branding and quality promotion of Seazen Group's property products, which in turn may facilitate the provision of services and improve customer satisfaction of the Group.

Based on our own research conducted on the property management industry in the PRC, as set out on the website of the National Bureau of Statistics of the PRC (<http://data.stats.gov.cn>), the PRC's gross domestic product ("GDP") in 2021 reached RMB114.4 trillion, registering an increase of about RMB13 trillion or 8.1% growth year-on-year, as compared to 2020 when the economy was temporarily and adversely affected by the outbreak of the COVID-19 pandemic (the "Pandemic"). As a result of the Pandemic, the property management industry of the PRC experienced a short-term recession due to the slowdown in the overall real estate market development, the postponement of delivery of property projects, and disruption of real estate sales activities. However, the impacts of the Pandemic are short-term as a series of policies and measures have been implemented to support the economic recovery and property management companies, including but not limited to, implementing a proactive fiscal policy and a prudent monetary policy, and implementing policies such as burden reduction and relief, including tax cuts, tax rebates, etc. At the same time, regulatory notices were issued by the Ministry of Housing and Urban-Rural Development and other competent departments to provide guidance to the Chinese property management industry and aims to enhance the quality of property management services, hence, are expected to have a positive impact on the development of property management service industry in the PRC. According to China Index Academy ("CIA") (being the largest independent property research organisation with more than 15 offices nationwide, which provides comprehensive and accurate property/land data in a timely manner and generates key market insights for clients), the property management industry in the PRC should maintain its stable growth with the expected market size in terms of gross floor area ("GFA") under management reaching 31.1 billion sq.m in 2024. The accelerated development of the industry is mainly attributable to the rapid urbanisation, increasing household per capita disposable income, development of commodity housing, and favourable government policies and initiatives. In particular, pursuant to the Fourteenth Five Year Plan, the PRC government has announced the target urbanisation rate of the resident population* (常住人口城镇化) for the next five years from 2021 to be approximately 65.0%. In this connection, the PRC government promoted urbanisation

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in the PRC through, among others, (i) accelerating the agricultural population urbanisation* (加快農業轉移人口市民化) by implementing two main strategies, namely further reform of the household registration system* (深化戶籍制度改革) 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) improving urbanisation layout* (完善城鎮化空間布局) by implementing five strategies, namely promote the integrated development of conurbations* (推動城市群一體化發展), construct modernised metropolitan areas* (建設現代化都市圈), optimise and enhance functions of central urban areas in mega-sized-cities* (優化提升超大特大城市中心城區功能), improve habitability and employability in large and medium-sized cities* (完善大中城市宜居宜業功能) and promote urbanisation construction with counties/cities as major carriers* (推進以縣城為重要載體的城鎮化建設). Accordingly, the development of the PRC real estate market continues to be influenced by changes in the PRC government policies at a national and regional level, the market environment as well as the overall economic development of the PRC. In view of the above, with the uncertainty lingering during these turbulent times, the growth of the PRC real estate and the property management industries is cautiously optimistic in the long term.

With reference to the Letter from the Board under the section headed “Reducing Reliance on Mr. Wang’s Associated Companies”, the number of customers and projects (which are not related to Mr. Wang’s Associated Companies) for value-added services for FY2019, FY2020, FY2021 and for the nine months (“9M”) ended 30 September 2022 is 53, 73, 105 and 187, respectively. In respect of the property management services, the Group participated in 172 tenders during 9M2022, representing an increase of approximately 4.9% as compared to the total number of tenders participated by the Group for FY2021 (i.e. 164 tenders). For 9M2022, the Group has achieved approximately 99% customer retention rate in relation to properties developed by Mr. Wang’s Associated Companies and approximately 95% customer retention rate in relation to residential properties developed by other property developers, which have excluded certain projects voluntarily withdrawn by the Company due to the internal evaluation of economic costs.

With reference to the 2022 Interim Report, the Group has entered into property management contracts with 1,444 projects in 187 cities with a contracted GFA of approximately 297.0 million sq.m., representing a net increase of approximately 18.2 million sq.m. from the end of 2021, among which the contracted GFA from independent third parties accounted for approximately 44.0%, representing an increase of approximately 3.6% from the end of 2021. We understand from the Management that in regards to the Company’s effort in staying proactive in the expansion of third party projects and accomplished a total of over 19.6 million sq.m. of the contracted GFA expansion of independent third party projects in 1H2022, covering residences, hospitals, corporate office buildings, industrial parks and shopping malls, etc. In addition, pursuant to the terms and conditions of the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement, no exclusivity clause exist whereby the Group may from time to time provide certain property related services to Mr. Wang’s Associated Companies (including the Seazen Holdings) on a non-exclusive bases, therefore the Group has the flexibility to choose engaging property related services to any other independent third party customers. We have made enquiry to the Management that the Company has access and connection to other independent third party customers and has maintained business discussions with these

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customers from time to time. The Company will continuously adopt such measures for reducing reliance on Mr. Wang's Associated Companies. Accordingly, we concur with the Management and we do not doubt the effectiveness of such measures in 2023.

Having considered that: (i) the existing continuing connected transactions will be recurring in nature and similar transactions have been taking place in the past years in the ordinary and usual course of business of the Group; (ii) Mr. Wang's Associated Companies (including the Seazen Holdings) have been one of the major customers of the Group for the property management services and value-added services, the continuation of the Continuing Connected Transactions under the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement will maintain the Group's business operation; (iii) the relevant measures in reducing reliance on Mr. Wang's Associated Companies were in place; and (iv) the Group's internal control procedures to be discussed below under the section headed "5. Internal control procedures and review of the Continuing Connected Transactions", we are of the view that the entering into of the 2023 Seazen Framework Agreement, the 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement are in the interests of the Company and the Shareholders as a whole.

4. Principal terms of the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement

The principal terms of the 2023 Seazen Framework Agreement, the 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement are summarised as below, which are substantially identical except the contractual parties and the annual caps. Any reference to Mr. Wang's Associated Companies in the summary terms below, applies to Seazen Holdings as well:

Date	:	28 October 2022
Parties	:	(i) Jiangsu Xinchengyue (as the service provider); and (ii) Mr. Wang Xiaosong (as attorney for and on behalf of Mr. Wang) (Mr. Wang's Associated Companies as the recipient of services).
Term	:	The 2023 Seazen Framework Agreement, the 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement shall be effective from 1 January 2023 to 31 December 2023 (both days inclusive).

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**Property
Management
Services and
Value-added
Services:**

- : (a) Jiangsu Xinchengyue is responsible for providing Mr. Wang's Associated Companies with a wide range of property management services, including maintenance, conservation and management of properties, ancillary facilities and other relevant locations, preserving the cleanliness and maintaining order of the relevant areas (the "**Property Management Services**").
- (b) provision of engineering and construction services of community intelligence system, e.g., surveillance system, access control system, parking system and indoor smart homes for the properties developed by Mr. Wang's Associated Companies (the "**Intelligent Construction Services**");
- (c) provision of cleaning, security and customer services at the sale offices, city exhibition halls, showrooms and clubhouses in the development projects (the "**Sales Offices Management Services**");
- (d) provision of property inspection services before the delivery of the property projects according to the notice of Mr. Wang's Associated Companies, including (i) quality inspection which involves the inspection of the practical functions and the detailed perception of each residential unit; the outdoor general engineering, including roads, underground garages, community landscape, small artwork, green plantation and security intelligence system; and (ii) feedback based on the inspection results and in accordance to the acceptance standards of project management and inspection standards of Mr. Wang's Associated Companies to rectify and improve the delivery quality of Mr. Wang's Associated Companies (the "**Property Inspection Services**");

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- (e) provision of property preliminary stage consultancy services which includes (i) preliminary stage of property development: advising on market strategy, project design and the improvement of property services in areas involving engineering, procurement, design and other professional areas; (ii) pre-delivery risk assessment: conducting on-site risk assessment and construction progress assessment. The risk assessment mainly includes: (1) safety (entrance and exit design, security intelligence system, fire facilities and equipment, road traffic signs, etc.); (2) engineering (elevator, power system, drainage, fire protection system, intelligence system, children's fitness facilities, lighting, lightning protection, equipment room, technical information, etc.); (3) landscape (trees, shrubs and vegetation, lawn, water collection points, dumpster placement points, road flooring, etc.); and (iii) preparation work for pre-delivery: coordinating and communicating with Mr. Wang's Associated Companies in terms of the set-up of project team for project service and management plan optimisation, staff recruitment, initial identification of project manager, training of service personnel at all levels, clothing procurement, participation in predelivery risk assessment and propose rectification, material production and various preparatory work before delivery (the "**Property Preliminary Stage Consultancy Services**");
- (f) provision of sales agency services in relation to parking lot developed by Mr. Wang's Associated Companies, and the ownership of the parking lots remain with Mr. Wang's Associated Companies in case the Group fails to procure buyer for the parking lots by certain deadline (the "**Parking Lot Sales Services**");
- (g) provision of property maintenance and management services during the warranty period (i.e. 2-5 years) after the delivery of the properties developed by Mr. Wang's Associated Companies and to solve the housing quality issues for homeowners (the "**Property Maintenance and Management Services during the Warranty Period**");

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- (h) provision of elevator installation services in property development projects by Mr. Wang's Associated Companies, and maintenance services for the elevators in some of the properties under the management of Mr. Wang's Associated Companies (the "**Elevator Installation and Maintenance Services**");
- (i) provision of on-site event planning and layout services for property development project of Mr. Wang's Associated Companies (the "**On-site Event Planning and Layout Services**"); and
- (j) provision of miscellaneous entrustment service in relation to development projects organized by Mr. Wang's Associated Companies (the "**Miscellaneous Entrustment Services**").

Pricing Policy : The service fees shall be determined principally by arm's length commercial negotiations according to the principles of fairness and reasonableness by taking into account factors including the type of the development projects, the prevailing market rate, the guidance price of such services for similar type of development projects issued by the local government (if applicable) and the fees charged to the third party customers independent of the Group, the operational costs (including labor costs, material costs and administrative costs) to be incurred in the course of the provision of the services plus a profit margin and the anticipated increase in such costs due to inflation and economic and social development. The service fees shall not be higher than the standard fees approved by the state pricing regulatory authorities (if available) in any event.

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Subsidiary Agreements : For each development project of Mr. Wang's Associated Companies which requires the property management services under the 2023 Services Framework Agreement, the relevant Mr. Wang's Associated Company and Jiangsu Xinchengyue or its subsidiaries will enter into subsidiary agreements setting out the specific scope of services required and amount of fees payable in conformity with the principles (including the pricing policy mentioned above) set out in the 2023 Services Framework Agreement.

All transactions contemplated under the 2023 Services Framework Agreement shall be conducted on normal commercial terms and negotiated on arm's length basis.

Further details of the principal terms of the 2023 Services Framework Agreement, 2023 Seazen Framework Agreement and the 2023 Services Framework Supplemental Agreement, please refer to the section headed "The 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement" in the Letter from the Board.

Review of the principal terms

Primarily, we have reviewed the 2023 Seazen Framework Agreement, the 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement and we noted that the pricing and other principal terms of the 2023 Seazen Framework Agreement, the 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement continue to follow those of the Existing Framework Agreements.

Secondly, the service fees to be charged for each type of the Services will be determined principally after arm's length negotiations by taking into account factors including the type of the development projects, the prevailing market rate, the guidance price of such services for similar type of development projects issued by the local government (if applicable) and the fees charged to the third party customers independent of the Group, the operational costs (including labour costs, material costs and administrative costs) to be incurred in the course of the provision of the services plus a profit margin and the anticipated increase in such costs due to inflation and economic and social development. The service fees shall not be higher than the standard fees approved by the state pricing regulatory authorities (if available) in any event. For our independent review working of the Group's internal control procedures carried out under the term of the Existing Framework Agreements, please refer to the section headed "5. Internal control procedures and review of the Continuing Connected Transactions" below.

Lastly, we also noted from the relevant price quotations as contemplated under the Sample Transactions (as defined below) that: (a) pursuant to the Property Management Services, the fees to be charged for the Property Management Services are generally paid on an annual basis, which

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are in line with the Group's payment terms offered to independent third party customers under similar conditions and the market practice; (b) the fees to be charged for the Intelligent Construction Services are generally paid with reference to a progressive payment method and settled after the delivery of, the inspection and acceptance of the services, which are in line with the Group's payment terms offered to independent third party customers under similar conditions; (c) payments for the Sales Offices Management Services are generally made on a quarterly or monthly basis, which are the same as the payment terms offered to the independent third party customers under similar conditions and the market practice; (d) in connection with the Property Inspection Services, payments are generally settled within one month after the delivery of services, which are in line with the Group's payment terms offered to independent third party customers under similar conditions and the market practice; (e) the payment terms for the Property Preliminary Stage Consultancy Services are usually settled within one month after the delivery of the property, which are in line with that offered by the Group to the independent third party customers; (f) the payments of Parking Lot Sales Services are generally settled quarterly according to the actual number of parking spaces sold, which are in line with the Group's payment terms offered to independent third party customers under similar conditions and the market practice; (g) the fees to be charged for the Property Maintenance and Management Services during the Warranty Period are usually paid on a quarterly basis, which are in line with the Group's payment terms offered to independent third party customers under similar conditions and the market practice; (h) the payments of Elevator Installation and Maintenance Services are usually settled on a half-yearly or quarterly basis, which are in line with the Group's payment terms offered to independent third party customers under similar conditions and the market practice; and (i) pursuant to the On-site Event Planning and Layout Services, the fees to be charged for the On-site Event Planning and Layout Services are generally settled after the delivery of services, which are in line with the Group's payment terms offered to independent third party customers under similar conditions. In this regard, the payment terms offered to Mr. Wang's Associated Companies for the Continuing Connected Transactions are no less favourable than those offered to the independent third party customers.

Based on the above, we are of the view that the pricing and other terms of the 2023 Seazen Framework Agreement, the 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement are on normal commercial terms which are no less favourable to the Group than those available from other independent third party customers.

Historical actual transactions amount

As stated in the Letter from the Board, the table below sets out: (i) the historical actual transaction amounts of the Services for FY2019, FY2020, FY2021 and 9M2022; (ii) the annual caps for each of FY2019, FY2020, FY2021 and FY2022 in respect of the Services; and (iii) the respective utilisation rate of the annual caps for each of FY2019, FY2020, FY2021 and FY2022 in respect of the Services.

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Table 3: The annual caps and the historical actual transaction amounts of the Services for FY2019, FY2020, FY2021 and FY2022

	FY2019 <i>RMB' million</i>	FY2020 <i>RMB' million</i>	FY2021 <i>RMB' million</i>	FY2022 <i>RMB' million</i>
Historical transaction amounts	998.3	1,210.8	1,481.9	956.3 (up to 9M2022)
Approved annual caps	1,180.0	1,300.0	1,500.0	2,000.0
Utilisation rates	84.6%	93.1%	98.8%	47.8% (up to 9M2022)

As illustrated above, the historical actual transaction amount of the Services for 9M2022 amounted to approximately RMB956.3 million, registering a utilisation rate of approximately 47.8% of the existing annual cap of RMB2,000.0 million for FY2022. Should the historical actual transaction amount of the Services for 9M2022 be annualised, the projected transaction amount of the Services for FY2022 would amount to approximately RMB1,275.1 million, representing a utilisation rate of approximately 63.8%. As discussed with the Management, the relatively low utilisation rate of the Services for the annual cap for 9M2022 was mainly due to: (i) the impacts of the Pandemic, which lead to certain cities where the Group has business operations in have been under lockdown, resulting in the inability to carry out certain businesses of the Group; (ii) the general negative sentiment of the PRC property market as mainly due to the overleveraging of some real estate companies in the past and the further tightening of regulation in relation to the real estate industry by governments and financial institutions at all levels in 2021, the growth in PRC property market has slowed down in this regard; and (iii) the expected demand from Mr. Wang's Associated Companies for property management related services was less than the projection in 2021.

As stated in the Letter from the Board, the table below sets out the proposed 2023 Seazen Annual Cap and the 2023 Services Annual Cap in respect of the Services for FY2023.

Table 4: The proposed 2023 Seazen Annual Cap and 2023 Services Annual Cap of the Services for FY2023

	FY2023 <i>RMB' million</i>
Proposed 2023 Seazen Annual Cap of the Services	1,350.0
Proposed 2023 Services Annual Cap of the Services	100.0

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Basis for determining the proposed 2023 Seazen Annual Cap and 2023 Services Annual Cap of the Services

As stated in the Letter from the Board, the proposed 2023 Seazen Annual Cap and 2023 Services Annual Cap in respect of the Services was determined by reference to: (i) the aggregate amount of approximately RMB956.3 million settled by Mr. Wang's Associated Companies for property management services and value-added services for 9M2022, representing approximately 47.8% (or 63.8% after annualisation) of the existing annual cap for FY2022 amounted to RMB2,000.0 million; (ii) the decrease in the estimated demand of Mr. Wang's Associated Companies for property related services for FY2023: based on the public information disclosed by the Seazen Group, the area of land reserve of the Seazen Group as at 30 June 2022 is 130.5 million sq.m., represent a year-on-year decrease of approximately 12.7% as compared with that as at 30 June 2021; (iii) the historical amounts for property management services and value-added services for the three years FY2019, FY2020 and FY2021 settled between the Group and Mr. Wang's Associated Companies as disclosed in the section headed "Historical Transaction Amount under the 2022 Services Framework Agreement" of the Letter from the Board; and (iv) other factors such as our Group's business plans and inflation and buffer of 10% to cover the miscellaneous entrustment services ancillary to the property management services and value-added services and unexpected circumstances.

Caps Computation

In assessing the reasonableness of the proposed 2023 Seazen Annual Cap and 2023 Services Annual Cap of the Services, we have discussed with the Management on the basis and underlying assumptions for the purpose of setting the proposed annual caps of the Services. We have also obtained and reviewed from the Management the computation worksheets for the 2023 Seazen Annual Cap and 2023 Services Annual Cap in respect of the Continuing Connected Transactions (the "**Caps Computation**") including the project schedule (the "**Project Schedule**"), which is mainly based on: (a) the existing projects on hand as at 30 September 2022; (b) the secured projects as at 30 September 2022; and (c) the prospective projects expected to commence during FY2023. We noted that the Project Schedule has stated project details including but not limited to, the category for each service type, the name of the relevant residential property or office buildings with the respective located city and province, the service fee received as at 30 September 2022 and the service fee expected to receive in 2023. In regards to the basis for determining the proposed 2023 Seazen Annual Cap and 2023 Services Annual Cap, we analyse each basis as follows:

- (i) as abovementioned under the table headed "Table 3: The annual caps and the historical actual transaction amounts of the Services for FY2019, FY2020, FY2021 and FY2022", the historical actual transaction amount of the Services for 9M2022 amounted to approximately RMB956.3 million and the momentum in the transaction amounts in the remaining three months in 2022 is expected to maintain. On this basis, the proposed 2023 Seazen Annual Cap (i.e. RMB1,350.0 million) and 2023 Services Annual Cap (i.e. RMB100.0 million) are considered to be reasonable. Furthermore, we understand from the Management has, to the extent possible, factored in the aforesaid fluctuations as

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well as potential growth in demand with a view to avoid a situation whereby the proposed annual cap may become insufficient and lead to the possibility of a cessation of the Services in a short period of time and cause undue disruption to the subject projects. Such possible temporary cessation may be unduly burdensome and/or lengthy as it may subject to further administrative and/or approval procedures of two separate listed companies, where required, such would not be in the interests of the Company's operations or reputation;

- (ii) in relation to the decrease in the estimated demand of Mr. Wang's Associated Companies for property related services for FY2023. We have conducted due diligence research on the business and operations of the Seazen Group. With reference to the interim report of Seazen Group Limited (stock code: 1030) for 1H2022, the total land bank of the Seazen Group as at 30 June 2022 was amounted to 130,516,187 sq.m., which represented an approximately 12.9% decrease as compared to the total land bank of 149,915,219 sq.m. as at 30 June 2021. In addition, the new acquisitions of land have also dropped from a total GFA of approximately 18,316,066 sq.m. for IH2021 to a total GFA of approximately 16,029 sq.m. for IH2022, indicating a significant drop in property related projects of Seazen Group;
- (iii) as presented above under the table headed "Table 3: The annual caps and the historical actual transaction amounts of the Services for FY2019, FY2020, FY2021 and FY2022" in connection to the historical amounts for property management services and value-added services for FY2019, FY2020 and FY2021 settled between the parties, we noted that the historical transaction amounts of which amounted to approximately RMB998.3 million, RMB1,210.8 million and RMB1,481.9 million, represented a year-on-year growth rate of approximately 21.3% and 22.4% respectively. Assuming the actual transaction amounts of the Services for FY2022 would be reaching approximately RMB1,275.1 million as discussed in (i) above, the 2023 Seazen Annual Cap (i.e. RMB1,350.0 million) and 2023 Services Annual Cap (i.e. RMB100.0 million) would in aggregate represent a growth rate of approximately 13.7%. By comparing the growth rate of 13.7% with the historical growth year-on-year growth rate of approximately 21.3% and 22.4% during FY2019, FY2020 and FY2021, the Management considered that the proposed 2023 Seazen Annual Cap and 2023 Services Annual Cap has been determined in a prudent manner by comparing the growth rate of 13.7% with the historical growth year-on-year growth rate of approximately 21.3% and 22.4%; and
- (iv) in connection to other factors such as the Group's business plans and inflation, we noted from the Caps Computation that an additional buffer of approximately 10% was taken into consideration in this regard. As the additional buffer is reserved for unforeseeable circumstances including: (a) the unpredictable increase in cost of supply of such services during 2022; (b) Miscellaneous Entrustment Services; and (c) based on the projection in the world economic outlook published by the International Monetary Fund in October 2022 that the inflation rate in PRC is expected to reach about 2.2% in 2023, we consider that such buffer is acceptable.

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Based on the detailed reasons for the allocation of 2023 Seazen Annual Cap and 2023 Services Annual Cap as stated in the Letter from the Board, we have also analysed the basis and its reasonableness by reviewing and assessing the Project Schedule, the key factors in formulating the estimated allocation of 2023 Seazen Annual Cap and 2023 Services Annual Cap are set forth as below:

- (a) the estimated demand in respect of the Property Management Services is calculated based on the Property Management Services fees collected or to be collected from: (i) the delivered projects by Mr. Wang's Associated Companies in FY2022; (ii) the secured projects expected to be delivered by the end of FY2023 by Mr. Wang's Associated Companies; and (iii) the prospective projects expected to be secured in FY2023. We noted that the estimated Property Management Services fees payable to Seazen Holdings and Mr. Wang's Associated Companies (excluding Seazen Holdings) of approximately RMB143.4 million and RMB19.9 million derived from (i) and (ii) above have accounted for around 78.9% and 72.9% of the aggregated proposed allocation under 2023 Seazen Annual Cap and 2023 Services Annual Cap to the Property Management Services (i.e. approximately RMB181.8 million and RMB27.3 million) respectively;
- (b) regarding the Intelligent Construction Services, the estimated allocation of 2023 Seazen Annual Cap and 2023 Services Annual Cap are determined based on potential contractual value, estimated construction progress and expected completion of such intelligent engineering projects. With reference to the Project Schedule, we noted that the contract sum of the projects in this category secured by the Group is approximately RMB128.7 million as at 9M2022, in which projects in-construction amounted to approximately RMB100.3 million, and the projects to be undertaken by the Group during the 4th quarter of FY2022 and FY2023 are expected to generate revenue of approximately RMB140.2 million, as a result the total demand of Intelligent Construction Services is estimated at approximately RMB268.9 million, attributable to approximately 98.6% of the total estimated allocation of 2023 Seazen Annual Cap and 2023 Services Annual Cap as contemplated under the Intelligent Construction Services (i.e. approximately RMB263.6 million and RMB9.1 million);
- (c) for the Sales Offices Management Services, with reference to the Letter from the Board, the Group is providing Sales Offices Management Services to 181 projects in relation to Mr. Wang's Associated Companies, which correspond to a contract sum of approximately RMB263.0 million. According to the Project Schedule, on top of the 181 existing Sales Offices Management Services projects, there are over 50 Sales Offices Management Services projects currently under commercial negotiation. The contract sum of 181 existing Sales Offices Management Services projects accounts for over 80.0% of the estimated allocation of 2023 Seazen Annual Cap and 2023 Services Annual Cap to the Sales Office Management Services (i.e. approximately RMB300.0 million and RMB27.3 million);

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- (d) as advised by the Management, the estimated demand in relation to the Parking Lots Sales Agency Services is calculated based on: (i) the expected sales quantity deriving from the number of inventories and its dematerialisation rate (i.e. percentage of inventory expected to be sold with reference to the historical sales amount); and (ii) the average revenue per parking lot. Based on the above, we noted that the expected demand of Parking Lots Sales Agency Services for FY2023 is approximately RMB174.8 million, accounting for over 96.1% of the aggregate amount of proposed allocation of 2023 Seazen Annual Cap and 2023 Services Annual Cap under the Parking Lots Sales Agency Services (i.e. approximately RMB172.7 million and RMB9.1 million); and
- (e) pursuant to (i) Property Inspection Services; (ii) Property Preliminary Stage Consultancy Services; (iii) Property Management and Maintenance Services during the Warranty Period; (iv) Elevator Installation and Maintenance Services; and (v) On-site Event Planning and Layout Services, as stated in the Letter from the Board, the expected demand for such services for FY2023 are relatively stable and are similar to the corresponding amounts allocated under the 2022 Services Framework Agreement, which are generally in line with the Project Schedule.

Having considered the basis on which the proposed 2023 Seazen Annual Cap and 2023 Services Annual Cap of the Services are determined as described above, we are of the view that the proposed 2023 Seazen Annual Cap and 2023 Services Annual Cap are fair and reasonable so far as the Independent Shareholders are concerned.

5. Internal control procedures and review of the Continuing Connected Transactions

The Group has adopted certain internal control measures over the conduct of the Continuing Connected Transactions. Details of the internal control system are set out in the section headed “Internal control measures” in the Letter from the Board. The Management considers that the personnel authorised to execute the above internal control measures possess relevant experience and expertise in relation thereto, and the above internal control measures can ensure that the continuing connected transactions contemplated under the 2023 Seazen Framework Agreement, the 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement will be conducted on normal commercial terms in a manner not prejudicial to the interests of the Company and its Shareholders.

Based on the above, we have understood from the internal control procedures of the Group and noted that there are stringent controls in the transaction approval and implementation process. We have understood, including but not limited to: (i) regular monitoring of the continuing connected transactions contemplated under the Existing Framework Agreements by the finance department of the Group; (ii) monthly internal review on the terms of the property management services and value-added services provided under the Existing Framework Agreements; and (iii) preliminary review of the specific terms and conditions of the transactions prior to entering into

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any subsidiary agreements by the personnel of various departments including the legal department, finance department and operation department of the Company, to ensure their consistency with the Existing Framework Agreements.

In addition, we have accessed the fairness and reasonableness of the pricing mechanism by randomly obtaining and reviewing 18 sets of price quotations offered to Mr. Wang's Associated Companies and compared against 18 sets of price quotations offered to independent third party customers based on substantially the same requirements and/or specification for each type of services covering each of the: (a) Property Management Services; (b) Intelligent Construction Services; (c) Sales Offices Management Services; (d) Property Inspection Services; (e) Property Preliminary Stage Consultancy Services; (f) Parking Lot Sales Services; (g) Property Maintenance and Management Services during the Warranty Period; and (h) Elevator Installation and Maintenance Services during FY2022 (the "**Review Period**") prepared by the Group under the Existing Framework Agreements. As advised by the Management that during the Review Period as at 30 September 2022, the Group has not entered into any agreements for the On-site Event Planning and Layout Services with independent third party customers. Alternatively, we have obtained and reviewed agreements entered into between the Group and the independent third party customers for On-site Event Planning and Layout Services during FY2021. In relation to the Miscellaneous Entrustment Services, as advised by the Management, it was covered by the 10% buffer adopted on the 2023 Seazen Annual Cap and 2023 Services Annual Cap so as to accommodate any unexpected demand during FY2023 should they arise. As at 30 September 2022, no transactions with respect to the Miscellaneous Entrustment Services were conducted with both independent third party customers and Mr. Wang's Associated Companies. Based on our discussion with the Management, the Miscellaneous Entrustment Services are mainly attributable to facilitate extraordinary incidents such as, among others, (1) Pandemic related measures in the event that when the lockdown policy such as temporary control areas was imposed by the PRC government and (2) organising social events for residents of properties. Nevertheless, considering that (i) a total of 34 samples (the "**Sample Transactions**") were selected on a random basis which covered each of the services provided under the Existing Framework Agreements (save and except for the Miscellaneous Entrustment Services) and (ii) such Sample Transactions are selected during the Review Period as contemplated under the Existing Framework Agreements, we consider the Sample Transactions are adequate and representative. According to the Sample Transactions collected, we noted that each contract was reviewed when appropriate, by the responsible relevant personnel and internal audit department before the individual agreement was entered into. For the pricing policy of the Sample Transactions, we noted that it is in line with the Group's pricing policy as set out in the section headed "The 2023 Seazen Framework Agreement, the 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement" of the Letter from the Board, the service fees of the Property Management Services and Value-added Services will be determined principally by arm's length commercial negotiations according to the principles of fairness and reasonableness by taking into account factors including the type of the development projects, the prevailing market rate, the guidance price of such services for similar type of development projects issued by the local government (if applicable) and the fees charged to the third party customers independent of the Group, the operational costs (including labour costs, material costs and administrative costs) to be incurred in the course of the provision of the

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services plus a profit margin and the anticipated increase in such costs due to inflation and economic and social development. The service fees shall not be higher than the standard fees approved by the state pricing regulatory authorities (if available) in any event.

Based on our discussion with the Management, in regards to Property Management Services, the guidance price issued by the local government are generally available. We have performed desktop research on the relevant local government's website and compare against the price quotations we obtained as abovementioned, we noted that the fees charged by the Company for Property Management Services have followed the guidance price as stipulated by the respective local government. The relevant filing records of contract samples pursuant to the Property Management Services were also obtained and reviewed by us, we noted that the relevant contracts have been registered with the relevant local government department accordingly. Furthermore, as advised by the Management, nearby active market transaction prices were obtained by conducting market research to the surrounding areas of the project, such as similar projects in the vicinity.

Apart from the internal control measures adopted by the Group, we further understand from the Management that the Group has performed adequate credit risk control by, including but not limited to (i) reviewing Seazen Holdings' third quarter report of 2022; (ii) assessing Seazen Holdings' repayment history based on its recent repayment on outstanding loans; and (iii) monitoring Seazen Holdings' financial conditions. With reference to the above credit risk control measures taken by the Group, the Group took comfort in Seazen Holdings' financial position and noted that Seazen Holdings has sufficient cash or cash equivalents of approximately RMB34.5 billion. Furthermore, the Group noted that, in regards to relevant supportive national policies encouraging civilian-run enterprises including real estate enterprises to seek debt financing, Seazen Holdings has been pursuing financing through multiple channels since January 2022 and was able to meet its payment obligations. The finance department of the Group will, no less frequently than on a quarterly basis, evaluate the financial performance and position of Seazen Holdings. If the finance department is aware of any material adverse change in the financial conditions of Seazen Holdings, the relevant personnel shall report to the senior management of the Group immediately so as to minimise any potential adverse impact should they arise.

In addition to the credit risk control measure taken by the Group on Seazen Holdings, we have randomly selected five entities from Mr. Wang's Associated Companies (other than Seazen Holdings) (the "**Selected Entities**") and obtained from the Management for the respective management accounts as at 30 September 2022. Based on our assessment coupled with the discussion with the Management, we noted that: (i) all of the Selected Entities registered a positive NAV as at 30 September 2022, ranging from approximately RMB200.0 million to RMB1,000.0 million; (ii) the Group possess a well-established business relationship in the provision of various property management services to the Selected Entities since their date of incorporation, the Group did not record any default in payment historically and the Selected Entities were able to fulfil their payment obligation within the credit period granted by the Group; (iii) the cash and cash equivalent of the Selected Entities as at 30 September 2022 are more than sufficient to cover the 2023 Services Annual Cap for the expected service fees payable by Mr. Wang's Associated Companies (other than Seazen Holdings) based on historical pattern; and (iv) as stated in the

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announcement of Seazen Holdings titled “Business Briefing for September and 3rd Quarter of 2022” published in 26 October 2022, the interest-bearing debt of Mr. Wang’s Associated Companies’ (other than Seazen Holdings) amounted to approximately RMB6,766.0 million as at 30 September 2022, representing a substantial decrease by approximately RMB3,145.0 million as at 31 March 2022. All of the above demonstrated the financial capability of Mr. Wang’s Associated Companies (other than Seazen Holdings) to honour the required payment obligations under the Continuing Connected Transactions.

In view of the above, we consider that the internal control procedures including credit risk control procedures contained in the internal control manual of the Group are sufficient and effective to implement the Continuing Connected Transactions and are in the ordinary and usual course of business, on normal commercial terms or better.

Review by the external auditors and the independent non-executive Directors

Pursuant to Rule 14A.56 of the Listing Rules, the Company must engage its external auditors to review the continuing connected transactions annually to check and confirm, among others, whether the pricing terms have been adhered to and whether the relevant caps have been exceeded. With reference to the 2021 Annual Report and the independent auditor’s assurance report on continuing connected transactions which we obtained from the Company, the Company had engaged PricewaterhouseCoopers, the independent auditors of the Company (the “**Auditors**”) to report on the continuing connected transactions in relation to the 2021 Services Framework Agreements (the “**Historical Transactions**”) in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 (Revised) “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. We have obtained and reviewed the reports issued by the Auditors for FY2021 and note that the Auditors have concluded that nothing had come to their attention that caused them to believe that:

- (i) the Historical Transactions have not been approved by the Board;
- (ii) the Historical Transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- (iii) the Historical Transactions were not entered into, in all material respects, in accordance with the relevant agreements governing the Historical Transactions; and
- (iv) the Historical Transactions have exceeded the relevant cap amounts during FY2022.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors must review annually the continuing connected transactions and confirm in the Company’s annual report whether the continuing connected transactions have been entered into: (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) according to

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the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole. We note the independent non-executive Directors have issued such confirmation in respect of the Historical Transactions in the 2021 Annual Report.

Based on the above, we are of the view that the implementation of the above internal control procedures can ensure that the pricing terms of the Continuing Connected Transactions can be on normal commercial terms, fair and reasonable, and in particular, on terms that are no less favourable to the Group than those offered to the independent third party customers and that the Continuing Connected Transactions can be conducted as agreed in the 2023 Seazen Framework Agreement, 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement and in compliance with Chapter 14A of the Listing Rules.

OPINION AND RECOMMENDATION

Having considered the abovementioned principal factors and reasons, we are of the view that (i) the terms of the 2023 Seazen Framework Agreement, the 2023 Services Framework Agreement, the 2023 Services Framework Supplemental Agreement and the Continuing Connected Transactions are on normal commercial terms and fair and reasonable; and (ii) the Continuing Connected Transactions are entered into in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. We therefore advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant resolutions approving the 2023 Seazen Framework Agreement, the 2023 Services Framework Agreement, the 2023 Services Framework Supplemental Agreement and the Continuing Connected Transactions at the EGM.

Yours faithfully,
For and on behalf of
Opus Capital Limited
Li Lan
Executive Director

Mr. Li Lan is an Executive Director of Opus Capital Limited and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Li has over 16 years of corporate finance experience in Hong Kong and has participated in and completed various financial advisory and independent financial advisory transactions.

* *For identification purposes 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 Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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

2. DISCLOSURE OF INTERESTS

(i) Directors' and chief executive's interests and short positions in Shares, underlying Shares and debentures of the Company

As at Latest Practicable Date, the Directors and chief executive of the Company had the following interests and short positions in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO); (b) were recorded in the register required to be kept under Section 352 of the SFO; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

Name of Director	Nature of interest	Number of Shares	Percentage of the Company's issued share capital
Mr. Qi Xiaoming	Beneficial owner and trust beneficiary	4,960,000 ¹	0.57%
Mr. Gao Xinli	Beneficial owner and trust beneficiary	1,770,000 ²	0.20%
Ms. Wu Qianqian	Beneficial owner and trust beneficiary	1,262,022 ³	0.14%

Notes:

1. These include Mr. Qi Xiaoming's interests in 450,000 share options granted by the Company under the share option scheme (the "**Share Option Scheme**") adopted by the Company on 20 October 2018 and 900,000 underlying award shares upon full vesting of the awards granted by the Company under the share award scheme (the "**Share Award Scheme**") adopted by the Company on 15 November 2019.
2. These include Mr. Gao Xinli's interests in 945,000 share options granted by the Company under the Share Option Scheme and 600,000 underlying award shares upon full vesting of the awards granted by the Company under the Share Award Scheme.
3. These include Ms. Wu Qianqian's interests in 1,000,000 share options granted by the Company under the Share Option Scheme and 200,000 underlying award shares upon full vesting of the awards granted by the Company under the Share Award Scheme.

Save as disclosed above, as at the Latest Practicable Date, neither any of the Directors had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had, or was deemed to have, an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(ii) Substantial Shareholders' and other persons' interests and short positions in Shares and underlying Shares of the Company

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than Directors and chief executive of the Company) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO and are recorded in the register kept by the Company under Section 336 of the SFO:

Name of Shareholders	Identity and nature of interest	Number of shares held	Approximate percentage of shareholding
Mr. Wang	Founder of a discretionary trust ¹	600,000,000	68.89%

Name of Shareholders	Identity and nature of interest	Number of shares held	Approximate percentage of shareholding
Chen Ting Sen (PTC) Limited	Trustee ²	600,000,000	68.89%
Infinity Fortune Development Limited	Interest in a controlled corporation ²	600,000,000	68.89%
First Priority Group Limited	Interest in a controlled corporation ²	600,000,000	68.89%
Wealth Zone Hong Kong Investments Limited	Interest in a controlled corporation ³	600,000,000	68.89%
Innovative Hero Limited	Beneficial owner ⁴	600,000,000	68.89%

Notes:

1. Mr. Wang was the founder of Hua Sheng Trust, through which, Chen Ting Sen (PTC) Limited held long position in 600,000,000 shares through its controlled corporations in its capacity as the trustee.
2. Chen Ting Sen (PTC) Limited, as trustee of Hua Sheng Trust, which was established by Mr. Wang as settlor in favor of his family members, held 100% of the issued share capital of Infinity Fortune Development Limited, which in turn held 100% of the issued share capital of First Priority Group Limited.
3. Wealth Zone Hong Kong Investments Limited is 100% held by First Priority Group Limited.
4. Innovative Hero Limited is 100% held by Wealth Zone Hong Kong Investment Limited.

3. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or, so far as is known to them, any of their respective close associates (as defined in the Listing Rules) was interested in any business (apart from the Group's business) which competes or is likely to compete either directly or indirectly with the Group's business (as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them was a controlling shareholder).

4. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date:

- (i) none of the Directors had any interest in any assets which have been, since 31 December 2021 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (ii) Mr. Wang Xiaosong, a non-executive Director and the son of Mr. Wang, was considered to have a material interest in the transactions under the 2023 Services Framework Agreement. Save as the aforesaid, none of the Directors is materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting at the date of this circular and which is significant in relation to the business of the Group.

5. DIRECTORS' SERVICE CONTRACTS

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

6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any member of the Group.

7. MATERIAL ADVERSE CHANGE

The Directors confirm that as at the Latest Practicable Date, there has been no material adverse change in the Group's financial or trading position since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. QUALIFICATION AND CONSENT OF EXPERT

Opus Capital is a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the SFO. Opus Capital has given and has not withdrawn its written consent to the issue of this circular with the reference to its name and its letter in the form and context in which they respectively appear.

As at the Latest Practicable Date, Opus Capital did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group.

As at the Latest Practicable Date, Opus Capital did not have any interest, direct or indirect, in any assets which since 31 December 2021, the date to which the latest published audited financial statements of the Group were made up, have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

9. CORPORATE INFORMATION OF THE COMPANY

Registered office	PO Box 309 Ugland House Grand Cayman KY1-1104 Cayman Islands
Headquarters in the PRC	12th Floor, Seazen Holdings Tower B No. 5, Lane 388, Zhongjiang Road Putuo, Shanghai PRC
Principal place of business in Hong Kong	31/F, Tower Two Times Square 1 Matheson Street Causeway Bay, Hong Kong
Cayman Islands share registrar and transfer office	Maples Fund Services (Cayman) Limited PO Box 1093, Boundary Hall Cricket Square Grand Cayman KY1-1102 Cayman Islands

Hong Kong branch share registrar	Computershare Hong Kong Investor Services Limited 17M Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Joint Company Secretaries	Mr. You Jianfeng Ms. Ng Sau Mei

10. MISCELLANEOUS

In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

11. DOCUMENTS ON DISPLAY

Copies of the following documents is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.xinchengyue.com>) from the date of this circular up to and including the date of the EGM:

- (a) the 2023 Seazen Framework Agreement;
- (b) the 2023 Services Framework Agreement; and
- (c) the 2023 Services Framework Supplemental Agreement.

NOTICE OF EXTRAORDINARY GENERAL MEETING



S-Enjoy Service Group Co., Limited

新城悅服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1755)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of S-Enjoy Service Group Co., Limited (the “Company”, together with its subsidiaries, the “Group”) will be held at Room 1211, 12th Floor, Seazen Holdings Tower B, No. 5, Lane 388, Zhongjiang Road, Putuo, Shanghai, PRC on Thursday, 29 December 2022 at 9:00 a.m. for the purpose of considering and, if thought fit, with or without amendment, passing the following resolutions:

ORDINARY RESOLUTIONS

1. **“THAT:**

- (a) the 2023 Seazen Framework Agreement, a copy of which is tabled at the meeting and marked “A” and initialed by the chairman of the meeting for identification purpose, and the transactions contemplated thereunder, be and are hereby confirmed and approved;
- (b) the 2023 Seazen Annual Cap be and is hereby approved; and
- (c) any one Director of the Company be and is hereby authorised for and on behalf of the Company to sign, execute, perfect and deliver all such documents and to affix the common seal of the Company on any such document as and when necessary and do all such deeds, acts, matters and things as he may in his discretion consider necessary or desirable for the purposes of or in connection with the 2023 Seazen Framework Agreement.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

2. “**THAT:**

- (a) the 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement, copies of which are tabled at the meeting and marked “B” and initialed by the chairman of the meeting for identification purpose, and the transactions contemplated thereunder, be and are hereby confirmed and approved;
- (b) the 2023 Services Annual Cap be and is hereby approved; and
- (c) any one Director of the Company be and is hereby authorised for and on behalf of the Company to sign, execute, perfect and deliver all such documents and to affix the common seal of the Company on any such document as and when necessary and do all such deeds, acts, matters and things as he may in his discretion consider necessary or desirable for the purposes of or in connection with the 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement.”

By order of the Board
S-Enjoy Service Group Co., Limited
Qi Xiaoming
Chairman
Executive Director
Chief Executive Officer

Hong Kong, 14 December 2022

Notes:

- 1. A member entitled to attend and vote at the EGM is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the Memorandum of Association and Articles of Association of the Company, to vote on his/her behalf. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed.
- 2. Where there are joint holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
- 3. A form of proxy for use at the EGM is enclosed with the circular dated 14 December 2022 despatched to members of the Company.
- 4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hands of any officer or attorney duly authorised.

NOTICE OF EXTRAORDINARY GENERAL MEETING

5. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof, must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time for holding the EGM (i.e. before 9:00 a.m. on Tuesday, 27 December 2022) or any adjournment thereof failing which the form of proxy will not be valid.
6. Completion and return of the form of proxy will not preclude a member from attending the EGM and voting in person if he so wishes. In the event that a member attends and votes at the EGM after having lodged his form of proxy, his form of proxy shall be deemed to be revoked.
7. For determining the entitlement to attend and vote at the above meeting, the register of members of the Company will be closed from Thursday, 22 December 2022 to Thursday, 29 December 2022 (both days inclusive) and during such period no transfer of shares will be registered. In order to be entitled to attend and vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, 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, 21 December 2022.
8. Pursuant to Rule 13.39(4) of the Listing Rules, voting for the resolutions set out in this notice will be taken by poll at the above meeting.

Unless otherwise stated, the capitalized terms used herein shall have the same meanings as those defined in the circular of the Company dated 14 December 2022.

As at the date of this notice, the Board comprises Mr. Qi Xiaoming, Mr. Gao Xinli and Ms. Wu Qianqian as executive Directors; Mr. Wang Xiaosong, Mr. Lv Xiaoping and Mr. Lu Zhongming as non-executive Directors; and Ms. Zhang Yan, Mr. Zhu Wei and Mr. Xu Xinmin as independent non-executive Directors.