
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 and the accompanying Revised Form of Proxy 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)

- (i) DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTION —
RECTIFICATION OF BREACH OF THE LISTING RULES;
(ii) CONTINUING CONNECTED TRANSACTIONS;
AND
(iii) SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING**

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



A letter from the Board is set out on pages 7 to 24 of this circular. A letter from the Independent Board Committee is set out on pages 25 to 26 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 27 to 53 of this circular.

The Original Notice of AGM convening the AGM at Room 1211, 12th Floor, Seazen Holdings Tower B, No. 5, Lane 388, Zhongjiang Road, Putuo, Shanghai on Wednesday, 28 June 2023 at 10:00 a.m. was despatched to the Shareholders on 25 April 2023. The Supplemental Notice of AGM, which contains additional resolutions to be proposed at the AGM, is set out on pages AGM-1 to AGM-4 of this circular. A Revised Form of Proxy for use at the AGM is also sent to the Shareholders together with this circular. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.xinchengyue.com).

6 June 2023

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	7
LETTER FROM INDEPENDENT BOARD COMMITTEE	25
LETTER FROM OPUS CAPITAL	27
APPENDIX — GENERAL INFORMATION	54
SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING	AGM-1

DEFINITIONS

In this circular, 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 Parking Lot Refundable Deposit Annual Cap”	the annual cap of RMB76 million for the Parking Lot Refundable Deposit payable by the Group to Mr. Wang’s Associated Companies (excluding Seazen Holdings) under the 2023 Services Framework 2nd Supplemental Agreement for the year ending 31 December 2023
“2023 Seazen Framework Supplemental Agreement”	the supplemental agreement to the 2023 Seazen Framework Agreement dated 8 May 2023 (as supplemented and amended by the 2023 Seazen Framework 2nd Supplemental Agreement) entered into between Jiangsu Xinchengyue and Seazen Holdings in relation to, among others, the payment arrangement of Parking Lot Refundable Deposit payable by the Group to Seazen Holdings
“2023 Seazen Framework 2nd Supplemental Agreement”	the supplemental agreement to the 2023 Seazen Framework Supplemental Agreement dated 1 June 2023 entered into between Jiangsu Xinchengyue and Seazen Holdings to amend the term of the 2023 Seazen Framework Agreement
“2023 Seazen Parking Lot Refundable Deposit Annual Cap”	the annual cap of RMB515 million for the Parking Lot Refundable Deposit payable by the Group to Seazen Holdings under the 2023 Seazen Framework Supplemental 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 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)

DEFINITIONS

“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 relevant annual cap under the 2023 Services Framework Agreement
“2023 Services Framework 2nd Supplemental Agreement”	the second supplemental agreement to the 2023 Services Framework Agreement dated 8 May 2023 (as supplemented and amended by the 2023 Services Framework 3rd Supplemental Agreement) entered into between Jiangsu Xinchengyue and Mr. Wang in relation to, among others, the payment arrangement of Parking Lot Refundable Deposit payable by the Group to Mr. Wang’s Associated Companies (excluding Seazen Holdings)
“2023 Services Framework 3rd Supplemental Agreement”	the supplemental agreement to the 2023 Services Framework 2nd Supplemental Agreement dated 1 June 2023 entered into between Jiangsu Xinchengyue and Mr. Wang to amend the term of the 2023 Services Framework 2nd Supplemental Agreement
“AGM”	the annual general meeting of the Company to be held at Room 1211, 12th Floor, Seazen Holdings Tower B, No. 5, Lane 388, Zhongjiang Road, Putuo, Shanghai on Wednesday, 28 June 2023 at 10:00 a.m. or any adjournment thereof to, among other things, consider and if thought fit, approve the resolutions in relation to the Proposed Rectification, the 2023 Services Framework 2nd Supplemental Agreement, the 2023 Seazen Framework Supplemental Agreement and the transactions contemplated thereunder and the 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit Annual Cap
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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

DEFINITIONS

“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
“Group”	the Company and its subsidiaries
“Historical Refundable Deposits”	the Parking Lot Refundable Deposits paid by the Group to Mr. Wang’s Associated Companies during the year ended 31 December 2022 and up to 21 April 2023 pursuant to the Parking Lot Sales Agency Services Subsidiary Agreements in connection with the Parking Lot Sales Agency Services, the particulars of which are further described in the paragraph headed “2. Discloseable and continuing connected transactions — Rectification of breach of the Listing Rules” under the “Letter from the Board” in this circular
“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 (i) the Proposed Rectification; and (ii) the continuing connected transactions contemplated under the 2023 Services Framework 2nd Supplemental Agreement, the 2023 Seazen Framework Supplemental Agreement and the 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit Annual Cap
“Independent Financial Adviser” or “Opus Capital”	Opus Capital Limited, a licensed corporation to carry on 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 (i) the Proposed Rectification; and (ii) the continuing connected transactions contemplated under the 2023 Services Framework 2nd Supplemental Agreement, the 2023 Seazen Framework Supplemental Agreement and the 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit Annual Cap

DEFINITIONS

“Independent Shareholders”	the Shareholders, other than Mr. Wang and his associates, and all other Shareholders interested in the (i) the Proposed Rectification; and (ii) the 2023 Services Framework 2nd Supplemental Agreement, the 2023 Seazen 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”	1 June 2023, 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 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
“Original Form of Proxy”	the original form of proxy of the Company in respect of the resolutions set out in the Original Notice of AGM, which was despatched to the Shareholders on 25 April 2023
“Original Notice of AGM”	the original notice of the AGM dated 25 April 2023
“Parking Lot Refundable Deposits”	the refundable deposits to be paid by the Group to the relevant Mr. Wang’s Associated Companies pursuant to the Parking Lot Sales Agency Services Subsidiary Agreements in connection with the Parking Lot Sales Agency Services

DEFINITIONS

“Parking Lot Sales Agency Services”	the parking lot sales agency services to be provided by the Group to Mr. Wang’s Associated Companies as contemplated under, where applicable, the 2022 Services Framework Agreement, the details of which are set out in the announcement and circular of the Company dated 28 October 2021 and 3 December 2021, respectively; or the 2023 Seazen Framework Agreement and the 2023 Services Framework Agreement, the details of which are set out in the announcements and circular of the Company dated 28 October 2022, 8 December 2022 and 14 December 2022, respectively
“Parking Lot Sales Agency Services Subsidiary Agreement(s)”	the subsidiary agreement(s) to be entered into between the Group and the relevant Mr. Wang’s Associated Companies in connection with the Parking Lot Sales Agency Services
“PRC”	the People’s Republic of China
“Proposed Rectification”	the rectification of the payment of the Historical Refundable Deposits, which is proposed by the Company to be put forward as an ordinary resolution at the AGM for approval by the Independent Shareholders
“Prospectus”	prospectus of the Company dated 24 October 2018 issued in relation to its share offer
“Revised Form of Proxy”	the revised form of proxy of the Company in respect of the resolutions set out in the Original Notice of AGM and the Supplemental Notice of AGM
“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 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

DEFINITIONS

“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
“Supplemental Notice of AGM”	the supplemental notice of the AGM which is set out on pages AGM-1 to AGM-4 of this circular
“%”	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

Non-Executive Directors:

Mr. WANG Xiaosong

Mr. LV Xiaoping

Mr. LU Zhongming

Independent Non-Executive Directors:

Ms. ZHANG Yan

Mr. ZHU Wei

Mr. XU Xinmin

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

6 June 2023

To the Shareholders

Dear Sir or Madam,

**(i) DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTION —
RECTIFICATION OF BREACH OF THE LISTING RULES;**

AND

(ii) CONTINUING CONNECTED TRANSACTIONS

1. INTRODUCTION

Reference is made to (i) the announcement of the Company dated 21 April 2023 in relation to the Proposed Rectification; (ii) the announcement of the Company dated 8 May 2023 in relation to, inter alia, the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement; and (iii) the AGM circular of the Company and the Original Notice of AGM dated 25 April 2023.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further details of the Proposed Rectification; (ii) further information of the transactions contemplated under the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement; (iii) a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders in relation to the Proposed Rectification and the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement; (iv) a letter from the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Proposed Rectification and the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement; and (v) a Supplemental Notice of AGM and other information as required under the Listing Rules.

2. DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS — RECTIFICATION OF BREACH OF THE LISTING RULES

References are made to the announcement of the Company dated 21 April 2023 in relation to the Proposed Rectification and the announcement of the annual results for the year ended 31 December 2022 of the Company dated 29 March 2023 (the “**2022 Annual Results Announcement**”). As set out in note 11 to the consolidated financial statements in the 2022 Annual Results Announcement, the outstanding balance of deposits paid by the Group as at 31 December 2022 amounted to approximately RMB665.8 million. As confirmed by the Directors, out of such sum, approximately RMB560.8 million was outstanding balance of Historical Refundable Deposits paid to Mr. Wang’s Associated Companies (who are the connected persons of the Company) in relation to the Parking Lot Sales Agency Services provided by the Group. During the year ended 31 December 2022, the total amount of Historical Refundable Deposits paid by the Group to Mr. Wang’s Associated Companies amounted to approximately RMB359.8 million. Subsequent to 31 December 2022 and up to the Latest Practicable Date, the Group has further paid the Historical Refundable Deposits in an aggregate amount of approximately RMB13.5 million to Mr. Wang’s Associated Companies. As at the Latest Practicable Date, the outstanding balance of the Historical Refundable Deposits amounts to approximately RMB528.9 million. The Company has not made any further Parking Lot Refundable Deposits to Mr. Wang’s Associated Companies since 21 April 2023, the date of the announcement of the Company in relation to the Proposed Rectification.

LETTER FROM THE BOARD

2.1 Background of the Historical Refundable Deposits

The Historical Refundable Deposits were interest-free Parking Lot Refundable Deposits paid by the Group to Mr. Wang's Associated Companies pursuant to the relevant Parking Lot Sales Agency Services Subsidiary Agreements in the ordinary course of rendering the Parking Lot Sales Agency Services. Generally, for Parking Lot Sales Agency Services which are provided under exclusive distribution arrangement (i.e. an agreement between the Group and the customer (Mr. Wang's Associated Companies in this case), whereby an exclusive right to sell all parking lots of a particular project is granted to the Group), the Group would normally be required to pay the Parking Lot Refundable Deposits to Mr. Wang's Associated Companies calculated as follows:

$$\begin{array}{l} \text{Parking Lot Refundable} \\ \text{Deposits payable under the} \\ \text{relevant Parking Lot Sales} \\ \text{Agency Services Subsidiary} \\ \text{Agreement} \end{array} = \begin{array}{l} \text{Base price of each} \\ \text{parking lot}^{\#} \end{array} \times \begin{array}{l} \text{Number of parking lots} \\ \text{under the relevant} \\ \text{Parking Lot Sales} \\ \text{Agency Services} \\ \text{Subsidiary Agreement} \end{array}$$

Base price is the pre-determined acceptable lowest sales price. Subject to the terms of the Parking Lot Sales Agency Services Subsidiary Agreements, the Group's sales commissions are either based on (i) the difference between the actual sales prices and the base prices of subject parking lots; or (ii) the rate separately agreed between the Group and the purchaser of the parking lot. For details of the commission charged by the Group with respect to the Parking Lot Sales Agency Services, please refer to the announcements and circular of the Company dated 28 October 2022, 8 December 2022 and 14 December 2022, respectively.

The Parking Lot Refundable Deposits will generally be returned to the Group in the following manners: (i) upon completion of the sales of any parking lots, the Parking Lot Refundable Deposits corresponding to such parking lots that had been sold shall be returned to the Group along with the agreed sales commission; and (ii) with respect to the parking lots that the Group had not been able to procure any sales, such corresponding Parking Lot Refundable Deposits shall be returned back to the Group upon the expiration of the relevant Parking Lot Sales Agency Services Subsidiary Agreement (which generally has a term of three years). As confirmed by the Directors, the payment of Parking Lot Refundable Deposits is consistent with the industry practice in relation to parking lots sales agency services and the similar parking lots sales agency services that the Group provided to independent third parties. The Directors consider the payments are conducive for the Group to secure the engagement of the Group to provide Parking Lot Sales Agency Services, which would in turn ensure a stable income stream and enhance profitability of the Group. For further details regarding the Parking Lot Sales Agency Services rendered by the Group to Mr. Wang's Associated Companies, please refer to the announcements and circular of the Company dated 28 October 2022, 8 December 2022 and 14 December 2022, respectively.

2.2 Implications under the Listing Rules and the relevant non-compliance

As at the Latest Practicable Date, Mr. Wang is the controlling Shareholder. Mr. Wang's Associated Companies, being companies 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, are associates of Mr. Wang under the Listing Rules. As a result, Mr. Wang and Mr. Wang's Associated Companies

LETTER FROM THE BOARD

are connected persons of the Company under the Listing Rules. Accordingly, the Group's payment of Historical Refundable Deposits to Mr. Wang's Associated Companies constitutes continuing connected transactions of the Company.

During the year ended 31 December 2022 and up to the Latest Practicable Date, the Group had paid the Historical Refundable Deposits in an aggregate amount of RMB373.3 million to Mr. Wang's Associated Companies (the Company has not made any further Parking Lot Refundable Deposits to Mr. Wang's Associated Company since 21 April 2023). As at the Latest Practicable Date, the outstanding balance of the Historical Refundable Deposits amounts to approximately RMB528.9 million. As the highest applicable percentage ratios for the Historical Refundable Deposits have exceeded 5%, such transactions constituted continuing connected transactions and discloseable transactions of the Company which is subject to (i) the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules; and (ii) the reporting and announcement requirements under Chapter 14 of the Listing Rules.

During the year ended 31 December 2022 and up to 21 April 2023 (the day of the announcement of the Company with respect to the Historical Refundable Deposits), due to the inadvertent oversight of the management, the Company had not complied with the aforesaid requirements under the Listing Rules prior to and/or after making the payments of the Historical Refundable Deposits, and hence such payments and the subsequent failure of disclosure constituted breaches of the rules under Chapters 14, 14A and 13 of the Listing Rules.

2.3. Reasons for failure to comply with the requirements under the Listing Rules

The Directors wish to reiterate that the failure to observe the Listing Rules requirements as detailed in the paragraph "2.2. Implications under the Listing Rules and the relevant non-compliance" above was due to inadvertent oversight. The Historical Refundable Deposits are payment arrangements set out under the subsidiary agreements further entered into between the Group and Mr. Wang's Associated Companies, for rendering the Parking Lot Sales Agency Services. For the reasons and benefits of entering into the 2022 Services Framework Agreement, please refer to the announcement and the circular of the Company dated 28 October 2021 and 3 December 2021, respectively.

As the Historical Refundable Deposits are made during the normal and ordinary course of business of the Group in accordance with the industry norm and are refundable in nature, and other material terms of the relevant continuing connected transactions of the Parking Lot Sales Agency Services were already disclosed in the announcements and circular in relation to the 2022 Services Framework Agreement, 2023 Seazen Framework Agreement and 2023 Services Framework Agreement, the Directors did not recognize that the Historical Refundable Deposits may constitute as transactions with connected persons under Chapters 14 and 14A of the Listing Rules, which would be subject to disclosure and approval requirements under the Listing Rules. In the same reasoning as the above, the Directors also inadvertently failed to recognize such payments of deposits would constitute as advances to entity under Chapter 13 of the Listing Rules.

LETTER FROM THE BOARD

The Company deeply regret for the unintentional breach of the Listing Rules and reiterates its belief that continuing compliance with the Listing Rules and other applicable regulatory requirements is of utmost importance.

2.4. Rectification measures

An ordinary resolution will be put forward at the AGM for the Independent Shareholders to consider and, if thought fit, approve the rectification of the payment of the Historical Refundable Deposits. In the event that such ordinary resolution is not passed at the AGM, Mr. Wang's Associated Companies undertake to refund the outstanding balance of the Historical Refundable Deposits to the Group within five days after the date of the AGM.

2.5. Enhanced Internal Control Measures

To prevent the reoccurrence of the relevant breaches of Listing Rules, the Company will implement the following enhanced internal control measures:

- (a) The Company has already engaged an external counsel to provide training to the Board and the senior management of the Company on requirements under Chapters 14, 14A, 13 of the Listing Rules and others relevant requirements of the Listing Rules. Further, the Company will arrange continuous internal trainings on connected transactions to all relevant staff and senior management to reinforce and re-explain the relevant requirements under Chapters 14, 14A and 13 of the Listing Rules and others relevant requirements of the Listing Rules;
- (b) The Company shall regularly keep track of the outstanding balance of advances made to any entity (including connected persons of the Company) (within the meaning under Rule 13.13 of the Listing Rules). In the event the amount of advances is about to reach the disclosure threshold prescribed under Rules 13.13 to 13.15 of the Listing Rules, the Board shall be notified forthwith to prepare for follow up action, and the Board shall seek professional advice where necessary; and
- (c) The Company will monitor potential transactions which may constitute new connected transactions of the Group, by identifying the counterparties before signing the contracts and report them to the relevant personnel and senior management of the Company in advance. The relevant personnel and senior management will also consult professional advisers and the Stock Exchange (where necessary) in a timely manner prior to conducting such transaction(s).

LETTER FROM THE BOARD

3. 2023 SERVICES FRAMEWORK 2ND SUPPLEMENTAL AGREEMENT AND THE 2023 SEAZEN FRAMEWORK SUPPLEMENTAL AGREEMENT

References are made to the announcements and circular of the Company dated 28 October 2022, 8 December 2022 and 14 December 2022, respectively (the “**CCT Announcements and Circular**”) regarding the continuing connected transactions in relation to the 2023 Services Framework Agreement and 2023 Seazen Framework Agreement. Reference is also made to the announcement of the Company dated 21 April 2023 regarding, among others, the discloseable and continuing connected transaction of the Company in relation to the historical payment of Parking Lot Refundable Deposits during the year ended 31 December 2022 and for the period up to 21 April 2023 and the Proposed Rectification (the “**Parking Lot Refundable Deposits Announcement**”).

As disclosed in the CCT Announcements and Circular, (i) Jiangsu Xinchengyue and Seazen Holdings entered into the 2023 Seazen Framework Agreement 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 annual cap thereunder; (ii) Jiangsu Xinchengyue and Mr. Wang entered into the 2023 Services Framework Agreement 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 annual cap thereunder; and (iii) Jiangsu Xinchengyue and Mr. Wang entered into the 2023 Services Framework Supplemental Agreement in relation to the adjustment of the relevant annual cap under the 2023 Services Framework Agreement.

As disclosed in the Parking Lot Refundable Deposits Announcement and the paragraph headed “2. Discloseable and continuing connected transactions — Rectification of breach of the Listing Rules” in this circular, during the ordinary course of rendering the Parking Lot Sales Agency Services by the Group to Mr. Wang’s Associated Companies, for Parking Lot Sales Agency Services which are provided under the exclusive distribution arrangement (i.e. an agreement between the Group and the customer (Mr. Wang’s Associated Companies in this case), whereby an exclusive right to sell all parking lots of a particular project is granted to the Group), the Group would normally be required to pay the Parking Lot Refundable Deposits to Mr. Wang’s Associated Companies. In order to cater for this arrangement of payment of Parking Lot Refundable Deposits which would constitute discloseable and continuing connected transactions of the Group, the Group therefore entered into the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement with Mr. Wang and Seazen Holdings, respectively.

LETTER FROM THE BOARD

The principal terms of the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement are set out below, which are substantially identical except for the contractual parties and the relevant annual caps set out thereunder:

Date: 8 May 2023 (after trading hours) (as supplemented and amended by the 2023 Services Framework 3rd Supplemental Agreement dated 1 June 2023/ 2023 Seazen Framework 2nd Supplemental Agreement dated 1 June 2023)

Parties: *2023 Services Framework 2nd Supplemental Agreement*

- (i) Jiangsu Xinchengyue; and
- (ii) Mr. Wang

2023 Seazen Framework Supplemental Agreement

- (i) Jiangsu Xinchengyue; and
- (ii) Seazen Holdings

Term: Each of the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement shall be for a term commencing from the effective date of the respective agreement (detailed below) and up to 31 December 2023.

Each of the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement shall become effective upon (i) due execution by the parties thereof; and (ii) the parties having obtained all necessary approvals (including but not limited to approvals from their independent shareholders and/or their parent company's independent shareholders at their and/or their parent company's general meeting, and which, for clarity, including the approval by Independent Shareholders in the AGM) under all relevant laws, regulations, regulatory documents and regulatory rules (including but not limited to the Listing Rules).

LETTER FROM THE BOARD

Subject matter and pricing policy:

In connection with the 2023 Services Framework Agreement (or the 2023 Seazen Framework Agreement), the Group and Mr. Wang's Associated Companies (or Seazen Holdings) may enter into Parking Lot Sales Agency Services Subsidiary Agreement(s) for the provision of Parking Lot Sales Agency Services, and set down the terms of payment of the Parking Lot Refundable Deposits by the Group for serving as the sales agent. Nonetheless, the arrangement of payment of Parking Lot Refundable Deposits shall follow the following principles:

- (i) The Parking Lot Refundable Deposits payable shall be calculated as follows:

$$\begin{array}{rcccl} \text{Parking Lot} & & & & \text{Number of parking} \\ \text{Refundable} & & \text{Base price} & & \text{lots under the} \\ \text{Deposits} & = & \text{of each} & \times & \text{relevant Parking Lot} \\ \text{payable} & & \text{parking lot}^{\#} & & \text{Sales Agency} \\ & & & & \text{Services Subsidiary} \\ & & & & \text{Agreement} \end{array}$$

[#] Base price is the pre-determined acceptable lowest sales price. The basis of determination of the base price will be discussed below.

- (ii) The Parking Lot Refundable Deposits shall be refunded to the Group in the following manners upon fulfilment of the conditions set out below:
- (a) on a monthly basis and from the month following the entering into of the Parking Lot Sales Agency Services Subsidiary Agreement(s), the amount of Parking Lot Refundable Deposits with respect to the parking lots sold in the previous month will be refunded to the Group;
- (b) with respect to the parking lots that the Group had not been able to procure any sales, such corresponding Parking Lot Refundable Deposits shall be refunded back to the Group within a specified period (not more than 30 days) upon the expiration of the relevant Parking Lot Sales Agency Services Subsidiary Agreement.
- (iii) The base price of each parking lot shall be determined by Mr. Wang's Associated Companies (or Seazen Holdings) with reference to factors such as (i) the popularity of the parking lot; (ii) the condition of the real estate market; and (iii) the location of the parking lot, etc.

LETTER FROM THE BOARD

Subsidiary agreements: The parties shall enter into Parking Lot Sales Agency Services Subsidiary Agreement(s) based on the terms of the 2023 Services Framework 2nd Supplemental Agreement (or the 2023 Seazen Framework Supplemental Agreement). Each Parking Lot Sales Agency Services Subsidiary Agreement shall have an effective period of not more than 3 years, and shall be terminated with immediate effect upon the termination or expiration of the 2023 Services Framework 2nd Supplemental Agreement (or the 2023 Seazen Framework Supplemental Agreement) (if not being further extended for whatever reasons).

Historical Transaction Amounts

The table below sets forth the historical transaction amounts of the Historical Refundable Deposits paid by the Group to Mr. Wang's Associated Companies (excluding Seazen Holdings) and Seazen Holdings for the three years ended 31 December 2020, 2021 and 2022 and the period from 1 January 2023 and up to the Latest Practicable Date (*Note 1*):

	For the year ended 31 December			For the period from
	2020	2021	2022	1 January
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	2023 and
				up to
				the Latest
				Practicable
				Date
				<i>(RMB'000)</i>
Maximum daily balance of the Historical Refundable Deposits (<i>Note 2</i>)				
• Mr. Wang's Associated Companies (excluding Seazen Holdings)	24,117.26	72,331.74	93,273.53	75,191.78
• Seazen Holdings	101,788.39	256,269.24	494,724.98	496,424.50

Notes:

1. The Company had not made any further payment of Parking Lot Refundable Deposits to Mr. Wang's Associated Companies since 21 April 2023.
2. As at the Latest Practicable Date, the total remaining balance of Historical Refundable Deposits paid to Mr. Wang's Associated Companies amounted to approximately RMB528.9 million, among which (i) the remaining balance of Historical Refundable Deposits paid to Mr. Wang's Associated Companies (excluding Seazen Holdings) was approximately RMB73.4 million; and (ii) the remaining balance of Historical Refundable Deposits paid to Seazen Holdings was approximately RMB455.5 million.

LETTER FROM THE BOARD

Proposed annual caps and basis for determination

The table below sets forth the 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit Annual Cap for the Parking Lot Refundable Deposits to be paid by the Group to Mr. Wang's Associated Companies (excluding Seazen Holdings) and Seazen Holdings, respectively:

	For the year ending 31 December 2023	
	2023 Parking Lot Refundable Deposit Annual Cap under the 2023 Services Framework 2nd Supplemental Agreement (RMB'000)	2023 Seazen Parking Lot Refundable Deposit Annual Cap under the 2023 Seazen Framework Supplemental Agreement (RMB'000)
Maximum daily balance of the Parking Lot Refundable Deposits (<i>Notes 1 & 2</i>)	76,000	515,000

Notes:

1. Subject to the approval by the Independent Shareholders of the relevant resolutions in the AGM, each of the 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit Annual Cap shall be for the period from the date of approval by the Independent Shareholders in the AGM to 31 December 2023.
2. As at the Latest Practicable Date, the remaining balance of the Historical Refundable Deposits paid to Mr. Wang's Associated Companies (excluding Seazen Holdings) and Seazen Holdings were within the 2023 Parking Lot Refundable Deposit Annual Cap and 2023 Seazen Parking Lot Refundable Deposit Annual Cap, respectively.

In arriving at the abovementioned 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit Annual Cap, the Directors have taken into account, among others, (i) the amount of maximum daily balance of the Historical Refundable Deposits during the three years ended 31 December 2022 and the period from 1 January 2023 and up to the Latest Practicable Date; (ii) the estimated value of parking lots of Seazen Holdings and Mr. Wang's Associated Companies (excluding Seazen Holdings) available for sale by the Group as an agent for the year ending 31 December 2023; and (iii) the annual cap of commission charged by the Group for provision of parking lots sales agency services under the 2023 Services Framework Agreement and the 2023 Seazen Framework Agreement (for further details, such as the basis of determination of such annual cap of commission chargeable, please refer to the CCT Announcements and Circular).

LETTER FROM THE BOARD

Reasons for and benefits of the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement

As disclosed in the CCT Announcements and Circular, the Group had already entered into the 2023 Services Framework Agreement and the 2023 Seazen Framework Agreement with Mr. Wang and Seazen Holdings, respectively, for the provision of, among others, Parking Lot Sales Agency Services. The Board has considered the following reasons and benefits in determining the entering into of the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement:

- (i) as confirmed by the Directors, the payment of Parking Lot Refundable Deposits is consistent with the industry practice in relation to parking lots sales agency services and the similar parking lots sales agency services that the Group provided to independent third parties;
- (ii) the Directors consider the payments are conducive for the Group to secure from Mr. Wang's Associated Companies the engagement of the Group to provide Parking Lot Sales Agency Services, which would in turn ensure a stable income stream and enhance profitability of the Group. For further details regarding the Parking Lot Sales Agency Services rendered by the Group to Mr. Wang's Associated Companies, please refer to the CCT Announcements and Circular;
- (iii) by making the payment of the Parking Lot Refundable Deposits, the Group is generally able to charge higher commission as compared to those Parking Lot Sales Agency Services rendered by the Group without arrangement of Parking Lot Refundable Deposits. As confirmed by the Directors, based on historical transactions, the percentage of commission charged by the Group for Parking Lot Sales Agency Services with payment of Parking Lot Refundable Deposits is generally approximately 10 to 20 percentage points higher than those without payment of Parking Lot Refundable Deposits, which is consistent with industry practice;
- (iv) the Group generally adopts a policy under which the maximum daily balance of Parking Lot Refundable Deposits shall not be more than 50% of the cash and cash equivalents balances. In order to monitor the maximum daily balance of the Parking Lot Refundable Deposits, the Company shall, on a weekly basis, compare the expected maximum daily balance of the Refundable Deposits payable to Mr. Wang's Associated Companies for the upcoming week based on the relevant Parking Lot Sales Agency Services Subsidiary Agreements executed with the then prevailing cash and cash equivalents balance of the Group to ensure that the aforesaid 50% threshold is not exceeded. Before entering into each new Parking Lot Sales Agency Services Subsidiary Agreement(s), the management of the Company shall also make reference to the potential amount of the Parking Lot Refundable Deposits payable computed based on the relevant underlying payment terms, and such Parking Lot Sales Agency Services Subsidiary Agreement(s) will be entered into on the condition that the maximum daily balance of the Parking Lot Refundable

LETTER FROM THE BOARD

Deposits represents an utilisation of not more than 50% of the prevailing expected cash and cash equivalents balance of the Group. Taking into account such working capital management policy, the expected stable income stream to be acquired by the Group through the payment of the Parking Lot Refundable Deposits and other steady revenue streams from the Group's principal business, the Directors believes that the Company would have sufficient funding for its operation and consider the payment of the Refundable Deposits to be a fair means to better utilize its surplus cash;

- (v) pursuant to the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement, the Group has the right, but is not obliged to, enter into Parking Lot Sales Agency Services Subsidiary Agreements with Mr. Wang's Associated Companies for the provision of Parking Lot Sales Agency Services. Before entering into such Parking Lot Sales Agency Services Subsidiary Agreements with Mr. Wang's Associated Companies, the Group would conduct market research on the subject parking lots, such as their locations, conditions, market price of similar parking lots in the vicinity, to assess the expected sales pace of the subject parking lots and the fairness and reasonableness of the base price of parking lots (and hence the amount of Parking Lot Refundable Deposits) charged by Mr. Wang's Associated Companies. In the event that the Group is of the view that base prices of parking lots are not reasonable or not to the interest of the Group, the Group would either re-negotiate the base price of the parking lots or elect not to enter into the relevant Parking Lot Sales Agency Services Subsidiary Agreements;
- (vi) the refund mechanism for the Parking Lot Refundable Deposits has been agreed by parties and explicitly provided under the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement, therefore, the Company believes that the risks in respect of the recoverability of the Refundable Deposits are controllable by the Group; and
- (vii) based on the review of the financial results published by Seazen Group and Seazen Holdings, the long term cooperation between Mr. Wang's Associated Companies and the Group, the historical payment record of payments due from Mr. Wang's Associated Companies to the Group, the Board is not aware of any significant credit risk encountered by Mr. Wang's Associated Companies or anything unusual about the financial capability of the Mr. Wang's Associated Companies. To minimise the credit risk in relation to the payment of the Refundable Deposits, the Company will review the refunding status of the Parking Lot Refundable Deposits on a monthly basis. In the event of a delay in the Parking Lot Refundable Deposits to the Group, the Group will follow up with the relevant Mr. Wang's Associated Companies in a timely manner.

The terms of the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement have been arrived at after arm's length negotiations between the parties thereto. In particular, with respect to the expected interest free basis of the Parking Lot Refundable Deposits payable thereunder, the Directors have considered the reasons

LETTER FROM THE BOARD

and benefits discussed above and made reference to the general market practice of similar transactions. For illustration purpose only, the estimated rate of return of Parking Lot Refundable Deposits with respect to the Parking Lot Sales Agency Services rendered to Mr. Wang's Associated Companies in 2022 is approximately 47.7% (*Note*). Based on the said rate of return but assuming going forward the sales of parking lots by the Group for Mr. Wang's Associated Companies would take the entire three years to complete (i.e. the maximum term of the Parking Lot Sales Agency Services Subsidiary Agreement, and upon expiry of which any remaining balance of Parking Lot Refundable Deposits paid thereunder would have to be returned to the Group), the adjusted annual rate of return of Parking Lot Refundable Deposits would become approximately 15.9%, which is still higher than the historical interest rate of deposit offered by the general banks to the Group or the bank deposit rate in the market (for instance, based on the Renminbi deposit rate as at 15 September 2022 promulgated by the Bank of China, the interest rate per annum for one-year time deposit and three-year time deposit offered were approximately 1.65% and 2.60%, respectively). Based on the above and taking into account that it is not uncommon in the market for comparable companies to adopt interest-free basis arrangement for refundable deposits in similar transactions (for further details, please refer to the paragraph headed "4. Principal terms of the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement — Review of the principal terms" in the Letter from Opus Capital as set out in this Circular), the Directors are of the view that such arrangement is in line with normal market practice, fair and reasonable and on normal commercial term. All in all, having taken into account the aforementioned factors, the Directors (including the independent non-executive Directors after considering the advice from the Independent Financial Adviser) are of the view that the terms of the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement (including the 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit Annual Cap thereunder) and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

Note: The rate of return of Parking Lot Refundable Deposits in 2022 is calculated as follows:

Rate of return of Parking Lot Refundable Deposits for Parking Lot Sales Agency Services rendered to Mr. Wang's Associated Companies in 2022	=	$\frac{\text{Revenue generated from Parking Lot Sales Agency Services rendered to Mr. Wang's Associated Companies involving payment of Parking Lot Refundable Deposits in 2022}}{(\text{Opening balance of Historical Refundable Deposits in 2022} + \text{Closing balance of Historical Refundable Deposits in 2022})/2}$
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LETTER FROM THE BOARD

Internal Control Measures

In addition to the internal control measures set out in the CCT Announcements and Circular, the Company will adopt the following measures to monitor the transactions under the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement:

- (i) the Company will review the refunding status of the Parking Lot Refundable Deposits on a monthly basis. In the event of a delay in the Parking Lot Refundable Deposits to the Group, the Group will follow up with the relevant Mr. Wang's Associated Companies in a timely manner (for further details, please refer to the paragraph headed "Reasons for and Benefits of the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement" above);
- (ii) the Group generally adopts a policy under which the maximum daily balance of Parking Lot Refundable Deposits shall not be more than 50% of the cash and cash equivalents balances. In order to monitor the maximum daily balance of the Parking Lot Refundable Deposits, the Company shall, on a weekly basis, compare the expected maximum daily balance of the Refundable Deposits payable to Mr. Wang's Associated Companies for the upcoming week based on the relevant Parking Lot Sales Agency Services Subsidiary Agreements executed with the then prevailing cash and cash equivalents balance of the Group to ensure that the aforesaid 50% threshold is not exceeded (for further details, please refer to the paragraph headed "Reasons for and Benefits of the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement" above); and
- (iii) the Company shall regularly keep track of the outstanding balance of advances made to any entity (including connected persons of the Company) (within the meaning under Rule 13.13 of the Listing Rules, such as the Parking Lot Refundable Deposits). In the event the amount of advances (e.g. the Parking Lot Refundable Deposits) is about to reach the disclosure threshold prescribed under Rules 13.13 to 13.15 of the Listing Rules, the Board shall be notified forthwith to prepare for follow up action, and the Board shall seek professional advice where necessary.

4. INFORMATION ON THE PARTIES INVOLVED

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

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 are property development and property investment in the PRC.

5. LISTING RULES IMPLICATIONS

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 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement constitute continuing connected transactions for the Company.

As the highest applicable percentage ratio in respect of the 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit Annual Cap contemplated under the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement calculated in accordance with the Listing Rules exceeds 5%, the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement, together with the 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit Annual Cap thereof, constitute continuing connected transactions of the Company which are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of the Board meeting, (i) Mr. Wang Xiaosong, a non-executive Director and the son of Mr. Wang; and (ii) Mr. Lv Xiaoping and Mr. Lu Zhongming, being the non-executive Directors and the executive directors of Seazen, were considered to have a material interest in the transactions under the Proposed Rectification, the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement. As such, they have abstained from voting on the Board resolutions approving the Proposed Rectification, the 2023 Services Framework 2nd Supplemental Agreement, the 2023 Seazen Framework Supplemental Agreement and the transactions contemplated thereunder (including the 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit Annual Cap thereunder). Save as mentioned above, none of the other Directors have a material interest in the Proposed Rectification and the transactions contemplated under the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement, and therefore, no other Director has abstained from voting on approval of the relevant resolutions.

6. THE AGM, UPDATE ON BOOK CLOSURE PERIODS AND PROXY ARRANGEMENT

The AGM will be at Room 1211, 12th Floor, Seazen Holdings Tower B, No. 5, Lane 388, Zhongjiang Road, Putuo, Shanghai on Wednesday, 28 June 2023 at 10:00 a.m. for the Shareholders to consider and, if appropriate, to approve (i) the resolutions contained in the Original Notice of

LETTER FROM THE BOARD

the AGM; (ii) the Proposed Rectification; and (iii) the 2023 Services Framework 2nd Supplemental Agreement, the 2023 Seazen Framework Supplemental Agreement and the transactions contemplated thereunder (including the proposed 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit Annual Cap). The Original Notice of AGM was despatched to the Shareholders on 25 April 2023. The Supplemental Notice of AGM, which contains the aforesaid additional resolutions to be proposed at the AGM, is set out on pages AGM-1 to AGM-4 of this circular.

All Shareholders who have a material interest in the Proposed Rectification and any of the transactions contemplated under the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement, together with their associates, will be required to abstain from voting on the relevant resolution(s) to be proposed at the AGM. Accordingly, Mr. Wang and Mr. Wang's Associated Companies, which are deemed to be interested in 600,000,000 Shares, representing an aggregate of approximately 68.86% of the issued share capital of the Company as at the Latest Practicable Date, will be required to abstain from voting at the AGM on the resolutions in relation to the Proposed Rectification, the 2023 Services Framework 2nd Supplemental Agreement, the 2023 Seazen Framework Supplemental Agreement and the transactions contemplated thereunder (including the proposed 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit Annual Cap). Save as disclosed above, there is no other Shareholder who has any material interest in the Proposed Rectification and the transactions contemplated under the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement. As such, no other Shareholder is required to abstain from voting at the AGM on the resolutions in relation to the Proposed Rectification, the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement and the transactions contemplated thereunder.

Save as disclosed below, the book closure periods as disclosed in the AGM circular of the Company dated 25 April 2023 and the Original Notice of AGM remain unchanged. For the purpose of determining the entitlement for attending and voting at the AGM, the register of members of the Company will be closed from Friday, 23 June 2023 to Wednesday, 28 June 2023 (both days inclusive), during which period no transfer of Shares will be registered. **Please note that** in order to be qualified for attending and voting at the AGM, all transfers of Shares accompanied by the relevant share certificates must be lodged at the Company's branch share registrar and transfer office 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 June 2023.

A Revised Form of Proxy for use at the AGM is enclosed to this circular and such Revised Form of Proxy is also published on websites of the HKEXnews (www.hkexnews.hk) and the Company (www.xinchengyue.com). A Shareholder who has not yet lodged the Original Form of Proxy in accordance with the instructions printed thereon with Computershare Hong Kong Investor Service Limited (the Hong Kong share registrar of the Company) ("**Computershare**") is requested to complete and sign the Revised Form of Proxy in accordance with the instructions printed thereon and deposit it at Computershare at Shops 1712-1716, 17th Floor, Hopewell Centre, 183

LETTER FROM THE BOARD

Queen's Road East, Wanchai, Hong Kong, together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the AGM or any adjournment thereof (as the case may be). In this case, the Original Form of Proxy should not be lodged to Computershare. Completion and return of the Revised Form of Proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof (as the case may be) should you so wish.

A Shareholder who has already lodged the Original Form of Proxy in accordance with the instructions printed thereon with Computershare should note the following:

- (i) If no Revised Form of Proxy is lodged with Computershare, the Original Form of Proxy will be treated as a valid form of proxy lodged by the Shareholder if correctly completed. The proxy appointed under the Original Form of Proxy will be entitled to vote in his or her discretion or abstain from voting on any resolutions properly put to the AGM, other than those referred to in the Original Form of Proxy, including the additional resolutions set out in the Supplemental Notice of AGM.
- (ii) If the Revised Form of Proxy is lodged with Computershare in accordance with the instructions printed thereon not less than 48 hours before the time for holding the AGM or any adjournment thereof, the Revised Form of Proxy will revoke and supersede the Original Form of Proxy previously lodged by the Shareholder. The Revised Form of Proxy will be treated as a valid form of proxy lodged by the Shareholder if correctly completed.
- (iii) If the Revised Form of Proxy is lodged after 48 hours before the time for holding the AGM or any adjournment thereof, the Revised Form of Proxy will be deemed invalid. It will not revoke the Original Form of Proxy previously lodged by the Shareholder. The Original Form of Proxy will be treated as a valid form of proxy lodged by the Shareholder if correctly completed. The proxy appointed under the Original Form of Proxy will be entitled to vote in his or her discretion or abstain from voting on any resolutions properly put to the AGM, other than those referred to in the Original Form of Proxy, including the additional resolution set out in the Supplemental Notice of AGM.

7. VOTING BY WAY OF POLL

According to Rule 13.39(4) of the Listing Rules, all votes of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, all the resolutions put to the vote at the AGM will be taken by way of poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

LETTER FROM THE BOARD

8. RECOMMENDATION

The Independent Board Committee after considering the advice from the Independent Financial Adviser, is of the view that (i) the Proposed Rectification is fair and reasonable and in the interests of the Company and the Shareholders as a whole; (ii) the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement are entered into in the ordinary and usual course of business of the Company on normal commercial terms; and (iii) the terms of the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement (including the 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit Annual Cap thereto) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Board recommends the Independent Shareholders to vote in favour of the ordinary resolutions in respect of the Proposed Rectification, the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement and the transactions contemplated thereunder (including the 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit Annual Cap thereto) at the AGM.

ADDITIONAL INFORMATION

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

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)

6 June 2023

**DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTION —
RECTIFICATION OF BREACH OF THE LISTING RULES
AND
CONTINUING CONNECTED TRANSACTIONS**

To the Independent Shareholders

Dear Sir or Madam,

We refer to the circular of the Company dated 6 June 2023 (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, (i) the Proposed Rectification is fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement (including the proposed 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit Annual Cap) are fair and reasonable so far as the Independent Shareholders are concerned, the relevant continuing connected transactions (including the proposed 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit 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 (i) Proposed Rectification; and (ii) the terms of the continuing connected transactions contemplated under the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement (including the proposed 2023 Parking Lot Refundable Deposit Annual

LETTER FROM INDEPENDENT BOARD COMMITTEE

Cap and the 2023 Seazen Parking Lot Refundable Deposit 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 27 to 53 of the Circular.

We wish to draw your attention to the letter from the Board set out on pages 7 to 22 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 (i) the Proposed Rectification is fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) the terms of continuing connected transactions contemplated under the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement (including the proposed 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit 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 Proposed Rectification, the 2023 Services Framework 2nd Supplemental Agreement, the 2023 Seazen Framework Supplemental Agreement and the transactions contemplated thereunder (including the proposed 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit Annual Cap) to be proposed at the AGM.

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 (i) the Proposed Rectification; and (ii) the 2023 Services Framework 2nd Supplemental Agreement, the 2023 Seazen Framework Supplemental Agreement and the transactions contemplated thereunder (including the proposed 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit Annual Cap) for the purpose of inclusion in this circular.



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

6 June 2023

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

Dear Sirs or Madams,

**(i) DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTION —
RECTIFICATION OF BREACH OF THE LISTING RULES; AND
(ii) 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 (i) Proposed Rectification; and (ii) the 2023 Services Framework 2nd Supplemental Agreement, the 2023 Seazen Framework Supplemental Agreement and the transactions contemplated thereunder (including the proposed 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit 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 6 June 2023 (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 are made to the announcements of the Company dated 21 April 2023 in relation to the Proposed Rectification and the announcement of the annual results for the year ended 31 December 2022 of the Company dated 29 March 2023 (the “**2022 Annual Results Announcement**”). As set out in note 11 to the consolidated financial statements in the 2022 Annual Results Announcement, the outstanding balance of deposits paid by the Group as at 31 December 2022 amounted to approximately RMB665.8 million. As confirmed by the Directors, out of such sum, approximately RMB560.8 million was outstanding balance of Historical Refundable Deposits paid to Mr. Wang’s Associated Companies (who are the connected

LETTER FROM OPUS CAPITAL

persons of the Company) in relation to the Parking Lot Sales Agency Services provided by the Group. During the year ended 31 December 2022, the total amount of Historical Refundable Deposits paid by the Group to Mr. Wang's Associated Companies amounted to approximately RMB359.8 million. Subsequent to 31 December 2022 and up to the Latest Practicable Date, the Group has further paid the Historical Refundable Deposits in an aggregate amount of approximately RMB13.5 million to Mr. Wang's Associated Companies. As at the Latest Practicable Date, the outstanding balance of the Historical Refundable Deposits amounts to approximately RMB528.9 million. The Company has not made any further Parking Lot Refundable Deposits to Mr. Wang's Associated Companies since 21 April 2023, the date of the announcement of the Company in relation to the Proposed Rectification.

Further references are made to the announcements and circular of the Company dated 28 October 2022, 8 December 2022 and 14 December 2022, respectively (the “**CCT Announcements and Circular**”) regarding the continuing connected transactions in relation to the 2023 Services Framework Agreement and the 2023 Seazen Framework Agreement. Reference is also made to the announcement of the Company dated 21 April 2023 regarding, among others, the discloseable and continuing connected transaction of the Company in relation to the historical payment of Parking Lot Refundable Deposits during the year ended 31 December 2022 and for the period up to 21 April 2023 and the Proposed Rectification (the “**Parking Lot Refundable Deposits Announcement**”).

As disclosed in the CCT Announcements and Circular, (i) Jiangsu Xinchengyue and Seazen Holdings entered into the 2023 Seazen Framework Agreement 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 annual cap thereunder; (ii) Jiangsu Xinchengyue and Mr. Wang entered into the 2023 Services Framework Agreement 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 annual cap thereunder; and (iii) Jiangsu Xinchengyue and Mr. Wang entered into the 2023 Services Framework Supplemental Agreement in relation to the adjustment of the relevant annual cap under the 2023 Services Framework Agreement.

As disclosed in the Parking Lot Refundable Deposits Announcement and the paragraph headed “2. Discloseable and continuing connected transactions — Rectification of breach of the Listing Rules” in this circular, during the ordinary course of rendering the Parking Lot Sales Agency Services by the Group to Mr. Wang's Associated Companies, for Parking Lot Sales Agency Services which are provided under the exclusive distribution arrangement (i.e. an agreement between the Group and the customer (Mr. Wang's Associated Companies in this case), whereby an exclusive right to sell all parking lots of a particular project is granted to the Group), the Group would normally be required to pay the Parking Lot Refundable Deposits to Mr. Wang's Associated Companies. In order to cater for this arrangement of payment for Parking Lot Refundable Deposits which would constitute discloseable and continuing connected transactions of the Group, the

LETTER FROM OPUS CAPITAL

Group therefore entered into the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement with Mr. Wang and Seazen Holdings, respectively.

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 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement constitute continuing connected transactions for the Company.

As the highest applicable percentage ratio in respect of the 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit Annual Cap contemplated under the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement calculated in accordance with the Listing Rules exceeds 5%, the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement, together with the 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit Annual Cap thereof, constitute continuing connected transactions of the Company which are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of the Board meeting, (i) Mr. Wang Xiaosong, a non-executive Director and the son of Mr. Wang; and (ii) Mr. Lv Xiaoping and Mr. Lu Zhongming, being the non-executive Directors and the executive directors of Seazen, were considered to have a material interest in the transactions under the Proposed Rectification, the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement. As such, they have abstained from voting on the Board resolutions approving the Proposed Rectification, the 2023 Services Framework 2nd Supplemental Agreement, the 2023 Seazen Framework Supplemental Agreement and the transactions contemplated thereunder (including the 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit Annual Cap thereunder). Save as mentioned above, none of the other Directors has a material interest in the Proposed Rectification and the transactions contemplated under the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement, and therefore, no other Director has abstained from voting on approval of the relevant resolutions.

An ordinary resolution will be put forward at the AGM for the Independent Shareholders to consider and, if thought fit, approve the rectification of the payment of the Historical Refundable Deposits. In the event that such ordinary resolution is not passed at the AGM, Mr. Wang's Associated Companies undertake to refund the outstanding balance of the Historical Refundable Deposits to the Group within five days after the date of the AGM.

All Shareholders who have a material interest in the Proposed Rectification and any of the transactions contemplated under the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement, together with their associates, will be

LETTER FROM OPUS CAPITAL

required to abstain from voting on the relevant resolution(s) to be proposed at the AGM. Accordingly, Mr. Wang and Mr. Wang's Associated Companies, which are deemed to be interested in 600,000,000 Shares, representing an aggregate of approximately 68.86% of the issued share capital of the Company as at the Latest Practicable Date, will be required to abstain from voting at the AGM on the resolutions in relation to the Proposed Rectification, the 2023 Services Framework 2nd Supplemental Agreement, the 2023 Seazen Framework Supplemental Agreement and the transactions contemplated thereunder (including the proposed 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit Annual Cap). Save as disclosed above, there is no other Shareholder who has any material interest in the Proposed Rectification and the transactions contemplated under the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement. As such, no other Shareholder is required to abstain from voting at the AGM on the resolutions in relation to the Proposed Rectification, the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen 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 Proposed Rectification, the terms of the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement and the Continuing Connected Transactions, is 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 AGM to approve the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen 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

During the past two years immediately prior to the Latest Practicable Date, we were appointed as the independent financial adviser to advise the independent board committee and the independent shareholders of the Company in respect of the continuing connected transactions in connection with the 2023 Services Framework Agreement and 2023 Seazen Framework Agreement and the transactions contemplated thereunder, details of which are set out in the CCT Announcements and Circular (the "Previous Appointment"). The Previous Appointment was completed and independent to our current appointment.

LETTER FROM OPUS CAPITAL

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 appointment, save for the Previous Appointment, we have not (i) acted in the capacity as financial adviser or as an independent financial adviser to the Company; (ii) provided any services to the Company; or (iii) had any relationship with the Company. Apart from normal independent financial advisory fees paid or payable to us in connection with the Previous Appointment and the current 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 annual report for the year ended 31 December ("FY") 2022 (the "**2022 Annual Report**");
- (ii) the 2023 Services Framework 2nd Supplemental Agreement;
- (iii) the 2023 Seazen Framework Supplemental Agreement; and
- (iv) 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 AGM.

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

LETTER FROM OPUS CAPITAL

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 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental 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 Services Framework 2nd Supplemental Agreement and the 2023 Seazen 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 engaged 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 FY2021 and FY2022 as extracted from the 2022 Annual Report:

LETTER FROM OPUS CAPITAL

Table 1: Highlights of the financial results of the Group

	Audited	
	FY2022 <i>(RMB'000)</i>	FY2021 <i>(RMB'000)</i>
Revenue	5,179,553	4,350,735
— <i>Property management services</i>	3,024,934	2,100,212
— <i>Community-related value-added services</i>	1,284,549	915,603
— <i>Smart community services</i>	350,552	519,663
— <i>Developer-related value added services</i>	519,518	815,257
Gross profit	1,338,140	1,341,547
Profit attributable to the owners of the Company	423,476	525,455

Source: the 2022 Annual Report

During FY2022, the Group recorded revenue of approximately RMB5,179.6 million, representing an increase of approximately 19.1% from approximately RMB4,350.7 million for FY2021. Such increase in revenue was mainly attributable to: (i) the significant increase in the revenue from the property management services segment by approximately 44.0% from approximately RMB2,100.2 million for FY2021 to approximately RMB3,024.9 million for FY2022; and (ii) the significant growth in the revenue from the community-related value added services segment by approximately 40.3% from approximately RMB915.6 million for FY2021 to approximately RMB1,284.5 million for FY2022. For FY2022, the revenue derived from property management services and community-related value-added services segment accounted for approximately 58.4% and 24.8% of the total revenue of the Group, respectively.

The Group recorded gross profit of approximately RMB1,338.1 million for FY2022, representing a slight decrease of approximately 0.3% as compared to approximately RMB1,341.5 million for FY2021. Gross profit margin was approximately 25.8% for FY2022, representing a decrease of 5.0% as compared to 30.8% in FY2021. The decrease in overall gross profit margin was mainly due to the decrease in the gross profit margin across all business segments of the Group, which was mainly due to, among others: (a) the increase in the costs of services as a result of the COVID-19 pandemic (the “**Pandemic**”), which was mainly reflected by the increase in the overtime wages of the employees and Pandemic prevention supplies expenses; (b) the decline in the positive effect of residential projects which were newly delivered on gross profit margin; (c) the higher proportion of non-residential projects with low gross profit margins; (d) the rapid growth of the revenue from the group catering business and facility management services with low gross profit margin, which diluted the gross profit margin of the segment; and (e) the effect of the Pandemic on the operations of some of the Company’s businesses with fixed staff and facility costs, leading to the decline of the gross profit margin of the businesses.

Nevertheless, the profit attributable to the equity owners of the Company declined from approximately RMB525.5 million for FY2021 to approximately RMB423.5 million for FY2022, representing a decrease of approximately 19.4%, which was primarily due to the sluggish business

LETTER FROM OPUS CAPITAL

climate of the real estate development industry, as well as the significant year-on-year decrease in the demand for developer-related value-added services and smart community services. In addition, the US dollar bonds of the listed companies held by the Company caused further losses, which amounted to approximately RMB172.5 million.

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

Table 2: Highlights of the financial positions of the Group

	Audited	
	As at 31 December	
	2022	2021
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Non-current assets	1,451,636	1,073,263
Current assets	4,699,011	4,336,382
Non-current liabilities	232,785	203,606
Current liabilities	3,009,339	2,681,407
Net asset value (“NAV”) attributable to owners of the Company	2,589,478	2,283,920

Source: the 2022 Annual Report

As at 31 December 2022, the total assets and liabilities of the Group were approximately RMB6,150.6 million and RMB3,242.1 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 an increase of approximately 13.7% and 12.4% 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 RMB2,589.5 million as at 31 December 2022, representing an increase of approximately 13.4%.

2. Background information of Mr. Wang

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 are property development and property investment in the PRC.

LETTER FROM OPUS CAPITAL

3. Reasons for and benefits of the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement

As disclosed in the Letter from the Board, the CCT Announcements and Circular, the Group had already entered into the 2023 Services Framework Agreement and the 2023 Seazen Framework Agreement with Mr. Wang and Seazen Holdings, respectively, for the provision of, among others, Parking Lot Sales Agency Services. The Board has considered the following reasons and benefits in determining the entering into of the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement:

- (i) as confirmed by the Directors, the payment of Parking Lot Refundable Deposits is consistent with the industry practice in relation to parking lots sales agency services and the similar parking lots sales agency services that the Group provided to independent third parties;
- (ii) the Directors consider the payments are conducive for the Group to secure from Mr. Wang's Associated Companies, the engagement of the Group to provide Parking Lot Sales Agency Services, which would in turn ensure a stable income stream and enhance profitability of the Group;
- (iii) by making the payment of the Parking Lot Refundable Deposits, the Group is generally able to charge higher commission as compared to those Parking Lot Sales Agency Services rendered by the Group without arrangement of Parking Lot Refundable Deposits. As confirmed by the Directors, based on historical transactions, the percentage of commission charged by the Group for Parking Lot Sales Agency Services with payment of Parking Lot Refundable Deposits is generally approximately 10 to 20 percentage points higher than those without payment of Parking Lot Refundable Deposits, which is consistent with industry practice;
- (iv) the Group generally adopts a policy under which the maximum daily balance of Parking Lot Refundable Deposits shall not be more than 50% of the cash and cash equivalents balances. In order to monitor the maximum daily balance of the Parking Lot Refundable Deposits, the Company shall, on a weekly basis, compare the expected maximum daily balance of the Refundable Deposits payable to Mr. Wang's Associated Companies for the upcoming week based on the relevant Parking Lot Sales Agency Services Subsidiary Agreements executed with the then prevailing cash and cash equivalents balance of the Group to ensure that the aforesaid 50% threshold is not exceeded. Before entering into each new Parking Lot Sales Agency Services Subsidiary Agreement(s), the management of the Company shall also make reference to the potential amount of the Parking Lot Refundable Deposits payable computed based on the relevant underlying payment terms, and such Parking Lot Sales Agency Services Subsidiary Agreement(s) will be entered into on the condition that the maximum daily balance of the Refundable Deposits represents an utilisation of not more than 50% of the prevailing expected cash and cash equivalents balance of the Group. Taking into account such working capital management

LETTER FROM OPUS CAPITAL

policy, the expected stable income stream to be acquired by the Group through the payment of the Parking Lot Refundable Deposits and other steady revenue streams from the Group's principal business, the Directors believes that the Company would have sufficient funding for its operation and consider the payment of the Refundable Deposits to be a fair mean to better utilise its surplus cash;

- (v) pursuant to the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement, the Group has the right, but is not obliged to, enter into Parking Lot Sales Agency Services Subsidiary Agreements with Mr. Wang's Associated Companies for the provision of Parking Lot Sales Agency Services. Before entering into such Parking Lot Sales Agency Services Subsidiary Agreements with Mr. Wang's Associated Companies, the Group would conduct market research on the subject parking lots, such as their locations, conditions, market price of similar parking lots in the vicinity, to assess the expected sales pace of the subject parking lots and the fairness and reasonableness of the base price of parking lots (and hence the amount of Parking Lot Refundable Deposits) charged by Mr. Wang's Associated Companies. In the event that the Group is of the view that base prices of parking lots are not reasonable or not to the interest of the Group, the Group would either re-negotiate the base price of the parking lots or elect not to enter into the relevant Parking Lot Sales Agency Services Subsidiary Agreements;
- (vi) the refund mechanism for the Parking Lot Refundable Deposits has been agreed by parties and explicitly provided under the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement, therefore, the Company believes that the risks in respect of the recoverability of the Refundable Deposits are controllable by the Group; and
- (vii) based on the review of the financial results published by Seazen Group and Seazen Holdings, the long term cooperation between Mr. Wang's Associated Companies and the Group, the historical payment record of payments due from Mr. Wang's Associated Companies to the Group, the Board is not aware of any significant credit risk encountered by Mr. Wang's Associated Companies or anything unusual about the financial capability of the Mr. Wang's Associated Companies. To minimise the credit risk in relation to the payment of the Refundable Deposits, the Company will review the refunding status of the Parking Lot Refundable Deposits on a monthly basis. In the event of a delay in the Parking Lot Refundable Deposits to the Group, the Group will follow up with the relevant Mr. Wang's Associated Companies in a timely manner.

As stated in the Letter form the Board, the terms of the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement have been arrived at after arm's length negotiations between the parties thereto. In particular, with respect to the expected interest free basis of the Parking Lot Refundable Deposits payable thereunder, the Directors have considered the reasons and benefits discussed above and made reference to the general market practice of similar transactions. For illustration purpose only, the estimated rate of

LETTER FROM OPUS CAPITAL

return of Parking Lot Refundable Deposits with respect to the Parking Lot Sales Agency Services rendered to Mr. Wang's Associated Companies in 2022 is approximately 47.7% (*Note*). Based on the said rate of return but assuming going forward the sales of parking lots by the Group for Mr. Wang's Associated Companies would take the entire three years to complete (i.e. the maximum term of the Parking Lot Sales Agency Services Subsidiary Agreement, and upon expiry of which any remaining balance of Parking Lot Refundable Deposits paid thereunder would have to be returned to the Group), the adjusted annual rate of return of Parking Lot Refundable Deposits would become approximately 15.9%, which is still higher than the historical interest rate of deposit offered by the general banks to the Group or the bank deposit rate in the market (for instance, based on the Renminbi deposit rate as at 15 September 2022 promulgated by the Bank of China, the interest rate per annum for one-year time deposit and three-year time deposit offered were approximately 1.65% and 2.60%, respectively). Based on the above and taking into account that it is not uncommon in the market for comparable companies to adopt interest-free basis arrangement for refundable deposits in similar transactions (for further details in relation to our independent research, please refer to the below section headed "4. Principal terms of the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement — Review of the principal terms" in this letter).

Note: The rate of return of Parking Lot Refundable Deposits in 2022 is calculated as follows:

$$\begin{array}{l} \text{Rate of return of Parking Lot Refundable} \\ \text{Deposits for Parking Lot Sales Agency} \\ \text{Services rendered to Mr. Wang's Associated} \\ \text{Companies in 2022} \end{array} = \frac{\begin{array}{l} \text{Revenue generated from Parking Lot Sales} \\ \text{Agency Services rendered to Mr. Wang's} \\ \text{Associated Companies involving payment of} \\ \text{Parking Lot Refundable Deposits in 2022} \end{array}}{\begin{array}{l} \text{(Opening balance of Historical Refundable} \\ \text{Deposits in 2022 + Closing balance of} \\ \text{Historical Refundable Deposits in 2022)/2} \end{array}}$$

We understand that 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 Holdings) since 1996 and the Management 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.

As stated in the Letter form the Board, the Historical Refundable Deposits are made during the normal and ordinary course of business of the Group in accordance with the industry norm and are refundable in nature, and other material terms of the relevant continuing connected transactions of the Parking Lot Sales Agency Services were already disclosed in the announcements and circular in relation to the 2022 Services Framework Agreement, 2023 Seazen Framework Agreement and 2023 Services Framework Agreement. With reference to the 2022 Annual Report, we noted that the revenue generated from value-added services segment amounted to approximately 51.7% and 41.6% to the total revenue of the Group for FY2021 and FY2022,

LETTER FROM OPUS CAPITAL

respectively. Under the value-added services segment, the provision of parking lots sales agency services to Mr. Wang's Associated Companies, amounted to approximately RMB82.2 million and RMB93.7 million respectively, contributed approximately 1.9% and 1.8% to the total revenue of the Group for FY2021 and FY2022, respectively.

By making payments of the Historical Refundable Deposits and the Parking Lot Refundable Deposits, the Group has obtained, and shall obtain, the right to provide the Parking Lot Sales Agency Services in respect of all parking lots of a particular project granted to the Group by Mr. Wang's Associated Companies on an exclusive and sole basis. Leveraging on the background and operations of Mr. Wang's Associated Companies (including the Seazen Holdings), the entering into of the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement does not only allow the Group to secure a stable income stream of commission and agency fees which shall in turn enhance its profitability and returns to the Shareholders, the underlying refund mechanism for the Parking Lot Refundable Deposits shall also help reduce the potential risk exposure to the Group in respect of the recoverability of such deposits.

Based on our discussion with the Management, the payment of the Parking Lot Refundable Deposits payable by the Group were and will continue to be funded by the Group's internal resources generated from its operations. We have, in this regard, enquired with the Management regarding its policies to maintain sufficient funding for the Group to maintain its operations, and were advised that the Group generally adopts a treasury policy under which the maximum daily balance of Parking Lot Refundable Deposits shall not be more than 50% of the cash and cash equivalents balance. Furthermore, based on our discussions with the Management, the Company shall monitor and compare from time to time the prevailing cash and cash equivalents balance of the Group with other factors including, among others, the expected upcoming payment schedule of the Parking Lot Refundable Deposits, the prevailing outstanding balance of the paid Parking Lot Refundable Deposits and the expected required working capital for its business operations in the next 12 months. In particular, the Company shall, on a weekly basis, compare the expected maximum daily balance of the Parking Lot Refundable Deposits payable to Mr. Wang's Associated Companies (including the Seazen Holdings) for the upcoming week based on the relevant Parking Lot Sales Agency Services Subsidiary Agreements executed thus far with the then prevailing cash and cash equivalents balance of the Group in order to ensure that the aforesaid 50% threshold is not exceeded. Before entering into each new Parking Lot Sales Agency Services Subsidiary Agreement(s), the Management shall also make reference to the potential new maximum daily balance of the Parking Lot Refundable Deposits represents an utilisation of not more than 50% of the prevailing expected cash and cash equivalents balance of the Group. With the aforesaid working capital management policy and internal control policies in place, as well as the potential income to be generated by the Group through the payment of the Parking Lot Refundable Deposits and other steady revenue streams from the Group's principal business, we concur with the view of the Management that there are sufficient and effective internal control measures in place to monitor that the maximum daily balance of the Parking Lot Refundable Deposits shall not be more than the 50% threshold and the Company would have sufficient funding for its operations.

LETTER FROM OPUS CAPITAL

Having considered that (i) the longevity of the Parking Lot Sales Agency Services which is amongst 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 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement will maintain the Group's business operation; (iii) the commission charged by the Group for Parking Lot Sales Agency Services with payment of Parking Lot Refundable Deposits is expected to be approximately 10% to 20% higher than those without payment of Parking Lot Refundable Deposits; 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 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement is in the interests of the Company and the Shareholders as a whole.

4. Principal terms of the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement

The principal terms of the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement are set out below, which are substantially identical except for the contractual parties and the relevant annual caps set out thereunder:

- Date** : 8 May 2023 (after trading hours) (as supplemented and amended by the 2023 Services Framework 3rd Supplemental Agreement dated 1 June 2023/2023 Seazen Framework 2nd Supplemental Agreement dated 1 June 2023)
- Parties** : *2023 Services Framework 2nd Supplemental Agreement*
- (i) Jiangsu Xinchengyue; and
 - (ii) Mr. Wang
- 2023 Seazen Framework Supplemental Agreement*
- (i) Jiangsu Xinchengyue; and
 - (ii) Seazen Holdings
- Term** : Each of the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement shall be for a term commencing from the effective date of the respective agreement (detailed below) and up to 31 December 2023.

LETTER FROM OPUS CAPITAL

Each of the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement shall become effective upon (i) due execution by the parties thereof; and (ii) the parties having obtained all necessary approvals (including but not limited to approvals from their independent shareholders and/or their parent company's independent shareholders at their and/or their parent company's general meeting, and which, for clarity, including the approval by Independent Shareholders in the AGM) under all relevant laws, regulations, regulatory documents and regulatory rules (including but not limited to the Listing Rules).

Subject matter and pricing policy : In connection with the 2023 Services Framework Agreement (or the 2023 Seazen Framework Agreement), the Group and Mr. Wang's Associated Companies (or Seazen Holdings) may enter into Parking Lot Sales Agency Services Subsidiary Agreement(s) for the provision of Parking Lot Sales Agency Services, and set down the terms of payment of the Parking Lot Refundable Deposits by the Group for serving as the sales agent. Nonetheless, the arrangement of payment of Parking Lot Refundable Deposits shall follow the following principles:

- (i) The Parking Lot Refundable Deposits payable shall be calculated as follows:

$$\begin{array}{r} \text{Parking Lot} \\ \text{Refundable Deposits} \\ \text{payable} \end{array} = \begin{array}{r} \text{Base price of each} \\ \text{parking lot}^{\#} \end{array} \times \begin{array}{r} \text{Number of parking} \\ \text{lots under the relevant} \\ \text{Parking Lot Sales} \\ \text{Agency Services} \\ \text{Subsidiary Agreement} \end{array}$$

Base price is the pre-determined acceptable lowest sales price. The basis of determination of the base price will be disclosed below.

LETTER FROM OPUS CAPITAL

- (ii) The Parking Lot Refundable Deposits shall be refunded to the Group in the following manners upon fulfilment of the conditions set out below:
 - (a) on a monthly basis and from the month following the entering into of the Parking Lot Sales Agency Services Subsidiary Agreement(s), the amount of Parking Lot Refundable Deposits with respect to the parking lots sold in the previous month will be refunded to the Group;
 - (b) with respect to the parking lots that the Group had not been able to procure any sales, such corresponding Parking Lot Refundable Deposits shall be refunded back to the Group within a specified period (not more than 30 days) upon the expiration of the relevant Parking Lot Sales Agency Services Subsidiary Agreement.
- (iii) The base price of each parking lot shall be determined by Mr. Wang's Associated Companies (or Seazen Holdings) with reference to factors such as (i) the popularity of the parking lot; (ii) the condition of the real estate market; and (iii) the location of the parking lot, etc.

Subsidiary agreements : The parties shall enter into Parking Lot Sales Agency Services Subsidiary Agreement(s) based on the terms of the 2023 Services Framework 2nd Supplemental Agreement (or the 2023 Seazen Framework Supplemental Agreement). Each Parking Lot Sales Agency Services Subsidiary Agreement shall have an effective period of not more than 3 years, and shall be terminated with immediate effect upon the termination or expiration of the 2023 Services Framework 2nd Supplemental Agreement (or the 2023 Seazen Framework Supplemental Agreement) (if not being further extended for whatever reasons).

Further details of the principal terms of the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement, please refer to the section headed "3. 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement" in the Letter form the Board.

Review of the principal terms

Primarily, we have reviewed the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement and noted that the pricing and other terms are substantially identical except for the contractual parties. In addition, in assessing the fairness

LETTER FROM OPUS CAPITAL

and reasonableness of the payment of the Historical Refundable Deposits, we have obtained and reviewed from the Management, by way of random sampling, two sets of parking lot sales agency services subsidiary agreements previously entered into between the Group and Mr. Wang’s Associated Companies, and compared against two sets of parking lot sales agency services subsidiary agreements previously entered into between the Group and independent third party in relation to the provision of parking lot sales agency services during FY2022 (the “**Review Period**”), it is noted that each contract was reviewed when appropriate, by the responsible relevant personnel and internal audit department before the individual agreement was entered into. Further, we noticed that the principal terms of such agreements including but not limited to the pricing and other terms offered by Mr. Wang’s Associated Companies are generally consistent with those offered by independent third party vendors. Furthermore, we also noted that the pricing and other terms under the Historical Refundable Deposits are generally consistent with those of the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement which, as analysed below, are considered to be fair and reasonable.

In assessing the fairness and reasonableness of the key terms of the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement, including the nature of services provided, the requirement of security deposits, the pricing terms and mechanism, we have conducted an independent research by searching on the website of Stock Exchange and Bloomberg, using our best endeavours, we have identified a list of recent comparable transactions (the “**Comparable Transactions**”) that involved payment of refundable deposits in respect of the exclusive sales agency rights for parking spaces announced by property management companies which are listed on the Main Board of the Stock Exchange with a market capitalisation over HK\$400.0 million under the industry of “Real Estate Services” as classified by the Bloomberg Industry Classification System and with country of domicile in the PRC. Based on our best endeavour and as far as we are aware, we have identified an exhaustive list of ten (10) Comparable Transactions, which met the said criteria and was announced during the Review Period (i.e. approximately 12 months prior to the date of the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement). Details of the Comparable Transactions are set out in the table below.

Table 3: Analysis of the Comparable Transactions

Company Name (stock code)	Announcement date	Base price of the parking lots	Deposit rate	Interest rate	Payment in lump sum	Connected transaction
Times Neighborhood Holdings Limited (9928)	21 March 2023	Not available	Not available	Nil	Not available	Yes
Shimao Services Holdings Limited (873) (“ Shimao Services ”)	6 December 2022	Minimum acceptable sale price agreed upon by both parties	Not more than 35% of the base price	Nil	No (<i>Note 1</i>)	Yes

LETTER FROM OPUS CAPITAL

Company Name (stock code)	Announcement date	Base price of the parking lots	Deposit rate	Interest rate	Payment in lump sum	Connected transaction
Ronshine Service Holding Co., Limited (2207)	23 November 2022	Approximately 65% of the agreed market price	15% of the agreed market value	Nil	Not available	Yes
Poly Property Services Co Limited (6049)	16 November 2022	Minimum price to be charged for the sales and leasing price.	Not more than 50% of the base price	Not available	Not available	Yes
Roiserv Lifestyle Services Co Limited (2146) (“ Roiserv Lifestyle ”)	15 November 2022	approximately 70% to 80% of the agreed market value	100% of the base price	Not available	No (<i>Note 2</i>)	No
Sino-Ocean Service Holding Limited (6677)	14 October 2022	Minimum price to be charged for the sale	Not more than 50% of the base price	Nil	Not available	Yes
Dexin Services Group Limited (2215)	9 June 2022	Specific negotiated price for sales and leasing	Not exceeding 50% of the base price	Not available	Not available	Yes
Powerlong Commercial Management Holdings Limited (9909)	11 May 2022	65% of the agreed market value	30% of the market value	Nil	Not available	Yes
A-Living Smart City Services Co Limited (3319)	22 April 2022	Not more than 65% of the agreed market value	Not more than 30% of the base price	Not available	Not available	Yes
Kangqiao Service Group Limited (2205) (“ Kangqiao Service ”)	21 April 2022	The sales reserve price accepted by both parties	100% of the base price	Nil	Yes	Yes
The Company	21 April 2023	Base price is the pre-determined acceptable lowest sales price.	100% of the base price	Nil	No	Yes

Source: the website of the Stock Exchange and Bloomberg

Notes:

- As stated in the announcement of Shimao Services dated 6 December 2022, Shimao Services group shall pay deposits in accordance with the individual agreements for the exclusive rights to sell the respective carpark spaces.

LETTER FROM OPUS CAPITAL

2. As disclosed in the announcement of Roiserv Lifestyle dated 15 November 2022, Roiserv Lifestyle paid the initial performance deposit of RMB500,000,000 on June 2022 and the remaining performance deposit of RMB114,700,000 on 1 July 2022.

As shown in table 3 above, in connection to the base price of the parking lots among the Comparable Transactions, four (4) out of nine (9) Comparable Transactions have adopted a fixed or to apply a certain percentage points onto an agreed market value to determine the base price for the parking lots, which is ranging from not more than 65% to 80%. The base price of the remaining five (5) Comparable Transactions have all adopted a pre-determined or a mutually acceptable minimum price for sale or leasing on the relevant parking lots. Accordingly, by setting the base price as the pre-determined acceptable lowest sales price as stipulated under the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement is in line with those under the majority of the Comparable Transactions and is justifiable.

Pursuant to the deposit rate of the parking lots adopted by the Comparable Transactions, we noted that two (2) out of nine (9) transactions would make reference to the market value of the parking lots and to apply a certain percentage onto the market value, which is ranging from not more than 15% to 30% of the market value. Whereas seven (7) out of nine (9) Comparable Transactions have adopted a deposit rate based on a certain percentage to the base price of the parking lots, such range is ranging from not more than 30% to 100% on the base price of the parking lots, among those seven (7) Comparable Transactions, two (2) of which, namely Roiserv Lifestyle and Kangqiao Service have also set the respective deposit rate as 100% of their base price. Accordingly, the Parking Lot refundable Deposits of 100% of the base price of each parking lot under the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement is justifiable and in line with the market practice as set out under the Comparable Transactions.

Based on the relevant announcements of the Comparable Transactions, no information set out therein has indicated that the refundable deposits shall be entitle to any interest payment arrangement. Accordingly, having considered, among others, (i) a total of six (6) Comparable Transactions indicated that the relevant refundable deposits are interest-free; (ii) the percentage of commission charged by the Group for Parking Lot Sales Agency Services with payment of Parking Lot Refundable Deposits is generally approximately 10 to 20 percentage points higher than those without payment of Parking Lot Refundable Deposits; and (iii) the potential benefits of the Continuing Connected Transactions as mentioned under the section headed “3. Reasons for and benefits of the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement” above, we consider that the interest free basis under the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement is in line with the normal market practice, fair and reasonable and on normal commercial terms.

With respect to the payment terms of the Parking Lot Refundable Deposits, it is noted that the majority of the Comparable Transactions (i.e. seven (7) out of ten (10)) did not disclose the relevant payment terms of the refundable deposits in their respective announcements, among which

LETTER FROM OPUS CAPITAL

one (1) of them (i.e. Kangqiao Service) require the payment of the refundable deposits to be made in one lump sum within a certain period of time upon the execution of the relevant agreements. Whereas two (2) of the Comparable Transactions have payment terms requiring the refundable deposits to be paid in either two (2) instalments or case-by-case basis subject to the subsidiary agreement to be entered into. Taking into account that a majority of the Comparable Transactions are having a similar payment terms as the Parking Lot Refundable Deposits and one (1) of which is required to pay in lump sum within a certain period of time upon the execution of the relevant agreement, we are of the view that the payment terms as stipulated under the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement are no less favourable than the market practice.

Based on the above, we concur with the Management that the pricing and other terms of the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement are fair and reasonable and on normal commercial terms.

Historical actual transactions amount

As stated in the Letter from the Board, the table below sets out the historical actual transaction amounts of the Historical Refundable Deposits paid by the Group to Mr. Wang's Associated Companies (excluding Seazen Holdings) and Seazen Holdings for FY2020, FY2021, FY2022 and the period from 1 January 2023 and up to the Latest Practicable Date:

Table 4: The annual caps and the historical actual transaction amounts of the Historical Refundable Deposits

	FY2020	FY2021	FY2022	For the period from 1 January 2023 and up to the Latest Practicable Date
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>(Note 1)</i> <i>RMB'000</i>
Maximum daily balance of the Historical Refundable Deposits <i>(Note 2)</i>				
• Mr. Wang's Associated Companies (excluding Seazen Holdings)	24,117.26	72,331.74	93,273.53	75,191.78
• Seazen Holdings	101,788.39	256,269.24	494,724.98	496,424.50

Notes:

- The Company had not made any further payment of Parking Lot Refundable Deposits to Mr. Wang's Associated Companies since 21 April 2023.

LETTER FROM OPUS CAPITAL

2. As at the Latest Practicable Date, the total remaining balance of Historical Refundable Deposits paid to Mr. Wang's Associated Companies amounted to approximately RMB528.9 million, among which (i) the remaining balance of Historical Refundable Deposits paid to Mr. Wang's Associated Companies (excluding Seazen Holdings) was approximately RMB73.4 million; and (ii) the remaining balance of Historical Refundable Deposits paid to Seazen Holdings was approximately RMB455.5 million.

As illustrated above, the historical actual transaction amount of the Historical Refundable Deposits paid by the Group to (i) Mr. Wang's Associated Companies (excluding Seazen Holdings) amounted to approximately RMB24.1 million, RMB72.3 million and RMB93.3 million for FY2020, FY2021 and FY2022 respectively; and (ii) Seazen Holdings amounted to approximately RMB101.8 million, RMB256.3 million and RMB494.7 million for FY2020, FY2021 and FY2022 respectively. For the period from 1 January 2023 and up to the Latest Practicable Date, the Historical Refundable Deposits paid by the Group to Mr. Wang's Associated Companies (excluding Seazen Holdings) and Seazen Holdings amounted to approximately RMB75.2 million and RMB496.4 million respectively. Consequently, it is noted that the year-on-year growth rates for the maximum daily balance of the Historical Refundable Deposits during FY2020 to FY2022 are significant, representing approximately 161.0% and 78.9% respectively. As discussed with the Management, such significant increase in growth rate is mainly attributable to: (a) the number of parking lots sold by the Group as rendered under the Parking Lot Sales Agency Services amounted to 2,588, 5,684 and 7,679 for FY2020, FY2021 and FY2022 respectively, represented a significant year-on-year hike in the growth rate of approximately 119.6% and 35.1% respectively; and (b) the year-on-year increase in the success rate of the Group in entering into Parking Lot Sales Agency Services which are provided under exclusive distribution arrangement, whereby an exclusive right to sell all parking lots of a particular project is granted to the Group, represented a historical success rate of approximately 54.2%, 55.4% and 56.1% for FY2020, FY2021 and FY2022.

As stated in the Letter from the Board, the table below sets forth the proposed 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit Annual Cap for the Parking Lot Refundable Deposits to be paid by the Group to Mr. Wang's Associated Companies (excluding Seazen Holdings) and Seazen Holdings for FY2023, respectively:

LETTER FROM OPUS CAPITAL

Table 5: 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit Annual Cap for the Parking Lot Refundable Deposits

	FY2023	
	2023 Parking Lot Refundable Deposit Annual Cap under the 2023 Services Framework 2nd Supplemental Agreement RMB'000	2023 Seazen Parking Lot Refundable Deposit Annual Cap under the 2023 Seazen Framework Supplemental Agreement RMB'000
Maximum daily balance of the Parking Lot Refundable Deposits (<i>Notes 1 & 2</i>)	76,000	515,000

Notes:

1. Subject to the approval by the Independent Shareholders of the relevant resolutions in the AGM, each of the 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit Annual Cap shall be for the period from the date of approval by the Independent Shareholders in the AGM to 31 December 2023.
2. As at the Latest Practicable Date, the remaining balance of the Historical Refundable Deposits paid to Mr. Wang's Associated Companies (excluding Seazen Holdings) and Seazen Holdings were within the 2023 Parking Lot Refundable Deposit Annual Cap and 2023 Seazen Parking Lot Refundable Deposit Annual Cap, respectively.

Basis for determining the proposed 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit Annual Cap for the Parking Lot Refundable Deposits

As stated in the Letter from the Board, in arriving at the abovementioned 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit Annual Cap, the Directors have taken into account, among others, (i) the amount of maximum daily balance of the Historical Refundable Deposits during FY2020, FY2021, FY2022 and the period from 1 January 2023 and up to the Latest Practicable Date; (ii) the estimated value of parking lots of Seazen Holdings and Mr. Wang's Associated Companies (excluding Seazen Holdings) available for sale by the Group as an agent for FY2023; and (iii) the annual cap of commission charged by the Group for provision of parking lots sales agency services under the 2023 Services Framework Agreement and the 2023 Seazen Framework Agreement (for further details, such as the basis of determination of such annual cap of commission chargeable, please refer to the CCT Announcements and Circular).

LETTER FROM OPUS CAPITAL

Caps Computation

In assessing the reasonableness of the proposed 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit Annual Cap, we have discussed with the Management on the basis and underlying assumptions for the purpose of setting the proposed annual cap. We have also obtained and reviewed from the Management the computation worksheets for the 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit 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 and secured projects from the period from 1 January 2023 and up to the Last Practicable Date; (b) the maximum daily balance of the Historical Refundable Deposits paid by the Group to Mr. Wang’s Associated Companies (excluding Seazen Holdings) and Seazen Holdings for each project for the period from 1 January 2023 and up to the Last Practicable Date; and (c) the prospective projects expected to commence during the remaining period of FY2023. We noted that the Project Schedule has stated the project details including but not limited to, the name of the vendor coupled with the nature of the counterparty, namely whether the counterparty is an independent third party or connected party (Mr. Wang’s Associated Companies (excluding Seazen Holdings) or Seazen Holdings), the name of the relevant residential property or office buildings with the respective located city and province. In regards to the basis for determining the proposed 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit Annual Cap, we analyse each basis as follows:

- (i) with respect to the proposed 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit Annual Cap for FY2023, as abovementioned, we noted that the historical maximum daily balance of the Parking Lot Refundable Deposits paid by the Group to: (a) Mr. Wang’s Associated Companies (excluding Seazen Holdings) for amounted to approximately RMB24.1 million, RMB72.3 million and RMB93.3 million for FY2020, FY2021 and FY2022 respectively, represented a substantial increase of approximately 199.9% and 29.0% during the corresponding period; (b) Seazen Holdings amounted to approximately RMB101.8 million, RMB256.3 million and RMB494.7 million, registered a substantial increase of approximately 151.8% and 93.0% during the corresponding period; and (c) Mr Wang’s Associated Companies (excluding Seazen Holdings) and Seazen Holdings for the period from 1 January 2023 and up to the Latest Practicable Date amounted to approximately RMB75.2 million and RMB496.4 million respectively, both figures of which have contributed approximately 98.9% and 96.4% to the 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit Annual Cap respectively. Accordingly, we are of the view that the determination of the proposed 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit Annual Cap for FY2023 is fair and reasonable;

LETTER FROM OPUS CAPITAL

- (ii) regarding the estimated value of parking lots of Seazen Holdings and Mr. Wang's Associated Companies (excluding Seazen Holdings) available for sale by the Group as an agent for FY2023, the Project Schedule indicated that the unpaid Parking Lot Refundable Deposits of the secured projects are expected to be accounting for no more than approximately 1.0% and 3.0% of the 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit Annual Cap respectively. We further noted from Seazen's annual report for FY2022 that the total commercial operating income for FY2022 was approximately RMB10.0 billion (i.e. tax-included rental income), including: rentals, management fee, carpark, various operation and other sporadic management income from shops, office buildings and shopping centres, representing an increase of approximately 15.8% as compared to approximately RMB8.6 billion for FY2021;
- (iii) in connection to the annual cap of commission charged by the Group for provision of Parking Lot Sales Agency Services under the 2023 Services Framework Agreement and the 2023 Seazen Framework Agreement, as stated in the CCT Announcements and Circular, the estimated allocation towards the Parking Lot Sales Agency Services amounted to RMB172,730,000 and RMB9,090,000 for the 2023 Seazen Framework Agreement and 2023 Services Framework Agreement respectively. As advised by the Management, the estimated demand in relation to the Parking Lot Sales Agency Services is calculated based on: (a) the expected sales quantity deriving from the number of inventories and its dematerialisation (i.e. percentage of inventory expected to be sold with reference to the historical sales amount); and (b) the average revenue per parking lot. Based on the above, we noted that the expected demand of Parking Lot Sales Agency Services for FY2023 is approximately RMB174.8 million, accounted for over 96.1% of the aggregate amount of the allocation of 2023 Seazen Annual Cap and 2023 Services Annual Cap under the Parking Lot Sales Agency Services (i.e. approximately RMB172.7 million and RMB9.1 million). During the course of determining the 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit Annual Cap, the Management considered that the estimated allocation of annual cap for the provision of Parking Lot Sales Agency Services under the 2023 Services Framework Agreement and the 2023 Seazen Framework Agreement would not exceed the proposed 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit Annual Cap.

Having considered the basis on which the proposed 2023 Parking Lot Refundable Deposit Annual Cap and the 2023 Seazen Parking Lot Refundable Deposit Annual Cap are determined as described above, we are of the view that such annual cap is fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM OPUS CAPITAL

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

The Company has implemented a series of internal control measures in order to safeguard the interest of the Group and the Shareholders in respect of its continuing connected transactions. As set out in the Letter from the Board, in addition to the internal control measures set out in the CCT Announcements and Circular, the Company will adopt the following measures to monitor the transactions under the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement:

- (i) the Company will review the refunding status of the Parking Lot Refundable Deposits on a monthly basis. In the event of a delay in the Parking Lot Refundable Deposits to the Group, the Group will follow up with the relevant Mr. Wang's Associated Companies in a timely manner;
- (ii) the Group generally adopts a policy under which the maximum daily balance of Parking Lot Refundable Deposits shall not be more than 50% of the cash and cash equivalents balances. In order to monitor the maximum daily balance of the Parking Lot Refundable Deposits, the Company shall, on a weekly basis, compare the expected maximum daily balance of the Refundable Deposits payable to Mr. Wang's Associated Companies for the upcoming week based on the relevant Parking Lot Sales Agency Services Subsidiary Agreements executed with the then prevailing cash and cash equivalents balance of the Group to ensure that the aforesaid 50% threshold is not exceeded; and
- (iii) the Company shall regularly keep track of the outstanding balance of advances made to any entity (including connected persons of the Company) (within the meaning under Rule 13.13 of the Listing Rules, such as the Parking Lot Refundable Deposits). In the event the amount of advances (e.g. the Parking Lot Refundable Deposits) is about to reach the disclosure threshold prescribed under Rules 13.13 to 13.15 of the Listing Rules, the Board shall be notified forthwith to prepare for follow up action, and the Board shall seek professional advice where necessary.

Based on our discussion with the Management, with the purpose of enhancing the internal control measures in light of the Proposed Rectification, the Company has assigned a designated personnel at the finance department who is responsible to maintain a list of connected persons and circulate such list together with copies of the relevant extracts of the Listing Rules to the relevant personnel and senior management of each member of the Group, and such connected persons list shall be updated by such designated personnel or other senior management of the relevant subsidiary from time to time. Also, the Group shall report any potential connected transaction to the relevant personnel and senior management of the Company in advance in order to ascertain whether there will be any implications under the Listing Rules, if the designated personnel is facing any difficulties in determining whether such transaction would constitute any potential connected transaction, such designated personnel would inform the senior management, which would be followed by a procedure to table such transaction to the Board for further review, the Board would further consult with professional advisers where necessary. In addition, the Group

LETTER FROM OPUS CAPITAL

shall examine the pricing of continuing connected transactions regularly to ensure such transactions under the relevant framework agreements are conducted in accordance with the pricing terms thereof.

Furthermore, to prevent reoccurrence of similar breaches of the Listing Rules going forward, we understand from the Management that the Group has and/or will put in place the following internal control measures by (i) to engage an external counsel to provide training to the Board and the senior management of the Company on requirements under Chapter 14, 14A and 13 of the Listing Rule and other relevant requirements of the Listing Rules. We have made enquiries to the Management in relation to the expected timeframe of undertaking such training course and we were given to understand that the external counsel has conducted the relevant training course in May 2023. Further, we understand from the Management that the Company will arrange continuous internal trainings on connected transactions to all relevant staff and senior management including accounting staff, internal auditor and other senior management in all business departments of members of the Group on a regular basis to reinforce and re-explain the relevant requirements under Chapter 14, 14A and 13 of the Listing Rules and others relevant requirements of the Listing Rules; (ii) regularly reviewing, monitoring and verifying the exiting database relating to continuing connected transactions (including the identity of connected persons, annual cap amount, monthly transaction amount and cumulated amount etc.) to ensure accuracy. In particular, the Company has adopted a threshold reporting system to monitor the utilisation of the proposed annual caps in a timely manner. The finance department of the Company will assign designated personnel to closely monitor the actual amount of connected transactions incurred pursuant to the relevant framework agreements and submit to the Management the utilisation of the proposed annual caps on a monthly basis to ensure the annual caps would not be exceeded. In the event the actual transaction amount reaches the disclosure threshold prescribed under Rules 13.13 to 13.15 of the Listing Rules, a re-assessment will be conducted. If it is determined after such re-assessment that the annual cap may be exceeded, the Management would initiate the procedures for a board meeting and/or shareholders meeting (as and when required) to increase the annual cap as soon as practicable; and (iii) for any potential transaction(s) which may constitute new connected transaction(s) of the Group, the relevant personnel and senior management will seek consultation from professional advisers and the Stock Exchange (where necessary) in a timely manner prior to entering into of such transaction(s).

In addition, we understand from the Management that the Company has performed credit risk assessments in relation to the payment of the Parking Lot Refundable Deposits, the finance department of the Company has been reviewing and will continue to review the refunding status of the of the Parking Lot Refundable Deposits on a monthly basis. In the event of a delay in the refund of the Group, follow-up communications with the relevant Mr. Wang's Associated Companies will be conducted in a timely manner. For our due diligence purpose, we have reviewed relevant documents relating to the selection, approval and monitoring in respect of the Parking Lot Sales Agency Services and the Parking Lot Refundable Deposit provided by the Group to Mr. Wang's Associated Companies such as the internal management guidance, reporting correspondences of the responsible sales team and the minutes of the relevant meetings convened among the Management.

LETTER FROM OPUS CAPITAL

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 2022 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 2023 Seazen Framework Agreement, the 2023 Services Framework Agreement and the 2023 Services Framework Supplemental Agreement (collectively, 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 report issued by the Auditors for FY2022 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 for transactions involving the provision of goods or services by 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 as set by the Company.

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 the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole. We have obtained and reviewed such confirmation duly executed by the independent non-executive Directors and also noted the independent non-executive Directors have issued such confirmation in respect of the Historical Transactions in the 2022 Annual Report.

LETTER FROM OPUS CAPITAL

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 Services Framework 2nd Supplemental Agreement and the 2023 Seazen 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 Proposed Rectification, the terms of the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement and the Continuing Connected Transactions, is 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 Proposed Rectification, the 2023 Services Framework 2nd Supplemental Agreement, the 2023 Services Framework Supplement Agreement and the Continuing Connected Transactions at the AGM.

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.

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 Directors	Capacity/nature of interest	Number of Shares held	Appropriate percentage of the issued Shares
Mr. Qi Xiaoming	Beneficial owner and trust beneficiary	5,010,000 (L) ²	0.57%
Mr. Gao Xinli	Beneficial owner and trust beneficiary	1,770,000 (L) ³	0.20%
Ms. Wu Qianqian	Beneficial owner and trust beneficiary	1,262,022 (L) ⁴	0.14%

Notes:

- The letter "L" denotes the long position in Shares.

2. 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 750,000 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.
3. These include Mr. Gao Xinli's interests in 945,000 share options granted by the Company under the Share Option Scheme and 510,000 underlying award shares upon full vesting of the awards granted by the Company under the Share Award Scheme.
4. These include Ms. Wu Qianqian's interests in 1,000,000 share options granted by the Company under the Share Option Scheme and 170,000 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); (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	Capacity/nature of interest	Number of Shares held	Approximate percentage of the issued Shares
Mr. Wang	Founder of a discretionary trust ²	600,000,000 (L)	68.86%
Chen Ting Sen (PTC) Limited	Trustee ³	600,000,000 (L)	68.86%

Name of Shareholders	Capacity/nature of interest	Number of Shares held	Approximate percentage of the issued Shares
Infinity Fortune Development Limited	Interest in a controlled corporation ³	600,000,000 (L)	68.86%
First Priority Group Limited	Interest in a controlled corporation ³	600,000,000 (L)	68.86%
Wealth Zone Hong Kong Investments Limited	Interest in a controlled corporation ⁴	600,000,000 (L)	68.86%
Innovative Hero Limited	Beneficial owner ⁵	600,000,000 (L)	68.86%

Notes:

1. The letter “L” denotes the long position in Shares.
2. 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.
3. 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.
4. Wealth Zone Hong Kong Investments Limited is 100% held by First Priority Group Limited.
5. 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 2022 (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 Proposed Rectification, and the transactions under the 2023 Service Framework Agreement, 2023 Services Framework Supplemental Agreement, 2023 Seazen Framework Agreement, the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental 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 2022, 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 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 2022, 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 are 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 AGM:

- (a) the 2023 Services Framework 2nd Supplemental Agreement;
- (b) the 2023 Seazen Framework Supplemental Agreement;
- (c) the 2023 Services Framework 3rd Supplemental Agreement; and
- (d) the 2023 Seazen Framework 2nd Supplemental Agreement.

SUPPLEMENTAL NOTICE OF ANNUAL 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)

SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING

Reference is made to the notice of the annual general meeting dated 25 April 2023 (the “**Original Notice of AGM**”) which sets out the details of the resolutions to be proposed at the annual general meeting (the “**AGM**”) of S-Enjoy Service Group Co., Limited (the “**Company**”) to be held at Room 1211, 12th Floor, Seazen Holdings Tower B, No. 5, Lane 388, Zhongjiang Road, Putuo, Shanghai, PRC on Wednesday, 28 June 2023 at 10:00 a.m. for the Shareholders’ approval. Unless otherwise defined herein, capitalised terms used in this supplemental notice shall have the same meanings as those defined in the circular of the Company dated 6 June 2023 in relation to the (i) proposed rectification of payment of historical refundable deposits; and (ii) continuing connected transactions of the Company (the “**Circular**”).

SUPPLEMENTAL NOTICE IS HEREBY GIVEN that the AGM will be held as originally scheduled, to consider and, if thought fit, pass the following resolutions as ordinary resolutions of the Company, in addition to the resolutions set out in the Original Notice of AGM.

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the Proposed Rectification be and is hereby approved; and
- (b) 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 Proposed Rectification.”

2. “**THAT:**

- (a) the 2023 Services Framework 2nd Supplemental Agreement (as supplemented and amended by the 2023 Services Framework 3rd Supplemental 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;

SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING

- (b) the 2023 Parking Lot Refundable Deposit 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 2nd Supplemental Agreement (as supplemented and amended by the 2023 Services Framework 3rd Supplemental Agreement).”
3. “**THAT:**
- (a) the 2023 Seazen Framework Supplemental Agreement (as supplemented and amended by the 2023 Seazen Framework 2nd Supplemental Agreement), a copy of which is 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 Seazen Parking Lot Refundable Deposit 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 Supplemental Agreement (as supplemented and amended by the 2023 Seazen Framework 2nd Supplemental Agreement).”

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

Hong Kong, 6 June 2023

Notes:

1. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the circular of the Company dated 25 April 2023 in relation to the resolutions to be proposed at the AGM and the supplemental circular of the Company dated 6 June 2023 in relation to (i) the proposed rectification of payment of historical refundable deposits; and (ii) the continuing connected transactions of the Company.

SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING

2. Save for the inclusion of the additional proposed resolutions as set out in this supplemental notice of the AGM, there are no other changes to the resolutions set out in the Original Notice of AGM. For details of the other resolutions to be considered at the AGM, closure of the register of members of the Company (other than details below), eligibility for attending the AGM, registration procedures for attending the AGM, appointment of proxy, method of voting and other relevant matters, please refer to the Original Notice of AGM. As set out in the Circular, **please note that** in order to qualify for attending the AGM, all completed share transfer documents together with the relevant share certificates must be lodged for registration with the branch share registrar 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 no later than 4:30 p.m. on Wednesday, 21 June 2023.
3. The resolutions at the AGM will be taken by poll pursuant to the Listing Rules. The results of the poll will be published on the designated website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.xinchengyue.com) in accordance with the Listing Rules.
4. Since the original form of proxy (the “**Original Form of Proxy**”) does not contain the additional proposed resolutions as set out in this supplemental notice of AGM, a revised form of proxy (the “**Revised Form of Proxy**”) has been prepared and is enclosed with the Circular despatched to members of the Company.
5. The Revised Form of Proxy for use at the AGM is enclosed and is also published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company’s website (www.xinchengyue.com). Whether or not you intend to attend the AGM, you are requested to complete and return the enclosed Revised Form of Proxy in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the AGM (i.e. not later than 10:00 a.m. on Monday, 26 June 2023) or any adjournment thereof (as the case may be). Completion and return of the Revised Form of Proxy will not preclude you from attending the AGM and voting in person if you so wish.
6. Any Shareholder entitled to attend and vote at the meeting convened by the above notice is entitled to appoint more than one proxy to attend and vote on behalf of him. A proxy need not be a Shareholder. 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.
7. If you have not lodged the Original Form of Proxy in accordance with the instructions printed thereon, you are requested to lodge the Revised Form of Proxy if you wish to appoint proxies to attend the AGM on your behalf. In this case, the Original Form of Proxy should not be lodged.
8. If you have already lodged the Original Form of Proxy in accordance with the instructions printed thereon, you should note that:
 - (i) If no Revised Form of Proxy is lodged in accordance with the instructions printed thereon, the Original Form of Proxy will be treated as a valid form of proxy lodged by you if duly completed. The proxy appointed under the Original Form of Proxy will also be entitled to vote in accordance with the instructions previously given by you or at his/her discretion (if no such instructions are given) on any resolutions properly put to the AGM, including the additional proposed resolution as set out in this supplemental notice of AGM.
 - (ii) If the Revised Form of Proxy is lodged in accordance with the instructions printed thereon at or before 48 hours before the time appointed for the AGM or any adjournment thereof, the Revised Form of Proxy will revoke and supersede the Original Form of Proxy previously lodged by you. The Revised Form of Proxy will be treated as a valid form of proxy lodged by you if duly completed.

SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING

- (iii) If the Revised Form of Proxy is lodged after 48 hours before the time appointed for the AGM or any adjournment thereof, the Revised Form of Proxy will be deemed invalid. The Revised Form of Proxy will not revoke the Original Form of Proxy previously lodged by you. The Original Form of Proxy will be treated as a valid form of proxy lodged by you if duly completed. The proxy appointed under the Original Form of Proxy will also be entitled to vote in accordance with the instructions previously given by you at your discretion (if no such instructions are given) on any resolution properly put to the AGM, including the additional proposed resolution as set out in this supplemental notice of AGM.
9. 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.

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.