
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 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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



S-Enjoy Service Group Co., Limited

新城悅服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1755)

CONTINUING CONNECTED TRANSACTIONS

- (1) 2024 SERVICES FRAMEWORK AGREEMENT;**
- (2) 2024 SEAZEN FRAMEWORK AGREEMENT;**
- (3) 2024 SERVICES FRAMEWORK SUPPLEMENTAL AGREEMENT;**
- (4) 2024 SEAZEN FRAMEWORK SUPPLEMENTAL AGREEMENT; AND**
- (5) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



A letter from the Board is set out on pages 8 to 51 of this circular. A letter from the Independent Board Committee is set out on pages 52 to 53 of this circular. A letter from China Sunrise Capital, the independent financial adviser, containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 54 to 105 of this circular

A notice convening the EGM of the Company to be held at Room 1211, 12th Floor, Seazen Holdings Tower B, No. 5, Lane 388, Zhongjiang Road, Putuo, Shanghai, PRC on Friday, 22 December 2023 at 10:00 a.m. is set out on page EGM-1 to EGM-4 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the website of the Stock Exchange at www.hkexnews.hk. If you intend to attend the EGM by proxy, you are required to duly complete the enclosed proxy form according to the instructions printed thereon and return it to the Hong Kong branch share registrar of the Company (i.e. (i) (if return on or before 18 December 2023), Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong; or (ii) (if return on or after 19 December 2023) Link Market Services (Hong Kong) Pty Limited at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong) as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting (i.e. before 10:00 a.m. on Wednesday, 20 December 2023) or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the EGM or any adjourned meeting thereof if they so wish.

4 December 2023

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	8
LETTER FROM INDEPENDENT BOARD COMMITTEE	52
LETTER FROM CHINA SUNRISE CAPITAL	54
APPENDIX — GENERAL INFORMATION	106
NOTICE OF EXTRAORDINARY GENERAL MEETING	EGM-1

DEFINITIONS

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

“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 Seazen Framework Supplemental Agreement”	the supplemental agreement to the 2023 Seazen Framework Agreement dated 8 May 2023 entered into between Jiangsu Xinchengyue and Seazen Holdings in relation to, among others, the payment arrangement of Parking Lot Refundable Deposits 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 terms of the 2023 Seazen Framework Agreement
“2023 Services Framework Agreement”	the services framework agreement dated 28 October 2022 entered into between Jiangsu Xinchengyue and Mr. Wang in relation to the provision of certain property related services to Mr. Wang’s Associated Companies (excluding Seazen Holdings)
“2023 Services Framework Supplemental Agreement”	the supplemental agreement to the 2023 Services Framework Agreement dated 8 December 2022 entered into between Jiangsu Xinchengyue and Mr. Wang Xiaosong (as attorney for and on behalf of Mr. Wang) in relation to the adjustment of the 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 entered into between Jiangsu Xinchengyue and Mr. Wang in relation to, among others, the payment arrangement of Parking Lot Refundable Deposits payable by the Group to Mr. Wang’s Associated Companies (excluding Seazen Holdings)

DEFINITIONS

“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 terms of the 2023 Services Framework 2nd Supplemental Agreement
“2024 Parking Lot Refundable Deposit Annual Cap”	the annual cap of RMB76.0 million for the Parking Lot Refundable Deposits payable by the Group to Mr. Wang’s Associated Companies (excluding Seazen Holdings) under the 2024 Services Framework Supplemental Agreement for the year ending 31 December 2024
“2024 Seazen Annual Cap”	the annual cap of RMB680.0 million for the service fees payable by Seazen Holdings to the Group under the 2024 Seazen Framework Agreement for the year ending 31 December 2024
“2024 Seazen Framework Agreement”	the services framework agreement dated 27 October 2023 entered into between the Company and Seazen Holdings in relation to the provision of certain property related services to Seazen Holdings
“2024 Seazen Framework Supplemental Agreement”	the supplemental agreement to the 2024 Seazen Framework Agreement dated 27 October 2023 entered into between the Company and Seazen Holdings in relation to, among others, the payment arrangement of Parking Lot Refundable Deposits payable by the Group to Seazen Holdings
“2024 Seazen Parking Lot Refundable Deposit Annual Cap”	the annual cap of RMB515.0 million for the Parking Lot Refundable Deposits payable by the Group to Seazen Holdings under the 2024 Seazen Framework Supplemental Agreement for the year ending 31 December 2024
“2024 Services Annual Cap”	the annual cap of RMB120.0 million for the service fees payable by Mr. Wang’s Associated Companies (excluding Seazen Holdings) to the Group under the 2024 Services Framework Agreement for the year ending 31 December 2024

DEFINITIONS

“2024 Services Framework Agreement”	the services framework agreement dated 27 October 2023 entered into between the Company and Mr. Wang in relation to the provision of certain property related services to Mr. Wang’s Associated Companies (excluding Seazen Holdings)
“2024 Services Framework Supplemental Agreement”	the supplemental agreement to the 2024 Services Framework Agreement dated 27 October 2023 entered into between the Company and Mr. Wang in relation to, among others, the payment arrangement of Parking Lot Refundable Deposits payable by the Group to Mr. Wang’s Associated Companies (excluding Seazen Holdings)
“associates”	has the meaning ascribed to it in 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
“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

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be convened and held at Room 1211, 12th Floor, Seazen Holdings Tower B, No. 5, Lane 388, Zhongjiang Road, Putuo, Shanghai, PRC on Friday, 22 December 2023 at 10:00 a.m. for the Independent Shareholders to consider and, if thought fit, to approve the resolutions in relation to the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement and the transactions contemplated thereunder (including the 2024 Services Annual Cap, the 2024 Seazen Annual Cap, the 2024 Parking Lot Refundable Deposit Annual Cap and the 2024 Seazen Parking Lot Refundable Deposit Annual Cap)
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board, comprising the independent non-executive Directors, established to advise the Independent Shareholders in respect of the continuing connected transactions contemplated under the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement and the transactions contemplated thereunder (including the 2024 Services Annual Cap, the 2024 Seazen Annual Cap, the 2024 Parking Lot Refundable Deposit Annual Cap and the 2024 Seazen Parking Lot Refundable Deposit Annual Cap)

DEFINITIONS

“Independent Financial Adviser” or “China Sunrise Capital”	China Sunrise Capital Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement and the transactions contemplated thereunder (including the 2024 Services Annual Cap, the 2024 Seazen Annual Cap, the 2024 Parking Lot Refundable Deposit Annual Cap and the 2024 Seazen Parking Lot Refundable Deposit Annual Cap)
“Independent Shareholder(s)”	the Shareholders, other than Mr. Wang and his associates and all other Shareholders interested in the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement
“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”	29 November 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

DEFINITIONS

“Mr. Wang’s Associated Companies”	companies (including the Seazen Group) in which Mr. Wang can exercise or control the exercise of 30% or more of the voting power at their general meetings and their subsidiaries
“Notice of EGM”	the notice convening the EGM as set out on pages EGM-1 to EGM-4 of this circular
“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
“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 the 2024 Services Framework Agreement and the 2024 Seazen Framework Agreement
“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 under the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement
“PRC”	the People’s Republic of China
“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’ 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
“%”	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

4 December 2023

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
(1) 2024 SERVICES FRAMEWORK AGREEMENT;
(2) 2024 SEAZEN FRAMEWORK AGREEMENT;
(3) 2024 SERVICES FRAMEWORK SUPPLEMENTAL AGREEMENT;
(4) 2024 SEAZEN FRAMEWORK SUPPLEMENTAL AGREEMENT; AND
(5) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 27 October 2023 in relation to the proposed continuing connected transactions under the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement for a term of one year expiring on 31 December 2024.

LETTER FROM THE BOARD

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

1. details of the 2024 Services Framework Agreement and the transactions contemplated thereunder (including the proposed 2024 Services Annual Cap);
2. details of the 2024 Seazen Framework Agreement and the transactions contemplated thereunder (including the proposed 2024 Seazen Annual Cap);
3. details of the 2024 Services Framework Supplemental Agreement and the transactions contemplated thereunder (including the proposed 2024 Parking Lot Refundable Deposit Annual Cap);
4. details of the 2024 Seazen Framework Supplemental Agreement and the transactions contemplated thereunder (including the proposed 2024 Seazen Parking Lot Refundable Deposit Annual Cap);
5. the opinion and recommendation of the Independent Board Committee on the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement, and the transactions contemplated thereunder (including the proposed 2024 Services Annual Cap, the proposed 2024 Seazen Annual Cap, the proposed 2024 Parking Lot Refundable Deposit Annual Cap and the proposed 2024 Seazen Parking Lot Refundable Deposit Annual Cap); and
6. a letter of advice from China Sunrise Capital to the Independent Board Committee and the Independent Shareholders containing its opinion and recommendation on the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement, and the transactions contemplated thereunder (including the proposed 2024 Services Annual Cap, the proposed 2024 Seazen Annual Cap, the proposed 2024 Parking Lot Refundable Deposit Annual Cap and the proposed 2024 Seazen Parking Lot Refundable Deposit Annual Cap).

LETTER FROM THE BOARD

THE 2024 SERVICES FRAMEWORK AGREEMENT AND THE 2024 SEAZEN FRAMEWORK AGREEMENT

The principal terms of the 2024 Services Framework Agreement and the 2024 Seazen Framework Agreement are set out below, which are substantially identical except for the contractual parties and the relevant annual caps set out thereunder:

Date: 27 October 2023 (after trading hours)

Parties: *2024 Services Framework Agreement*
(i) The Company; and
(ii) Mr. Wang

2024 Seazen Framework Agreement
(i) The Company; and
(ii) Seazen Holdings

Term: From 1 January 2024 to 31 December 2024 (both days inclusive)

Each of the 2024 Services Framework Agreement and the 2024 Seazen Framework 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) under all relevant laws, regulations, regulatory documents and regulatory rules (including but not limited to the Listing Rules).

Property Management Services and Value-added Services: The Company is commissioned to provide various property management services, including the maintenance, consultancy and inspection services in connection with the development projects of Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be). The Company agrees to provide the following services to Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) with the pricing policies and payment terms as briefly listed below:

LETTER FROM THE BOARD

a. Property Management Services

Scope of Services: The Company shall provide maintenance, conservation and management services for the properties, ancillary facilities and relevant premises, and maintain the environmental hygiene and order of the relevant areas in accordance with the service standards as agreed in the subsidiary agreements.

Pricing Policy: The service fees for the property management services shall be determined after arm's length negotiations having regard to (where applicable) the prevailing market rates (with reference to the locations of the properties, the scope of services and the expected operating costs, including but not limited to labour costs and administrative costs) and historical transaction amounts. The fees for the property management services shall not be higher than the guidance price for the provision of such services to similar properties issued by the local government. For the vacant properties that have been delivered but not sold by Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) or other properties for which property service fees are payable by Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) according to relevant rules, Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) shall be charged in accordance with the contract(s) or any other relevant agreement(s).

LETTER FROM THE BOARD

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

LETTER FROM THE BOARD

As of 31 December 2022 and 30 September 2023, the average property management fee charged to Mr. Wang's Associated Companies (as owners of completed but unsold properties) for the residential properties under the Group's management were RMB2.12 and RMB2.13 per sq.m. per month, respectively, which (a) are identical to the average property management fee charged to other property owners for the same residential properties under the Group's management at either the preliminary stage¹ or property owners' associations stage, and (b) are generally in line with the average property management fees charged to property developers other than Mr. Wang's Associated Companies (as owners of completed but unsold properties) for similar types of properties and service standards with slight adjustments depending on factors as mentioned in (i) to (vii) in the paragraph above. Further, as confirmed by the Board, the average property management fees charged by the Company to Mr. Wang's Associated Companies are no less favourable to the Company than the management fees charged by the Company to third-party property developers.

Payment Terms: Service fees shall be charged in accordance with the subsidiary agreements to be entered into. Payment shall in general be made annually, half-yearly, quarterly or monthly as agreed in the subsidiary agreements.

In furtherance to the above, the Group generally adopts the policy of credit period of 6 months from the date of invoice issued under the relevant subsidiary agreement. In the event the relevant payment remains outstanding upon expiry of the said credit period, the Group will send payment reminders to Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be), and will further consider taking additional actions (such as legal actions if necessary) if the relevant payment is past due for more than 12 months from the relevant date of invoice issued under the relevant subsidiary agreement. The above credit policy is similarly applied to independent third party customers.

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

LETTER FROM THE BOARD

b. Intelligent Construction Services

Scope of Services: The subsidiaries of the Company will participate in the bidding held by Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) and their subsidiaries for the construction projects of intelligence systems. The construction services for community intelligence systems such as surveillance system, access control system, parking system and indoor smart homes shall be provided to the property projects developed by Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) and their subsidiaries.

Pricing Policy: The Company will submit its tenders or provide its quotations after taking into account the corresponding equipment and accompanying support materials required by Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) and the manpower needed. Upon reaching an agreement by both parties, the said price shall be the price for the construction services of the intelligence systems.

Following the pricing policy set out above, the Company will generally deploy appropriate equipment purchased from third party manufacturers with relevant materials based on the request of Mr. Wang's Associated Companies, and make bids/quotations accordingly. The price for intelligent construction services will be determined through agreement between Mr. Wang's Associated Companies and the Company by adhering to the pricing policy detailed above and taking into account factors including, prevailing market prices, technical skills and know-how required and the Company's costs of services (including the manpower required for construction and the installation procedures requirement based on the construction blueprints of the relevant projects). For clarity, the bids/quotations provided by the Group shall fully cover the costs of the equipment purchased at the request of Mr. Wang's Associated Companies for the relevant projects.

LETTER FROM THE BOARD

Payment Term: Payment shall be made in the manner as agreed under the subsidiary agreements to be entered into, which shall in general be upon the completion of the construction works, and the inspection and acceptance by Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be), and the payment shall be made based on the final account.

In furtherance to the above, the Group generally adopts the policy of credit period of 6 months from the date of invoice issued under the relevant subsidiary agreement. In the event the relevant payment remains outstanding upon expiry of the said credit period, the Group will send payment reminders to Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be), and will further consider taking additional actions (such as legal actions if necessary) if the relevant payment is past due for more than 12 months from the relevant date of invoice issued under the relevant subsidiary agreement. The above credit policy is similarly applied to independent third party customers.

c. Sales Offices Management Services

Scope of Services: The Company is responsible for the management of the sale offices, city exhibition halls, showrooms and clubhouses of Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) and the provision of cleaning, security and customer services to Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be).

Pricing Policy: Both parties to the transaction shall determine the price through negotiations with reference to the combination of such factors as transaction prices in surrounding active markets and the Company's costs of services (including but not limited to labour costs and consumable costs), plus the reasonable management fees mark-up and others.

LETTER FROM THE BOARD

In particular, for adhering to the pricing policy set out above, when determining the market price in a particular region, the Group will take into account (a) the level of fees charged by the Group for other projects in the same region of similar scale, (b) the number of staff members needed, (c) whether the staff is required to have any specific skill or qualification, (d) the applicable minimum wage in the same region, and (e) the costs of deploying local staff members of the Group.

Payment Terms: Payment shall be made in the manner as agreed under the subsidiary agreements to be entered into, which shall in general be settled and made quarterly or monthly.

In furtherance to the above, the Group generally adopts the policy of credit period of 6 months from the date of invoice issued under the relevant subsidiary agreement. In the event the relevant payment remains outstanding upon the expiry of the said credit period, the Group will send payment reminders to Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be), and will further consider taking additional actions (such as legal actions if necessary) if the relevant payment is past due for more than 12 months from the relevant date of invoice issued under the relevant subsidiary agreement. The above credit policy is similarly applied to independent third party customers.

LETTER FROM THE BOARD

d. Detailed Property Inspection Services

Scope of Services: Before the delivery of properties, the Company shall organize inspectors to carry out detailed inspection for the property projects as instructed by Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be). The Company shall provide quality inspection which involves the inspection of the practical functions and the detailed perception of each residential unit and all interior components; the Company shall provide detailed quality inspection of each part and component of outdoor general engineering, including quality inspection of the practical functions and the detailed perception of roads, underground garages, community landscape, artistic items and green plantation; the Company shall provide auxiliary services which involve the inspection of the practical functions and the detailed perception of, among others, the security intelligence system. The Company shall provide feedback to rectify based on the inspection results and in accordance with the delivery and acceptance standards of project management and inspection standards of Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) and inspection standards of the Company, to improve the delivery quality of Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be).

Pricing Policy: Both parties to the transaction shall determine the price through negotiations with reference to the combination of such factors as the transaction prices in surrounding active markets and the service costs (including but not limited to labour costs and consumable costs), plus the reasonable management fees mark-up and others.

LETTER FROM THE BOARD

In particular, for adhering to the pricing policy set out above, the Group will make reference to the prices charged by at least two other medium to large scale property management companies listed on the Stock Exchange for similar projects, which are obtained from industry experts and the business development department of the Group, the number of staff members required to complete the projects as well as the facilities required to be inspected.

Payment Terms: Payment shall be made in accordance with the subsidiary agreements to be entered into, which shall in general be settled based on quality of the services within one month after the end of the services (i.e. upon the delivery of the relevant properties to the ultimate property owners after completion of inspection by the Group, including inspection of rectification works based on the results of initial inspections conducted by the Group).

e. Property Preliminary Stage Consultancy Services

Scope of Services: Preliminary proposal: The Company shall give advices on property services related to project design and practical functions during marketing positioning, planning and designing stage of the project, as well as advices on the improvement of property services in areas involving engineering, procurement, design and other professional areas during the development stage.

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

LETTER FROM THE BOARD

Preparation for pre-delivery: The Company shall start the planning and setting up of project team, project service and management plan optimization, staff recruitment, initial identification of project manager, training and clothing procurement for service personnel at all levels, participate in project pre-delivery risk assessment and propose rectification, material production and various preparatory work before delivery, and coordinate and communicate with Seazen Holdings prior to delivery, etc..

Pricing Policy: The service fee shall be determined through negotiations between the subsidiaries of Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) and the Company with reference to the transaction prices in surrounding active markets and the costs for provision of services by the Company.

In particular, for adhering to the pricing policy above, the Group will make reference to the prices charged by at least two other medium to large scale property management companies listed on the Stock Exchange for similar projects, which are obtained from industry experts and the business development department of the Group, the number of staff members needed and whether the staff is required to have any specific qualification such as graduated from any specific faculty.

Payment Terms: Payment shall be made in accordance with the subsidiary agreements to be entered into, which shall in general be a lump sum payment made within three months after the delivery of properties.

f. Parking Lot Sales Agency Services

Scope of Services: The subsidiaries of Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) shall entrust the Company to provide sales agency services in relation to the delivered parking lots of their development projects.

LETTER FROM THE BOARD

Pricing Policy: The method for the calculation of the agency fees for the sales of parking spaces shall be determined through negotiations between the subsidiaries of Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) and the Company based on the local market condition of the parking agent sales, which shall in general be in a form of either sale commission (a certain percentage of commission to the sales income being charged), or through sales by the Company (a certain amount of deposits shall be paid by the Company to Mr. Wang's Associated Companies (excluding Seazen Holdings)/the subsidiaries of Seazen Holdings (as the case may be) for securing the parking lots available for sale from such Mr. Wang's Associated Companies (excluding Seazen Holdings)/subsidiaries of Seazen Holdings (as the case may be) with a discounted price for sale (such specific discounted price shall be determined with reference to the prevailing local market conditions), and the Company shall enjoy the benefits arising from the difference between the actual selling price and the discounted base price of the parking lots).

LETTER FROM THE BOARD

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

During 2023, the commission charged by the Group for provision of Parking Lot Sales Agency Services ranged from 24% to 47% of the sales amount. For 2024, it is expected that similar range of commission rate will be charged by the Group, which is also in line with the market practice.

² Exclusive distribution is an arrangement between the Group and Mr. Wang's Associated Companies, whereby an exclusive right to sell all parking lots of a particular project is granted to the Group. Generally, for Parking Lot Sales Agency Services which are provided under such exclusive distribution arrangement, the Group would normally be required to pay the Parking Lot Refundable Deposits (which are generally interest-free and refundable in nature) to Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be). 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.

To cater for the arrangement of payment of Parking Lot Refundable Deposits to Mr. Wang's Associated Companies (excluding Seazen Holdings) and Seazen Holdings which constitute continuing connected transactions of the Group, the Group has entered into the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement. For further details, please refer to the section headed "The 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement" in this circular.

LETTER FROM THE BOARD

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

Payment Terms: The service fees shall be determined in accordance with the terms of the subsidiary agreements to be entered into and the payment shall in general be made quarterly based on the actual number of parking spaces sold by the Company.

g. Property Maintenance and Management Services during the Warranty Period

Scope of Services: Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) shall entrust the Company to provide coordination and management services for any property quality issues of the delivered properties under their development within the warranty period for such properties and ultimately solve such property quality issues for the homeowners.

Pricing Policy: The price shall be determined through negotiations between both parties based on the factors such as the costs of professional personnel deployed and the reasonable management costs for the services provided by the Company.

Payment Terms: Payment shall be determined in accordance with the subsidiary agreements to be entered into and shall in general be made quarterly.

LETTER FROM THE BOARD

h. Elevator Installation and Maintenance Services

Scope of Services: The subsidiaries of Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) shall entrust the Company to carry out elevator installation services in their property development projects, and to provide maintenance services for the elevators in some of the properties they held.

Pricing Policy: The price shall be determined through negotiations between the subsidiaries of Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) and the Company based on the transaction prices in surrounding active markets and the service costs of the Company (including but not limited to labour costs and consumable costs).

In particular, for adhering to the pricing policy above, when determining the market price in a particular region, the Group will take into account (a) the location and conditions of the elevators and the properties, (b) the purchasing cost of the elevators and the anticipated operational costs including labour costs and material costs and (c) the costs of deploying local staff members of the Group.

Payment Terms: Payment for the elevator installation services shall be made as agreed under the subsidiary agreements to be entered into, for which part of the payment shall in general be made upon the commencement of the construction works, and the remaining balance shall be paid based on the final account upon the inspection and acceptance of the projects by Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) after the completion of the construction works. The payment for elevator maintenance service shall be settled quarterly in accordance with the service contract.

LETTER FROM THE BOARD

i. On-site Event Planning and Layout Services

Scope of Services: The subsidiaries of Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) shall entrust the Company to conduct on-site event planning, product sourcing and layout services for their property development projects.

Pricing Policy: The price shall be determined through negotiations between the subsidiaries of Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) and the Company based on the transaction prices in surrounding active markets and the service costs of the Company (including but not limited to labour costs and consumable costs).

In particular, for adhering to the pricing policy above, when determining the market price in a particular region, the Group will take into account (a) the level of fees charged by the Group for other projects in the same region of similar scale, (b) the number of staff members needed, (c) whether the staff is required to have any specific skill or qualification, (d) the applicable minimum wage in the same region and (e) the costs of deploying local staff members of the Group.

Payment Terms: Payment shall be made in accordance with the subsidiary agreements to be entered into, and the settlement shall be made, in general, based on the service quality within 1 month after the services are completed.

j. Miscellaneous Entrustment Services

Scope of Services: The subsidiaries of Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) shall entrust the Company to provide miscellaneous service in relation to their development projects.

LETTER FROM THE BOARD

Pricing Policy: The price shall be determined principally by arm's length commercial negotiations according to the principles of fairness and reasonableness by taking into account factors including locations of the development projects, the operational costs (including labour costs and material costs, if applicable) with reference to the fees for similar services and similar type of development projects in the market from time to time (if applicable).

In particular, for adhering to the pricing policy above, when determining the market price in a particular region, the Group will take into account (a) the level of fees charged by the Group for other projects in the same region of similar scale, (b) the number of staff members needed, (c) whether the staff is required to have any specific skill or qualification, (d) the applicable minimum wage in the same region and (e) the costs of deploying local staff members of the Group.

Payment Terms: Payment shall be determined in accordance with the subsidiary agreements to be entered into and shall in general be made in a lump sum after the end of provision of services.

Subsidiary Agreement(s): For the property management services required by each development project of Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) under the 2024 Services Framework Agreement or the 2024 Seazen Framework Agreement, Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) and the Company shall (directly or through their respective subsidiaries) enter into subsidiary agreements setting out the specific scopes of services required and amount of fees payable in conformity with the principles (including the pricing policy mentioned above) set out in the 2024 Services Framework Agreement or the 2024 Seazen Framework Agreement.

LETTER FROM THE BOARD

All transactions contemplated under the 2024 Services Framework Agreement or 2024 Seazen Framework Agreement shall be conducted on normal commercial terms and negotiated on arm's length basis. It is agreed that the terms offered by the Company to Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) should not be less favorable than those offered to other parties for similar services.

THE 2024 SERVICES FRAMEWORK SUPPLEMENTAL AGREEMENT AND THE 2024 SEAZEN FRAMEWORK SUPPLEMENTAL AGREEMENT

During the ordinary course of rendering 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. Such payment arrangement would constitute discloseable and continuing connected transactions of the Group. As the 2023 Services Framework 2nd Supplemental Agreement and the 2023 Seazen Framework Supplemental Agreement (for catering the arrangement of payment of Parking Lot Refundable Deposits) will expire by 31 December 2023, the Group therefore entered into the 2024 Services Framework Supplemental Agreement and 2024 Seazen Framework Supplemental Agreement with Mr. Wang and Seazen Holdings, respectively to renew the aforesaid payment arrangement.

LETTER FROM THE BOARD

The principal terms of the 2024 Services Framework Supplemental Agreement and the 2024 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: 27 October 2023 (after trading hours)

Parties: *2024 Services Framework Supplemental Agreement*
(i) The Company; and
(ii) Mr. Wang

2024 Seazen Framework Supplemental Agreement
(i) The Company; and
(ii) Seazen Holdings

Term: From 1 January 2024 to 31 December 2024 (both days inclusive)

Each of the 2024 Services Framework Supplemental Agreement and the 2024 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) under all relevant laws, regulations, regulatory documents and regulatory rules (including but not limited to the Listing Rules).

Subject matter and pricing policy: 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:

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

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

LETTER FROM THE BOARD

- (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; and
 - (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(s).

For clarity, all outstanding Parking Lot Refundable Deposits paid to Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) will be refunded back to the Group, in any event, no later than 30 days after the expiration of the 2024 Services Framework Supplemental Agreement/2024 Seazen Framework Supplemental Agreement (as the case may be), i.e. by the latest 30 January 2025.

- (iii) The base price of each parking lot shall be determined by Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) 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 (such as, among others, the accessibility, the proximity to business districts or residential areas, the foot traffic and the general demand for parking lots in the area), etc.. Generally, parking lots at locations in close proximity to business districts or residential areas, high foot traffic or with high demand for parking lots tend to have a relatively higher base price, subject to the commercial negotiation between the parties.

LETTER FROM THE BOARD

Subsidiary Agreement(s): The parties shall enter into Parking Lot Sales Agency Services Subsidiary Agreement(s) based on the terms of the 2024 Services Framework Supplemental Agreement (or the 2024 Seazen Framework Supplemental Agreement). Pursuant to the terms of 2024 Services Framework Supplemental Agreement (or 2024 Seazen Framework Supplemental Agreement), each Parking Lot Sales Agency Services Subsidiary Agreement (to the extent involving payment of Parking Lot Refundable Deposits) 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 2024 Services Framework Supplemental Agreement (or the 2024 Seazen Framework Supplemental Agreement) (if for whatever reasons not being further extended, i.e. by way of entering into relevant renewal framework agreements between the Company and Mr. Wang’s Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) and with such agreements becoming effective subject to satisfaction of applicable requirements of Listing Rules).

For clarity, in furtherance to the above, the Parking Lot Sales Agency Services Subsidiary Agreement shall be terminated with immediate effect upon the termination or expiration of the 2024 Services Framework Agreement/ the 2024 Seazen Framework Agreement (if for whatever reasons not being further extended, i.e. by way of entering into relevant renewal framework agreements between the Company and Mr. Wang’s Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) and with such agreements becoming effective subject to satisfaction of applicable requirements of Listing Rules).

The entering into of the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement are not made inter-conditional. For details on the relationship between the resolutions for approval of the aforesaid agreements, please refer to the paragraph headed “Relationship between the resolutions for the approval of 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement” in this circular.

LETTER FROM THE BOARD

ANNUAL CAP AND ITS BASIS

In relation to the 2024 Services Framework Agreement and 2024 Seazen Framework Agreement

The maximum annual service fee payable to the Group by Seazen Holdings for the property management services and value-added services contemplate under the 2024 Seazen Framework Agreement for the year ending 31 December 2024 shall not exceed RMB680.0 million.

The maximum annual service fees payable to the Group by Mr. Wang's Associated Companies (excluding Seazen Holdings) for the property management services and value-added services contemplated under the 2024 Services Framework Agreement and the 2024 Services Framework Supplemental Agreement for the year ending 31 December 2024 shall not exceed RMB120.0 million.

Set out below is the estimated allocation of the 2024 Services Annual Cap and the 2024 Seazen Annual Cap to the property management services and value-added services provided for Seazen Holdings and Mr. Wang's Associated Companies.

	2024 Services Framework Agreement	2024 Seazen Framework Agreement
	<i>RMB</i>	
Property management services	13,630,000	113,640,000
Value-added services		
— Sales offices management services	36,360,000	90,910,000
— Intelligent construction services	18,180,000	163,640,000
— Parking lot sales agency services	4,550,000	50,000,000
— Property inspection services	9,090,000	59,090,000
— Property preliminary stage consultancy services	9,090,000	77,270,000
— Elevator installation and maintenance services	4,550,000	27,270,000
— Property maintenance and management services during the warranty period	4,550,000	18,180,000
— On-site event planning and layout services	9,090,000	18,180,000
Buffer of 10%	10,910,000	61,820,000
	<hr/>	<hr/>
Total	<u>120,000,000</u>	<u>680,000,000</u>

LETTER FROM THE BOARD

In determining the 2024 Services Annual Cap and the 2024 Seazen Annual Cap for the 2024 Services Framework Agreement and the 2024 Seazen Framework Agreement, the Directors have considered various factors including:

- (a) the aggregate amount of approximately RMB564.2 million settled by Mr. Wang's Associated Companies for property management services and value-added services for the nine months ended 30 September 2023, representing approximately 38.9% (or for illustration purpose only, approximately 51.9% or RMB752.3 million after annualisation) of the existing annual cap for the year ending 31 December 2023;
- (b) the decrease in the estimated demand of Mr. Wang's Associated Companies for certain property related services for the year ending 31 December 2024: based on the public information disclosed by the Seazen Group, the gross floor area under construction of the Seazen Group as at 30 June 2023 is 492.8 million sq.m., representing a year-on-year decrease of approximately 25.8% as compared with that as at 30 June 2022;
- (c) the historical amounts for property management services and value-added services for the three years ended 31 December 2020, 2021 and 2022 settled between the Group and Mr. Wang's Associated Companies; and
- (d) other factors such as our Group's business plans, inflation and buffer of 10% to cover the miscellaneous entrustment services ancillary to the property management services and value-added services and unexpected circumstances.

Detailed reasons for the above estimated allocation are as follows:

- (a) for property management services, the increasing GFA under management has a positive and direct impact on the revenue of the Group. For the years ended 31 December 2020, 2021, 2022 and for the six months ended 30 June 2023, the GFA under management for the properties developed by Mr. Wang's Associated Companies (excluding Seazen Holdings) were approximately 6.1 million sq.m., 7.7 million sq.m., 9.0 million sq.m. and 9.4 million sq.m., respectively, whereas the GFA under management for the properties developed by Seazen Holdings were approximately 54.1 million sq.m., 72.9 million sq.m., 86.4 million sq.m. and 91.5 million sq.m., respectively. It is expected that the service fees deriving from the property management services will continue to increase in accordance with the expected growth in the GFA under management after considering (i) the number of subsisting properties developed by Mr. Wang's Associated Companies (excluding Seazen Holdings) and Seazen Holdings which are currently under the Group's management as at 30 September 2023 and will continue to require the Group's property management services in 2024; (ii) the number of newly secured

LETTER FROM THE BOARD

property management projects from Mr. Wang's Associated Companies (excluding Seazen Holdings) and Seazen Holdings as at 30 September 2023; (iii) the delivery schedule of the aforesaid properties in (i) and (ii); and (iv) the completion schedule of property projects developed by Mr. Wang's Associated Companies (excluding Seazen Holdings) and Seazen Holdings.

The Company considers it justifiable to allocate the amount of RMB13,630,000 from the 2024 Services Annual Cap and RMB113,640,000 from the 2024 Seazen Annual Cap for this service on the premise of (i) the aforesaid factors; and (ii) the historical increasing trend of GFA under management of the properties developed by Mr. Wang's Associated Companies (excluding Seazen Holdings) and Seazen Holdings. The amounts of annual caps allocated for property management services under the 2024 Services Annual Cap and 2024 Seazen Annual Cap are also relatively lower than that in 2023 to reflect the lower relevant actual transaction amounts and lower utilization rate of relevant allocated annual caps in 2023;

- (b) for intelligent construction services which involve engineering and maintenance services of intelligent security equipment, the estimated demand for intelligent construction services is determined based on potential contractual value, estimated construction progress and expected completion of such intelligent engineering projects. For the years ended 31 December 2020, 2021 and 2022 and the nine months ended 30 September 2023, the Group had provided services to (i) 327, 491, 488 and 396 intelligent construction services projects in relation to Seazen Holdings, deriving revenue of approximately RMB315.1 million, RMB468.5 million, RMB299.9 million and RMB166.7 million, respectively; and (ii) 42, 48, 52 and 36 intelligent construction services projects in relation to Mr. Wang's Associated Companies (excluding Seazen Holdings), deriving revenue of approximately RMB50.9 million, RMB35.5 million, RMB31.6 million and RMB12.8 million, respectively. Furthermore, for the 432 intelligent construction service projects in relation to Mr. Wang's Associated Companies as at 30 September 2023, most of them will be completed by the end of 2023, and the revenue from the remaining 142 projects (among which 134 projects were in relation to Seazen Holdings and 8 projects were in relation to Mr. Wang's Associated Companies (excluding Seazen Holdings)) shall be recognised using the percentage of completion starting from 2024.

Accordingly, based on the above and taking into account the new projects acquired after 30 September 2023 which are expected to subsist or commence in 2024, as well as the historical trend of high utilisation rate of annual caps of the intelligent construction services allocated to Mr. Wang's Associated Companies (excluding Seazen Holdings), the Company considers it justifiable to allocate the amount of RMB18,180,000 from the

LETTER FROM THE BOARD

2024 Services Annual Cap (which is at similar level as the estimated annualised transaction amount for services rendered to Mr. Wang's Associated Companies (excluding Seazen Holdings) up to 30 September 2023, and higher than the amount of annual cap allocated in 2023) and RMB163,640,000 from the 2024 Seazen Annual Cap (which is slightly lower than the estimated annualised transaction amount for services rendered to Seazen Holdings up to 30 September 2023 in light of the completion schedule of projects on hand, and lower than the relevant annual cap allocated in 2023) respectively for this service;

- (c) For the years ended 31 December 2020, 2021 and 2022 and the nine months ended 30 September 2023, the Group had provided services to (i) 298, 302, 217 and 148 sales offices management services projects in relation to Seazen Holdings, deriving revenue of approximately RMB354.1 million, RMB347.6 million, RMB188.0 million and RMB81.1 million, respectively; and (ii) 67, 74, 53 and 42 sales offices management services projects in relation to Mr. Wang's Associated Companies (excluding Seazen Holdings), deriving revenue of approximately RMB65.4 million, RMB78.8 million, RMB57.2 million and RMB29.2 million, respectively. As at 30 September 2023, the Group was providing services to 32 and 105 sales offices management service projects of Mr. Wang's Associated Companies (excluding Seazen Holdings) and Seazen Holdings, respectively, which corresponded to the contract sum of approximately RMB32.5 million and RMB78.8 million, respectively. It is expected that each sales office will be held for 12 to 18 months from 30 September 2023. The Group therefore expects that the transaction amount deriving from sales offices management service projects of Mr. Wang's Associated Companies will slightly decrease during the year ending 31 December 2024 as compared to the year ending 31 December 2023.

In light of the above, the Company considers it justifiable to allocate the amount of RMB36,360,000 from the 2024 Services Annual Cap (which is set at similar level as the estimated annualised transaction amount of the services rendered to Mr. Wang's Associated Companies (excluding Seazen Holdings) up to 30 September 2023) and RMB90,910,000 from the 2024 Seazen Annual Cap (which is at similar level as the estimated annualised transaction amount of the services rendered to Seazen Holdings up to 30 September 2023, and lower than the relevant allocated cap in 2023) respectively for this service;

- (d) For the years ended 31 December 2020, 2021 and 2022 and the nine months ended 30 September 2023, the Group had derived (i) RMB65.2 million, RMB87.7 million, RMB90.9 million and RMB13.0 million from the parking lots sales agency services rendered to Seazen Holdings; and (ii) RMB17.0 million, a negative balance of RMB5.5

LETTER FROM THE BOARD

million^(Note), RMB2.8 million and RMB3.2 million from the parking lots sales agency services rendered to Mr. Wang's Associated Companies (excluding Seazen Holdings). As the demand of parking lots from residential property owners is expected to increase due to the prosperous development of electric automobiles, and after taking into account (i) the number of parking lots developed by Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) which were covered by the Group's parking lots sales agency services as at 30 September 2023; (ii) the completion schedule of the new parking lots developed by Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) in 2024, the Group expects that the commission fee to be derived from the parking lots of the Seazen Group will increase comparing with the actual amount derived in 2023.

In light of the above, the Company considers it justifiable to allocate the amount of RMB4,550,000 from the 2024 Services Annual Cap (which is at similar level as the estimated annualised transaction amount for services rendered to Mr. Wang's Associated Companies (excluding Seazen Holdings) up to 30 September 2023) and RMB50,000,000 from the 2024 Seazen Annual Cap (which is higher than the estimated annualised transaction amount for services rendered to Seazen Holdings up to 30 September 2023 to reflect the expectation of favorable parking lot sales market in 2024 for reasons discussed above) respectively for this service;

- (e) For the years ended 31 December 2020, 2021 and 2022 and the nine months ended 30 September 2023, the Group had provided property inspection services and property preliminary stage consultancy services to (i) 118, 145, 121 and 87 property projects in relation to Seazen Holdings respectively, deriving revenue of approximately RMB113.2 million, RMB163.0 million, RMB95.3 million and RMB50.4 million respectively for property inspection services rendered, and deriving revenue of approximately RMB96.1 million, RMB139.9 million, RMB94.3 million and RMB61.1 million respectively for property preliminary stage consultancy services rendered; and (ii) 32, 28, 20 and 17 property projects in relation to Mr. Wang's Associated Companies (excluding Seazen Holdings) respectively, deriving revenue of approximately RMB26.9 million, RMB22.8 million, RMB13.8 million and RMB4.5 million respectively for property inspection services rendered, and deriving revenue of approximately RMB34.0 million, RMB24.9 million, RMB21.7 million and RMB8.5 million respectively for property preliminary stage consultancy services rendered. The Group expects that the relative service demand

Note: For the year ended 31 December 2021, the Group received a total of approximately RMB2.9 million from Mr. Wang's Associated Companies (excluding Seazen Holdings) in respect of Parking Lot Sales Agency Services, during the same period, there were returns of parking lots sold and as such generated a total refund in the amount of approximately RMB8.4 million. Accordingly, there was a net negative balance of approximately RMB5.5 million in respect of Parking Lot Sales Agency Services for the year ended 31 December 2021.

LETTER FROM THE BOARD

for property inspection services and property preliminary stage consultancy services will decrease due to the decreasing GFA under construction and contract sales of the Seazen Group and after taking into account the historical decreasing trend of property projects secured by the Group to provide the aforesaid services.

In light of the above, the Company considers it justifiable to allocate (i) RMB9,090,000 from the 2024 Service Annual Cap (which is at the same level as the amount of annual cap allocated in 2023) and RMB59,090,000 from the 2024 Seazen Annual Cap (which is at similar level as the estimated annualised transaction amounts of the relevant services rendered up to 30 September 2023, and lower than the relevant amount of annual cap allocated in 2023, to reflect the estimated lower demand of service) for the property inspection services to be rendered to Mr. Wang's Associated Companies (excluding Seazen Holdings) and Seazen Holdings, respectively; and (ii) RMB9,090,000 from the 2024 Service Annual Cap (which is at similar level as the estimated annualised transaction amounts of the relevant services rendered up to 30 September 2023, and at the same level as the amount of annual cap allocated in 2023) and RMB77,270,000 from the 2024 Seazen Annual Cap (which is at similar level as the estimated annualised transaction amounts of the relevant services rendered up to 30 September 2023, and lower than the relevant amount of annual cap allocated in 2023, to reflect the estimated lower demand of service) for the property preliminary stage consultancy services to be rendered to Mr. Wang's Associated Companies (excluding Seazen Holdings) and Seazen Holdings, respectively; and

(f) in terms of (i) property maintenance and management services during the warranty period, (ii) elevator installation and maintenance services and (iii) on-site event planning and layout services, relevant amounts allocated from the 2024 Services Annual Cap and the 2024 Seazen Annual Cap respectively for the aforesaid services were determined after taking into account:

(i) the actual amount of service fees derived from rendering these services by the Group to Mr. Wang's Associated Companies for the nine months ended 30 September 2023.

For instance, for the years ended 31 December 2020, 2021 and 2022 and the nine months ended 30 September 2023, the Group had derived from Seazen Holdings:

(a) approximately RMB14.7 million, RMB43.8 million, RMB31.1 million and RMB14.0 million for the property maintenance and management services during the warranty period rendered;

LETTER FROM THE BOARD

- (b) approximately nil, RMB11.2 million, RMB28.6 million and RMB19.7 million for the elevator installation and maintenance services rendered; and
- (c) approximately RMB1.3 million, RMB8.0 million, RMB15.6 million and RMB19.1 million for the on-site event planning and layout services rendered.

During the said years and period, the Group had also derived from Mr. Wang's Associated Companies (excluding Seazen Holdings):

- (a) approximately RMB3.7 million, RMB3.5 million, RMB1.6 million and RMB2.6 million for the property maintenance and management services during the warranty period rendered;
 - (b) approximately nil, RMB4.7 million, RMB7.9 million and RMB3.1 million for the elevator installation and maintenance services rendered; and
 - (c) approximately RMB1.7 million, RMB0.6 million, RMB2.9 million and RMB5.7 million for the on-site event planning and layout services rendered;
- (ii) the number of subsisting projects for these services which will continue in 2024; and
 - (iii) the expectation of similar level of demand from Mr. Wang's Associated Companies for the relevant services.

In light of the above, the Company considers it justifiable to allocate the respective amounts under the 2024 Services Annual Cap and 2024 Seazen Annual Cap for the relevant services rendered to Mr. Wang's Associated Companies (excluding Seazen Holdings) and Seazen Holdings, which were all at similar level as the estimated annualised transaction amounts of the relevant services rendered up to 30 September 2023.

The remaining portion represents approximately 10% buffer for all categories of services to be provided by the Group to Mr. Wang's Associated Companies, including miscellaneous entrustment services ancillary to property management services and value-added services, in order to accommodate any unexpected increase in demand for any of the Group's services and/or unexpected increase in the cost of supply of such services during 2024.

LETTER FROM THE BOARD

Further, the amount of 2024 Services Annual Cap and 2024 Seazen Annual Cap allocated to each category of services is an estimation only and the amount will be adjusted based on the circumstances in the year ending 31 December 2024.

In relation to the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement

The maximum daily balance of the Parking Lot Refundable Deposits to be paid by the Group to Mr. Wang's Associated Companies (excluding Seazen Holdings) shall not exceed RMB76.0 million. The maximum daily balance of the Parking Lot Refundable Deposits to be paid by the Group to Seazen Holdings shall not exceed RMB515.0 million.

The table below sets forth the 2024 Parking Lot Refundable Deposit Annual Cap and the 2024 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 2024	
	2024 Parking Lot Refundable Deposit Annual Cap under the 2024 Services Framework Supplemental Agreement (RMB'000)	2024 Seazen Parking Lot Refundable Deposit Annual Cap under the Seazen Framework Supplemental Agreement (RMB'000)
Maximum daily balance of the Parking Lot Refundable Deposits	76,000	515,000

In arriving at the abovementioned 2024 Parking Lot Refundable Deposit Annual Cap and the 2024 Seazen Parking Lot Refundable Deposit Annual Cap, the Directors have taken into account, among others:

- (a) the amount of maximum daily balance of the Parking Lot Refundable Deposits during the nine months ended 30 September 2023; and
- (b) 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 2024.

LETTER FROM THE BOARD

HISTORICAL TRANSACTION AMOUNTS

In relation to the property management services and value-added services under the 2024 Services Framework Agreement and 2024 Seazen Framework Agreement

The table below shows the allocation of annual caps and the actual amount charged for each of the property management services and value-added services provided to Mr. Wang's Associated Companies (excluding Seazen Holdings) and Seazen Holdings for the three years ended 31 December 2020, 2021 and 2022 and the nine months ended 30 September 2023:

Mr. Wang's Associated Companies (excluding Seazen Holdings)

	For the year ended 31 December						For the nine months ended 30 September	
	2020		2021		2022		2023	
	(RMB million) ^{Note 1}		(RMB million) ^{Note 1}		(RMB million) ^{Note 1}		(RMB million) ^{Note 1}	
	Actual amount	Allocation of annual cap	Actual amount	Allocation of annual cap	Actual amount	Allocation of annual cap	Actual amount	Allocation of annual cap
Property Management	3.1	2.0	3.6	10.0	16.1	15.0	5.1	30.0
Value-added services								
— Sales offices management services	65.4	45.0	78.8	80.0	57.2	145.0	29.2	30.0
— Intelligent construction services	50.9	3.0	35.5	20.0	31.6	20.0	12.8	10.0
— Parking lot sales agency services	17.0	—	(5.5) ^{Note 2}	—	2.8	45.0	3.2	10.0
— Property inspection services	26.9	39.0	22.8	20.0	13.8	50.0	4.5	10.0
— Property preliminary stage consultancy services	34.0	38.0	24.9	20.0	21.7	50.0	8.5	10.0
— Elevator installation and maintenance services	—	—	4.7	—	7.9	—	3.1	—
— Property maintenance and management services during the warranty period	3.7	—	3.5	—	1.6	20.0	2.6	—
— On-site event planning and layout services	1.7	—	0.6	—	2.9	5.0	5.7	—
Total	202.7	127.0	168.9	150.0	155.6	350.0	74.7	100.0

LETTER FROM THE BOARD

Notes:

1. The annual caps of each category of service are for illustrative purposes only, which (i) were prepared based on the estimation of the management at the time of setting the annual cap of a particular year and (ii) have included the 10% buffer for all categories of services.
2. For the year ended 31 December 2021, the Group received a total of approximately RMB2.9 million from Mr. Wang's Associated Companies in respect of Parking Lot Sales Agency Services, during the same period, there were returns of parking lots sold and as such generated a total refund in the amount of approximately RMB8.4 million. Accordingly, there was a net negative balance of approximately RMB5.5 million in respect of Parking Lot Sales Agency Services for the year ended 31 December 2021.

Season Holdings

	For the year ended 31 December						For the nine months ended 30 September	
	2020		2021		2022		2023	
	(RMB million) ^{Note}		(RMB million) ^{Note}		(RMB million) ^{Note}		(RMB million) ^{Note}	
	Allocation		Allocation		Allocation		Allocation	
	Actual	of annual	Actual	of annual	Actual	of annual	Actual	of annual
	amount	cap	amount	cap	amount	cap	amount	cap
Property Management	48.5	82.0	43.3	80.0	73.9	135.0	64.4	200.0
Value-added services								
— Sales offices management services	354.1	500.0	347.6	460.0	188.0	405.0	81.1	330.0
— Intelligent construction services	315.1	371.0	468.5	380.0	299.9	540.0	166.7	290.0
— Parking lot sales agency services	65.2	35.0	87.7	60.0	90.9	255.0	13.0	190.0
— Property inspection services	113.2	100.0	163.0	140.0	95.3	110.0	50.4	120.0
— Property preliminary stage consultancy services	96.1	80.0	139.9	120.0	94.3	100.0	61.1	110.0
— Elevator installation and maintenance services	—	—	11.2	50.0	28.6	50.0	19.7	50.0
— Property maintenance and management services during the warranty period	14.7	5.0	43.8	40.0	31.1	40.0	14.0	40.0
— On-site event planning and layout services	1.3	—	8.0	20.0	15.6	15.0	19.1	20.0
Total	1,008.2	1,173.0	1,313.0	1,350.0	917.6	1,650.0	489.5	1,350.0

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

LETTER FROM THE BOARD

In relation to the payment arrangement of Parking Lot Refundable Deposits under the 2024 Services Framework Supplemental Agreement and 2024 Seazen Framework Supplemental Agreement

The table below sets forth the historical transaction amounts of the Parking Lot 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 nine months ended 30 September 2023:

	For the year ended 31 December			For the nine months ended
	2020	2021	2022	30 September 2023
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB million)^{Note}</i>
Maximum daily balance of the Parking Lot Refundable Deposits				
• 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

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2024 SERVICES FRAMEWORK AGREEMENT, THE 2024 SEAZEN FRAMEWORK AGREEMENT, THE 2024 SERVICES FRAMEWORK SUPPLEMENTAL AGREEMENT AND THE 2024 SEAZEN FRAMEWORK SUPPLEMENTAL AGREEMENT

The Company is an experienced property management services provider in the PRC engaging in the provision of property management services, such as property and equipment maintenance, security services, cleaning services, gardening services, public area maintenances, whereas Mr. Wang has been involved in property development and property investment in the PRC via the Seazen Group. The Company has been providing such property management services to Mr. Wang's Associated Companies (including the Seazen Group) since 1996 and the Directors believe such services are of great assistance to Mr. Wang's Associated Companies (including the Seazen Group), as well as providing a steady income stream to the Company. The 2024 Services Framework Agreement and 2024 Seazen Framework Agreement hence represents a stable and trustworthy business relationship which the Group can leverage to achieve its business objectives.

LETTER FROM THE BOARD

In addition to the above, the Board has further considered the following reasons and benefits in determining the entering into of the 2024 Services Framework Supplemental Agreement and the 2024 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 lot sales agency services and the similar parking lot 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 – 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 Parking Lot 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 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

LETTER FROM THE BOARD

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 Parking Lot Refundable Deposits to be a fair mean to better utilize its surplus cash;

- (v) pursuant to the 2024 Services Framework Supplemental Agreement and the 2024 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 of 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 prices of parking lots (and hence the amount of Parking Lot Refundable Deposits) charged by Mr. Wang's Associated Companies. In the event the Group is of the view that the base prices of parking lots are not reasonable or not in 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 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement, therefore, the Company believes that the risks in respect of the recoverability of the Parking Lot 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 Parking Lot 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.

LETTER FROM THE BOARD

The terms of the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement have been arrived at after arm's length negotiations between the parties thereto. Each of the Directors (including the independent non-executive Directors whose views are set out in the section headed "Letter from Independent Board Committee" in this circular, after considering the advice from China Sunrise Capital) is of the view that each of the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement has entered into on an arm's length basis, on normal commercial terms, in the usual and ordinary course of business of the Group. The transactions contemplated under the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

INTERNAL CONTROL MEASURES

In order to ensure that the transactions contemplated under the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement will be on normal commercial terms, and that the relevant fees will not fall below the prevailing market rate, the guidance price of such services for similar type of development projects issued by the local government (if applicable) and the fees charged to the third party customers independent of the Group, the Group will adopt the following measures:

- (i) the Group will be responsible for regular monitoring of the continuing connected transactions contemplated under the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement to ensure that the 2024 Services Annual Cap, the 2024 Seazen Annual Cap, the 2024 Parking Lot Refundable Deposit Annual Cap and the 2024 Seazen Parking Lot Refundable Deposit Annual Cap will not be exceeded, in particular, the Group will cease to enter into any new subsidiary agreement if such will cause the total contractual income to exceed the 2024 Services Annual Cap, the 2024 Seazen Annual Cap, the 2024 Parking Lot Refundable Deposit Annual Cap and the 2024 Seazen Parking Lot Refundable Deposit Annual Cap for that financial year;
- (ii) internal review will be conducted by the Group to assess, on a monthly basis, whether the provision of property management services and value-added services has been made in accordance with the terms of the 2024 Services Framework Agreement, the 2024

LETTER FROM THE BOARD

Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement and in accordance with the aforesaid pricing policies;

- (iii) prior to entering into of any subsidiary agreements, the personnel of various departments including the legal department, finance department and operation department of the Company will review and assess the specific terms and conditions of the transactions to ensure their consistency with the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement. During such internal review process, the relevant personnel will examine, among others, (a) information of the parties; (b) the term of the agreement; (c) the type and scope of services to be provided by the Group thereunder; and (d) whether the contract price is in line with the aforesaid pricing policies, in order to ensure comment (if any) from various departments of the Group will be properly addressed;
- (iv) the Company will engage its auditor to conduct an annual review of the continuing connected transactions to be conducted pursuant to the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement; and
- (v) the independent non-executive Directors will review the continuing connected transactions to be conducted pursuant to the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement on an annual basis and confirm in the annual report of the Company for the year ending 31 December 2024 whether such continuing connected transactions have been entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, and in accordance with the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

LETTER FROM THE BOARD

In addition to the above internal control measures, the Group will further adopt the following measures to monitor the transactions under the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement:

- (i) the Company will review the refund 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 Parking Lot 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.

The Directors consider that the personnel authorised to execute the above internal control measures possess relevant experience and expertise in relation thereto, and the above internal control measures can ensure that the continuing connected transactions contemplated under the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement will be conducted on normal commercial terms in a manner not prejudicial to the interests of the Company and its Shareholders.

INFORMATION OF 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.

IMPLICATIONS UNDER THE LISTING RULES

As at the Latest Practicable Date, Mr. Wang is a controlling Shareholder of the Company, and thus is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement constitute continuing connected transactions of the Company.

As the highest applicable percentage ratio in respect of the 2024 Services Annual Cap, the 2024 Seazen Annual Cap, the 2024 Parking Lot Refundable Deposit Annual Cap and the 2024 Seazen Parking Lot Refundable Deposit Annual Cap contemplated under the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement, respectively, exceeds 5%, the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement, together with the proposed 2024 Services Annual Cap, the proposed 2024 Seazen Annual Cap, the proposed 2024 Parking Lot Refundable Deposit Annual Cap and the proposed 2024 Seazen Parking Lot Refundable Deposit Annual Cap thereof, constitute continuing connected transactions of the Company which are subject to the announcement, reporting, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As (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 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement, they have abstained from voting on the Board resolutions approving the relevant agreements and the transactions contemplated thereunder (including the proposed 2024 Services Annual Cap, the proposed 2024 Seazen Annual Cap, the proposed 2024 Parking Lot Refundable Deposit Annual Cap and the proposed 2024 Seazen Parking Lot Refundable Deposit Annual Cap). Save as mentioned above, none of the other Directors has a material interest in the transactions contemplated under the 2024 Services Framework Agreement, the 2024 Seazen Framework

LETTER FROM THE BOARD

Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement, and therefore, no other Director has abstained from voting on approval of the relevant resolutions.

EGM AND PROXY ARRANGEMENT

An EGM will be convened for the Independent Shareholders to consider and, if appropriate, to approve the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement and the transactions contemplated thereunder (including the proposed 2024 Services Annual Cap, the proposed 2024 Seazen Annual Cap, the proposed 2024 Parking Lot Refundable Deposit Annual Cap and the proposed 2024 Seazen Parking Lot Refundable Deposit Annual Cap).

All Shareholders who have a material interest in any of the transactions contemplated under the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 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 EGM. 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 EGM on the resolutions in relation to the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement and the transactions contemplated thereunder (including the proposed 2024 Services Annual Cap, the proposed 2024 Seazen Annual Cap, the proposed 2024 Parking Lot Refundable Deposit Annual Cap and the proposed 2024 Seazen Parking Lot Refundable Deposit Annual Cap). Save as disclosed above, there is no other Shareholder who has any material interest in the transactions contemplated under the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement. As such, no other Shareholder is required to abstain from voting at the EGM on the resolutions in relation to the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement and the transactions contemplated thereunder.

The Independent Board Committee has been formed in accordance with the Listing Rules to advise the Independent Shareholders on the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement and the transactions contemplated thereunder (including the proposed 2024 Services Annual Cap, the proposed 2024 Seazen Annual Cap, the

LETTER FROM THE BOARD

proposed 2024 Parking Lot Refundable Deposit Annual Cap and the proposed 2024 Seazen Parking Lot Refundable Deposit Annual Cap). In this connection, China Sunrise Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement and the transactions contemplated thereunder (including the proposed 2024 Services Annual Cap, the proposed 2024 Seazen Annual Cap, the proposed 2024 Parking Lot Refundable Deposit Annual Cap and the proposed 2024 Seazen Parking Lot Refundable Deposit Annual Cap).

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

Whether or not you are able to attend the EGM, you are requested to complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return the completed form of proxy to the Company's branch share registrar in Hong Kong, (i.e. (i) (if return on or before 18 December 2023) Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or (ii) (if return on or after 19 December 2023) Link Market Services (Hong Kong) Pty Limited at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong), as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish and in such event, the form of proxy shall be deemed to be revoked.

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 19 December 2023 to Friday, 22 December 2023 (both dates inclusive), during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 18 December 2023.

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

LETTER FROM THE BOARD

of hands. Therefore, all the resolutions put to the vote at the EGM 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.

Relationship between the resolutions for the approval of 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement

The resolutions for the approval of 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement are not made inter-conditional. In the event any of the aforesaid resolutions are not approved, the Company will make the following adjustments:

- (i) *In the event the 2024 Services Framework Agreement and the 2024 Seazen Framework Agreement are not approved, and the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement are approved*

Under such circumstances, the Group will renegotiate with Mr. Wang and Seazen Group and set a lower amount of 2024 Services Annual Cap and 2024 Seazen Annual Cap respectively which would not be subject to, among others, the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules, and continue the transactions contemplated under the 2024 Services Framework Agreement and the 2024 Seazen Framework Agreement. Nevertheless, the Company will comply with other applicable requirements, including making further announcement as and when necessary, under the Listing Rules.

If the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement are approved by the Independent Shareholders, and subject to the Group having reached an agreement with Mr. Wang and Seazen Group to set a lower amount of 2024 Services Annual Cap and 2024 Seazen Annual Cap respectively as aforementioned, the Company will continue to provide Parking Lot Sales Agency Services which require the payment of Parking Lot Refundable Deposits.

- (ii) *In the event the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement are not approved, and the 2024 Services Framework Agreement and the 2024 Seazen Framework Agreement are approved*

Under such circumstances, the Group will cease to provide Parking Lot Sales Agency Services which require the payment of Parking Lot Refundable Deposits upon the expiration of the 2023 Seazen Framework Supplemental Agreement and the 2023 Services Framework 2nd

LETTER FROM THE BOARD

Supplemental Agreement. For clarity, the Group will continue to provide Parking Lot Sales Agency Services which do not require the payment of Parking Lot Refundable Deposits to Mr. Wang's Associated Companies (excluding Seazen Holdings) and Seazen Holdings.

Further, as the 2024 Services Framework Agreement and the 2024 Seazen Framework Agreement are approved, the Group will continue to provide the services contemplated thereunder (subject to the adjustment to the Parking Lot Sales Agency Services aforementioned) to Mr. Wang's Associated Companies (excluding Seazen Holdings) and Seazen Holdings.

RECOMMENDATIONS

The Independent Board Committee after considering the advice from the Independent Financial Adviser, is of the view that (i) the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement are entered into in the ordinary and usual course of business of the Company on normal commercial terms; and (ii) the terms of the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement (including the proposed 2024 Services Annual Cap, the proposed 2024 Seazen Annual Cap, the proposed 2024 Parking Lot Refundable Deposit Annual Cap and the proposed 2024 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 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement and the transactions contemplated thereunder (including the proposed 2024 Services Annual Cap, the proposed 2024 Seazen Annual Cap, the proposed 2024 Parking Lot Refundable Deposit Annual Cap and the proposed 2024 Seazen Parking Lot Refundable Deposit Annual Cap thereto) at the AGM.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

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

The financial information for the nine months ended 30 September 2023 is only based on the preliminary assessment by the Board on the management accounts of the Group and information currently available to the Group, which has not been audited or reviewed by the auditors and/or audit committee of the Company and may be subject to amendments or adjustments. Shareholders and potential investors are advised to refer to detailed financial information to be disclosed in the Company's announcement in respect of the annual results for the year ending 31 December 2023 to be published in due course.

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



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)

4 December 2023

CONTINUING CONNECTED TRANSACTIONS

(1) 2024 SERVICES FRAMEWORK AGREEMENT;

(2) 2024 SEAZEN FRAMEWORK AGREEMENT;

(3) 2024 SERVICES FRAMEWORK SUPPLEMENTAL AGREEMENT; AND

(4) 2024 SEAZEN FRAMEWORK SUPPLEMENTAL AGREEMENT

To the Independent Shareholders

Dear Sir or Madam,

We refer to the circular of the Company dated 4 December 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, the terms of the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement (including the proposed 2024 Services Annual Cap, the proposed 2024 Seazen Annual Cap, the proposed 2024 Parking Lot Refundable Deposit Annual Cap and the proposed 2024 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 2024 Services Annual Cap, the proposed 2024 Seazen Annual Cap, the proposed 2024 Parking Lot Refundable Deposit Annual Cap and the proposed 2024 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.

LETTER FROM INDEPENDENT BOARD COMMITTEE

China Sunrise Capital has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee on the fairness and reasonableness of the terms of the continuing connected transactions contemplated under the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement (including the proposed 2024 Services Annual Cap, the proposed 2024 Seazen Annual Cap, the proposed 2024 Parking Lot Refundable Deposit Annual Cap and the proposed 2024 Seazen Parking Lot Refundable Deposit Annual Cap). Details of the advice from China Sunrise Capital, together with the principal factors taken into consideration in arriving at such advice, are set out in its letter on pages 54 to 105 of the Circular.

We wish to draw your attention to the letter from the Board set out on pages 8 to 51 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 China Sunrise Capital, we consider that the terms of continuing connected transactions contemplated under the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement (including the proposed 2024 Services Annual Cap, the proposed 2024 Seazen Annual Cap, the proposed 2024 Parking Lot Refundable Deposit Annual Cap and the proposed 2024 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 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement and the transactions contemplated thereunder (including the proposed 2024 Services Annual Cap, the proposed 2024 Seazen Annual Cap, the proposed 2024 Parking Lot Refundable Deposit Annual Cap and the proposed 2024 Seazen Parking Lot Refundable Deposit Annual Cap) to be proposed at the EGM.

Yours faithfully

Zhang Yan
Independent
non-executive Director

Zhu Wei
Independent
non-executive Director

Xu Xinmin
Independent
non-executive Director

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

LETTER FROM CHINA SUNRISE CAPITAL

Set out below is the text of a letter from China Sunrise Capital Limited, the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders in respect of 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement and the transactions contemplated thereunder for the purpose of inclusion in this Circular.



CHINA SUNRISE CAPITAL LIMITED

Unit 4513, 45th Floor
The Center
99 Queen's Road Central, Hong Kong

4 December 2023

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

Dear Sirs or Madams,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement and the transactions contemplated thereunder (together the “**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 4 December 2023 (the “**Circular**”), of which this letter (the “**Letter**”) forms part. Capitalised terms used in this Letter shall have the same meanings as those defined in this Circular unless otherwise defined or the context requires otherwise.

As stated in the announcement of the Company dated 27 October 2023 (the “**Announcement**”), references are made to the announcements of the Company dated 28 October 2022, 8 December 2022 and the circular of the Company dated 14 December 2022 that, among other things, (i) 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

LETTER FROM CHINA SUNRISE CAPITAL

Companies (excluding 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 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; 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. (2023 Services Framework Agreement, 2023 Seazen Framework Agreement and 2023 Services Framework Supplemental Agreement, hereafter together referred to as “**Existing Services Framework Agreements**”).

References are also made to the announcement of the Company dated 8 May 2023 and the circular of the Company dated 6 June 2023 that, among other things, (i) Jiangsu Xinchengyue and Mr. Wang entered into the 2023 Services Framework 2nd Supplemental Agreement (as supplemented and amended by the 2023 Services Framework 3rd Supplemental Agreement) in relation to the arrangement of payment of the parking lot refundable deposits for the purpose of rendering the parking lot sales agency services by the Group to Mr. Wang’s Associated Companies (excluding Seazen Holdings) under the 2023 Services Framework Agreement and 2023 Services Framework Supplemental Agreement, from the effective date of the 2023 Services Framework 2nd Supplemental Agreement (i.e. 28 June 2023) to 31 December 2023; and (ii) Jiangsu Xinchengyue and Seazen Holdings entered into the 2023 Seazen Framework Supplemental Agreement (as supplemented and amended by the 2023 Seazen Framework 2nd Supplemental Agreement) in relation the arrangement of payment of the parking lot refundable deposits for the purpose of rendering the parking lot sales agency services by the Group to Seazen Holdings under the 2023 Seazen Framework Agreement, from the effective date of the 2023 Seazen Framework Supplemental Agreement (i.e. 28 June 2023) to 31 December 2023. (2023 Services Framework 2nd Supplemental Agreement (as supplemented and amended by the 2023 Services Framework 3rd Supplemental Agreement) and the 2023 Seazen Framework Supplemental Agreement (as supplemented and amended by the 2023 Seazen Framework 2nd Supplemental Agreement) hereafter together referred to as “**Existing Refundable Deposits Framework Agreements**”)

As the Existing Services Framework Agreements and the Existing Refundable Deposits Framework Agreement will expire on 31 December 2023, on 27 October 2023 (after trading hours), the Company has entered into (i) the 2024 Services Framework Agreement with Mr. Wang in relation to the provision of certain property related services to Mr. Wang’s Associated Companies (excluding Seazen Holdings) for a term of one year from 1 January 2024 to 31 December 2024; (ii) the 2024 Seazen Framework Agreement with Seazen Holdings in relation to the provision of certain property related services to Seazen Holdings for a term of one year from 1 January 2024 to 31 December 2024; (iii) the 2024 Services Framework Supplemental Agreement with Mr. Wang in connection with the arrangement of payment of the Parking Lot Refundable

LETTER FROM CHINA SUNRISE CAPITAL

Deposits for the purpose of rendering the Parking Lot Sales Agency Services by the Group to Mr. Wang's Associated Companies (excluding Seazen Holdings) under the 2024 Services Framework Agreement for a term of one year from 1 January 2024 to 31 December 2024; and (iv) 2024 Seazen Framework Supplemental Agreement with Seazen Holdings in connection with the arrangement of payment of the Parking Lot Refundable Deposits for the purpose of rendering the Parking Lot Sales Agency Services by the Group to Seazen Holdings under the 2024 Seazen Framework Agreement for a term of one year from 1 January 2024 to 31 December 2024.

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. Accordingly, the transactions contemplated under the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement constitute continuing connected transactions of the Company.

As the highest applicable percentage ratio in respect of the 2024 Services Annual Cap, the 2024 Seazen Annual Cap, the 2024 Parking Lot Refundable Deposit Annual Cap and the 2024 Seazen Parking Lot Refundable Deposit Annual Cap contemplated under the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement, respectively, exceeds 5%, the 2024 Services Framework Agreement, 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement, together with the proposed 2024 Services Annual Cap, the proposed 2024 Seazen Annual Cap, the proposed 2024 Parking Lot Refundable Deposit Annual Cap and the proposed 2024 Seazen Parking Lot Refundable Deposit Annual Cap thereof, constitute continuing connected transactions of the Company which are subject to the announcement, reporting, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As (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 Continuing Connected Transactions. As such, they have abstained from voting on the Board resolutions approving the relevant agreements and the transactions contemplated thereunder (including the proposed 2024 Services Annual Cap, the proposed 2024 Seazen Annual Cap, the proposed 2024 Parking Lot Refundable Deposit Annual Cap and the proposed 2024 Seazen Parking Lot Refundable Deposit Annual Cap). Save as mentioned above, none of the other Directors has a material interest in the Continuing Connected Transactions, and therefore, no other Director has abstained from voting on approval of the relevant resolutions.

LETTER FROM CHINA SUNRISE CAPITAL

An EGM will be convened for the Independent Shareholders to consider and, if appropriate, to approve the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement and the transactions contemplated thereunder (including the proposed 2024 Services Annual Cap, the proposed 2024 Seazen Annual Cap, the proposed 2024 Parking Lot Refundable Deposit Annual Cap and the proposed 2024 Seazen Framework Supplemental Agreement Annual Cap).

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 EGM on the resolutions in relation to the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement and the transactions contemplated thereunder (including the proposed 2024 Services Annual Cap, the proposed 2024 Seazen Annual Cap, the proposed 2024 Parking Lot Refundable Deposit Annual Cap and the proposed 2024 Seazen Framework Supplemental Agreement Annual Cap). Save as disclosed above, there is no other Shareholder who has any material interest in the Continuing Connected Transactions. As such, no other Shareholder is required to abstain from voting at the EGM on the resolution in relation to the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement and the transactions contemplated thereunder.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee 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 Continuing Connected Transactions are entered into in the ordinary and usual course of business of the Group;
- (ii) whether the terms of the Continuing Connected Transactions are on normal commercial terms and fair and reasonable;
- (iii) whether the Continuing Connected Transactions are in the interests of the Company and the Shareholders as whole; and
- (iv) how the Independent Shareholders should vote in respect to the relevant resolutions to be proposed at the EGM to approve the Continuing Connected Transactions.

LETTER FROM CHINA SUNRISE CAPITAL

None of the members of the Independent Board Committee has any interest or involvement in the Continuing Connected Transactions. Having obtained and considered the advice from the Independent Financial Adviser, the view and recommendation of the Independent Board Committee in respect of the Continuing Connected Transactions are set out in the Letter from the Independent Board Committee in this Circular.

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

Save for this appointment as the Independent Financial Adviser to provide our independent advice on the Continuing Connected Transactions, as at the Latest Practicable Date, China Sunrise Capital did not have any other relationship or connection, financial or otherwise, with or any interests in the Group, or the Directors, chief executive or substantial Shareholders of the Company or any of their respective associates, Mr. Wang, Mr. Wang's Associated Companies (including Seazen Holdings) that could reasonably be regarded as relevant to our independence. In the last two years, save for the appointment as the Independent Financial Adviser in connection with the Continuing Connected Transactions, there was no engagement between the Group and China Sunrise Capital.

Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangement exists whereby we have received or will receive any fees or benefits from the Group, or the Directors, chief executive or substantial Shareholders of the Company or any of their respective associates, Mr. Wang, Mr. Wang's Associated Companies (including the Seazen Holdings) and we are not aware of the existence of or change in any circumstances that would affect our independence. Accordingly, we consider that we are eligible to give independent advice on the Continuing Connected Transactions under Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

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

- (i) the Company's interim report for the six months ended 30 June 2023 (the "**2023 Interim Report**");
- (ii) the Company's annual report for the year ended 31 December 2022 (the "**2022 Annual Report**");

LETTER FROM CHINA SUNRISE CAPITAL

- (iii) the Company’s annual report for the year ended 31 December 2021 (the “**2021 Annual Report**”);
- (iv) the 2024 Services Framework Agreement;
- (v) the 2024 Seazen Framework Agreement;
- (vi) the 2024 Services Framework Supplemental Agreement;
- (vii) the 2024 Seazen Framework Supplemental Agreement; and
- (viii) other information as set out in this Circular.

We have relied on the truth, accuracy and completeness of the statements, information, facts, representations and opinions 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**”). 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 in this Circular or this Circular misleading. We have no reason to suspect that any material information or facts have been omitted or withheld nor to doubt the truth, accuracy or completeness of the information and facts contained in this Circular or provided to us, or the reasonableness of the opinions expressed by the Management, the Company, and its advisers, which have been provided to us. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information and facts supplied and the representations made and opinions expressed by them are not misleading in any material respect.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for us to formulate our advice as set out in this Letter. We have assumed that all statements, information, facts, representations and opinions contained or referred to in this Circular and/or those provided to us by the Management, the Company, and its advisers, for which they are solely and wholly responsible, are true, accurate and complete in all material respects and not misleading or deceptive at the time when they were provided or made and will continue to be so in all material respect up to the date of the EGM.

LETTER FROM CHINA SUNRISE CAPITAL

We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the businesses, affairs, operations, financial position or future prospects of the Group.

Our advice is necessarily based on the prevailing financial, economic, market and other conditions and the information made available to us as at the Latest Practicable Date. Where information in this Letter has been extracted from published or otherwise publicly available sources, the sole responsibility of ours is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and not used out of context.

We, as the Independent Financial Adviser, take no responsibility for the contents of any part of this Circular, save and except for this Letter.

This Letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the matters relating to the Continuing Connected Transactions. Except for its inclusion in this Circular, this Letter is not to be quoted or referred to, in whole or in part, nor shall this Letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of 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 the highlights of the financial results of the Group for each of year ended 31 December 2021 (“**FY2021**”) and 2022 (“**FY2022**”), and the six months ended 30 June 2022 (“**1H2022**”) and 2023 (“**1H2023**”), as extracted from the 2021 Annual Report, the 2022 Annual Report and the 2023 Interim Report, respectively:

LETTER FROM CHINA SUNRISE CAPITAL

Table 1: Highlights of the financial results of the Group

	Unaudited		Audited	
	1H2023 (RMB'000)	1H2022 (RMB'000)	FY2022 (RMB'000)	FY2021 (RMB'000)
Revenue	2,681,101	2,465,961	5,179,553	4,350,735
— <i>Property management services</i>	1,694,125	1,392,613	3,024,934	2,100,212
— <i>Value-added services</i>	986,976	1,073,348	2,154,619	2,250,523
Gross profit	717,574	716,129	1,338,140	1,341,547
Profit for the period/year attributable to the owners of the Company	293,789	225,816	423,476	525,455

Sources: the 2021 Annual Report, the 2022 Annual Report and the 2023 Interim Report

FY2022 vs FY2021

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 significant increase in revenue was mainly attributable to: (i) the increase in 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) slightly offset by the decrease in value-added services segment by approximately 4.3% from approximately RMB2,250.5 million for FY2021 to approximately RMB2,154.6 million for FY2022. Under the value-added segment, the community-related value-added services recorded a significant growth of approximately 40.3% from approximately RMB915.6 million for FY2021 to approximately RMB1,284.5 million for FY2022, which was offset by (i) the decrease in developer-related value-added services from approximately RMB815.3 million for FY2021 to RMB519.5 million for FY2022; and (ii) the decrease in smart community services from approximately RMB519.7 million for FY2021 to approximately RMB350.6 million for FY2022.

The Group recorded profit attributable to the owners of the Company of approximately RMB423.5 million for FY2022, representing a decrease of approximately 19.4% from approximately RMB525.5 million for FY2021 which was mainly due to (i) the rapid growth of the revenue from the Group's catering business and facility management services with low gross profit margin, which diluted the gross profit margin of the segment; and (ii) the effect of the COVID-19 pandemic (the "**Pandemic**") on the operations of some of our businesses with fixed staff and facility costs, leading to the decline of the gross profit margin of the businesses.

LETTER FROM CHINA SUNRISE CAPITAL

1H2023 vs 1H2022

The revenue of the Group increased by approximately 8.7% from approximately RMB2,466.0 million for 1H2022 to approximately RMB2,681.1 million for 1H2023. The revenue increase was primarily attributable to the increase in property management services segment by approximately 21.7% from approximately RMB1,392.6 million for 1H2022 to approximately RMB1,694.1 million for 1H2023.

Based on the above, the net profit attributable to equity shareholders of the Company reached approximately RMB293.8 million for 1H2023, representing an increase of approximately 30.1% from approximately RMB225.8 million for 1H2022.

The following is the highlights of the financial positions of the Group as at 30 June 2023 and as at 31 December 2022, as extracted from the 2023 Interim Report:

Table 2: Highlights of the financial positions of the Group

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2023	2022
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Non-current assets	1,514,687	1,451,636
Current assets	5,197,662	4,699,011
Total assets	6,712,349	6,150,647
Non-current liabilities	257,806	232,785
Current liabilities	3,339,027	3,009,339
Total liabilities	3,596,833	3,242,124
Net asset value (“NAV”) attributable to owners of the Company	2,748,646	2,589,478

Source: the 2023 Interim Report

As at 30 June 2023, the total assets and liabilities of the Group were approximately RMB6,712.3 million and RMB3,596.8 million respectively, as compared to the respective total assets and liabilities of approximately RMB6,150.6 million and RMB3,242.1 million as at 31 December 2022 respectively, registering a slight increase of approximately 9.1% and 10.9% respectively. Given the movement of the total assets and total liabilities of the Group highlighted

LETTER FROM CHINA SUNRISE CAPITAL

above, the NAV attributable to owners of the Company increased from approximately RMB2,589.5 million as at 31 December 2022 to approximately RMB2,748.6 million as at 30 June 2023, representing a moderate increase of approximately 6.1%.

2. Background information of Mr. Wang and Seazen Holdings

As stated in the Letter from the Board, Mr. Wang is a controlling Shareholder of the Company. 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.

3. Reasons for and benefits of the Continuing Connected Transactions

As disclosed in the Letter from the Board, the Company is an experienced property management services provider in the PRC engaging in the provision of property management services, such as property and equipment maintenance, security services, cleaning services, gardening services, public area maintenances, whereas Mr. Wang has been involved in property development and property investment in the PRC via the Seazen Group. The Company has been providing such property management services to Mr. Wang's Associated Companies (including the Seazen Group) since 1996 and the Directors believe such services are of great assistance to Mr. Wang's Associated Companies (including the Seazen Group), as well as providing a steady income stream to the Company. The 2024 Services Framework Agreement and 2024 Seazen Framework Agreement hence represents a stable and trustworthy business relationship which the Group can leverage to achieve its business objectives.

In addition to the above and as set out in the Letter of the Board, the Board has further considered the following reasons and benefits in determining the entering into of the 2024 Services Framework Supplemental Agreement and the 2024 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;

LETTER FROM CHINA SUNRISE CAPITAL

- (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 10–20 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 Parking Lot 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 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 Parking Lot Refundable Deposits to be a fair mean to better utilise its surplus cash;
- (v) pursuant to the 2024 Services Framework Supplemental Agreement and the 2024 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 of 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 prices of parking lots (and hence the amount of

LETTER FROM CHINA SUNRISE CAPITAL

Parking Lot Refundable Deposits) charged by Mr. Wang's Associated Companies. In the event the Group is of the view that the base prices of parking lots are not reasonable or not in 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 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement, therefore, the Company believes that the risks in respect of the recoverability of the Parking Lot 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 Parking Lot 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 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement have been arrived at after arm's length negotiations between the parties thereto. Each of the Directors (including the independent non-executive Directors whose views are set out in the section headed "Letter from Independent Board Committee" in this Circular, after considering the advice from China Sunrise Capital) is of the view that each of the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement has been entered into on an arm's length basis, on normal commercial terms, in the usual and ordinary course of business of the Group. The transactions contemplated under the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

LETTER FROM CHINA SUNRISE CAPITAL

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

Based on our own research conducted on the property management industry in the PRC, as set out on the website of the National Bureau of Statistics of the PRC (<http://data.stats.gov.cn>), the PRC's gross domestic product ("GDP") in 2022 reached RMB121.0 trillion, registering an increase of about RMB6.6 trillion or 5.8% growth year-on-year, as compared to 2021 when the economy was recovering from the adverse impact by the outbreak of the Pandemic. As a result of the Pandemic, the property management industry of the PRC experienced a short-term recession due to the slowdown in the overall real estate market development, the postponement of delivery of property projects, and disruption of real estate sales activities. However, the impacts of the Pandemic are short-term as a series of policies and measures have been implemented to support the economic recovery, property development industry and property management companies, including but not limited to, implementing a proactive fiscal policy and a prudent monetary policy, and implementing policies such as burden reduction and relief, including tax cuts, tax rebates, etc. In particular, pursuant to the Fourteenth Five Year Plan, the PRC government has announced the target urbanisation rate of the resident population* (常住人口城鎮化) for the next five years from 2021 to be approximately 65.0%. In this connection, the PRC government promoted urbanisation in the PRC through, among others, (i) accelerating the agricultural population urbanisation* (加快農業轉移人口市民化) by implementing two main strategies, namely further reform of the household registration system* (深化戶籍制度改革) and improvement on the system for promoting urbanisation of agricultural population* (健全促進農業轉移人口市民化的機制); and (ii) improving urbanisation layout* (完善城鎮化空間布局) by implementing five strategies, namely promote the integrated development of conurbations* (推動城市群一體化發展), construct modernised metropolitan areas* (建設現代化都市圈), optimise and enhance functions of central urban areas in mega-sized-cities* (優化提升超大特大城市中心城區功能), improve habitability and employability in large and medium-sized cities* (完善大中城市宜居宜業功能) and promote urbanisation construction with counties/cities as major carriers* (推進以縣城為重要載體的城鎮化建設). At the same time, regulatory notices were issued by the Ministry of Housing and Urban-Rural Development and other competent departments to provide guidance to the Chinese property management industry and aims to enhance the quality of property management services, hence, are expected to have a positive impact on the development of property management service industry in the PRC. Accordingly, the development of the PRC real estate market continues to be influenced by changes in the PRC government policies at a national and regional level, the market

LETTER FROM CHINA SUNRISE CAPITAL

environment as well as the overall economic development of the PRC. The accelerated development of the industry may be attributable to the rapid urbanisation, increasing household per capita disposable income, development of commodity housing, and favourable government policies and initiatives. According to China Index Academy (being the largest independent property research organisation with more than 15 offices nationwide, which provides comprehensive and accurate property/land data in a timely manner and generates key market insights for clients), the property management industry in the PRC should maintain its stable growth with the expected market size in terms of GFA under management is expected to increase from approximately 31.1 billion sq.m in 2023 to approximately 35.5 billion sq.m. in 2026, representing a compound annual growth rate of approximately 4.5%. In view of the above, with the uncertainty lingering during these turbulent times, the growth of the PRC real estate and the property management industries is cautiously optimistic in the long term.

With reference to the 2023 Interim Report, the Group has entered into property management contracts in 195 cities with a contracted GFA of approximately 322.8 million sq.m. as at 30 June 2023, representing a net increase of approximately 10.1 million sq.m. from the end of 2022, among which the contracted GFA from independent third parties was 156.0 million sq.m. and accounted for approximately 48.3%, representing an increase of approximately 6.8% from the end of 2022. We understand from the Management that in regards to the Company's effort in staying proactive in the expansion of third party projects and accomplished a total of over 10.0 million sq.m. of the contracted GFA expansion of independent third party projects in 1H2023, covering residences, hospital, corporate office buildings, industrial parks and shopping malls, etc. In addition, pursuant to the terms and conditions of the 2024 Services Framework Agreement, 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement, no exclusivity clause exist whereby the Group may from time to time provide certain property related services to Mr. Wang's Associated Companies (including Seazen Holdings) on a non-exclusive bases, therefore the Group has the flexibility to choose engaging property related services to any other independent third party customers. We have made enquiry to the Management that the Company has access and connection to other independent third party customers and has maintained business discussions with these customers from time to time. Accordingly, we concur with the Management and we do not doubt the effectiveness of such measures in 2024.

Having considered that: (i) the existing continuing connected transactions will be recurring in nature and similar transactions have been taking place in the past years in the ordinary and usual course of business of the Group; (ii) Mr. Wang's Associated Companies (including 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 2024 Services Framework Agreement, 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental

LETTER FROM CHINA SUNRISE CAPITAL

Agreement will maintain the Group's business operation; and (iii) the Group's internal control procedures to be discussed below under the section headed "6. Internal Control Measures", we are of the view that the entering into of the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement are in the interests of the Company and the Shareholders as a whole.

4. Principal terms of the 2024 Services Framework Agreement and the 2024 Seazen Framework Agreement

The principal terms of the 2024 Services Framework Agreement and the 2024 Seazen Framework Agreement are set out below, which are substantially identical except for the contractual parties and the relevant annual caps set out thereunder:

Date: 27 October 2023 (after trading hours)

Parties: *2024 Services Framework Agreement*
(i) The Company; and
(ii) Mr. Wang

2024 Seazen Framework Agreement
(i) The Company; and
(ii) Seazen Holdings

Terms: From 1 January 2024 to 31 December 2024 (both days inclusive).

Each of the 2024 Services Framework Agreement and the 2024 Seazen Framework 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) under all relevant laws, regulations, regulatory documents and regulatory rules (including but not limited to the Listing Rules).

LETTER FROM CHINA SUNRISE CAPITAL

Property Management Services and Value-added Services (together the “Services”):

The Company is commissioned to provide various property management services, including the maintenance, consultancy and inspection services in connection with the development projects of Mr. Wang’s Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be). The Company agrees to provide the following services to Mr. Wang’s Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) with the pricing policies and payment terms as briefly listed below:

- a. **Property Management Services** — Provision of maintenance, conservation and management services for the properties, ancillary facilities and relevant premises, and maintain the environmental hygiene and order of the relevant areas in accordance with the service standards as agreed in the subsidiary agreements.
- b. **Intelligent Construction Services** — Provision of construction services for community intelligence systems such as surveillance system, access control system, parking system and indoor smart homes to the property projects developed by Mr. Wang’s Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) and their subsidiaries.
- c. **Sales Offices Management Services** — Provision of management of the sale offices, city exhibition halls, showrooms and clubhouses of Mr. Wang’s Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) and the provision of cleaning, security and customer services to Mr. Wang’s Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be).

- d. Detailed Property Inspection Services** — Provision of detailed property inspection services by inspectors before delivery of properties as instructed by Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) which involves (i) quality inspection of the practical functions and the detailed perception of each residential unit and all interior components; (ii) quality inspection of each part and component of outdoor general engineering, including the practical functions and the detailed perception of roads, underground garages, community landscape, artistic items and green plantation; and (iii) auxiliary services which involve the inspection of the practical functions and the detailed perception of, among others, the security intelligence system. The Company shall provide feedback to rectify based on the inspection results and in accordance with the delivery and acceptance standards of project management and inspection standards of Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) and inspection standards of the Company, to improve the delivery quality of Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be).
- e. Property Preliminary Stage Consultancy Services** — Provision of property preliminary stage consultancy services which includes:
- (i) preliminary stage of property development: advising on property services related to project design and practical functions during marketing positioning, planning and designing stage of the project, as well as advices on the improvement of property services in areas involving engineering, procurement, design and other professional areas during the development stage;

LETTER FROM CHINA SUNRISE CAPITAL

- (ii) pre-delivery risk assessment: conducting risk assessment based on pre-delivery on-site condition and the progress of construction. The risk assessment mainly includes: (1) safety (entrance and exit design, security intelligence system, firefighting facilities and equipment, road traffic signs, etc.); (2) engineering (elevator, power system, water supply and drainage, fire protection system, intelligence system, children's fitness facilities, lighting, lightning protection, equipment room, technical information, etc.); and (3) landscape (trees, shrubs and vegetation, lawn, water collection points, dumpster placement points, road flooring, etc.); and
 - (iii) preparation for pre-delivery: planning and setting up of project team, project service and management plan optimisation, staff recruitment, initial identification of project manager, training and clothing procurement for service personnel at all levels, participate in project pre-delivery risk assessment and propose rectification, material production and various preparatory work before delivery, and coordinate and communicate with Seazen Holdings prior to delivery, etc.
- f. Parking Lot Sales Agency Services** — Provision of sales agency services in relation to the delivered parking lots of development projects of Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be).
- g. Property Maintenance and Management Services during the Warranty Period** — Provision of coordination and management services for any property quality issues of the delivered properties developed by Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) within the warranty period for such properties and ultimately solve such property quality issues for the homeowners.

LETTER FROM CHINA SUNRISE CAPITAL

- h. Elevator Installation and Maintenance Services —** Provision of elevator installation services in property development projects of the subsidiaries of Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be), and to provide maintenance services for the elevators in some of the properties they held.
- i. On-site Event Planning and Layout Services —** Provision of on-site event planning, product sourcing and layout services for their property development projects of the subsidiaries of Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be).
- j. Miscellaneous Entrustment Services —** Provision of miscellaneous service in relation to the development projects of the subsidiaries of Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be).

Pricing policy:

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

LETTER FROM CHINA SUNRISE CAPITAL

Subsidiary Agreement(s): For the property management services required by each development project of Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) under the 2024 Services Framework Agreement or the 2024 Seazen Framework Agreement, Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) and the Company shall (directly or through their respective subsidiaries) enter into subsidiary agreements setting out the specific scopes of services required and amount of fees payable in conformity with the principles (including the pricing policy mentioned above) set out in the 2024 Services Framework Agreement or the 2024 Seazen Framework Agreement.

All transactions contemplated under the 2024 Services Framework Agreement or 2024 Seazen Framework Agreement shall be conducted on normal commercial terms and negotiated on arm's length basis. It is agreed that the terms offered by the Company to Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) should not be less favorable than those offered to other parties for similar services.

Further details of the principal terms of the 2024 Services Framework Agreement and the 2024 Seazen Framework Agreement, please refer to the section headed "The 2024 Service Framework Agreement and the 2024 Seazen Framework Agreement" in the Letter from the Board.

Review of the principal terms

Primarily, we have reviewed the 2024 Services Framework Agreement and the 2024 Seazen Framework Agreement and we noted that the pricing and other principal terms of the 2024 Services Framework Agreement and the 2024 Seazen Framework Agreement continue to follow those of the Existing Services Framework Agreements.

Secondly, the service fees to be charged for each type of the Services will be determined principally after arm's length negotiations by taking into account factors including the type of the development projects, the locations of the development projects, the scope of services, the prevailing market rate, the guidance price of such services for similar type of development projects issued by the local government (if applicable) and the fees charged to the third party customers independent of the Group, the operational costs (including labour costs, material costs and administrative costs) to be incurred in the course of the provision of the services plus a profit

LETTER FROM CHINA SUNRISE CAPITAL

margin and the anticipated increase in such costs due to inflation and economic and social development. The service fees shall not be higher than the standard fees approved by the state pricing regulatory authorities (if available) in any event. For our independent review of the Group's internal control procedures carried out under the term of the Existing Services Framework Agreements, please refer to the section headed "6. Internal Control Measures" below.

In addition, we have accessed the fairness and reasonableness of the pricing mechanism by randomly obtaining and reviewing 14 sets of price quotations offered to Mr. Wang's Associated Companies and compared against 14 sets of price quotations offered to independent third party customers based on substantially the same requirements and/or specification for each type of services covering each of the: (a) Property Management Services; (b) Intelligent Construction Services; (c) Sales Offices Management Services; (d) Parking Lot Sales Services; (e) Property Maintenance and Management Services during the Warranty Period; (f) Elevator Installation and Maintenance Services; and (g) On-site Event Planning and Layout Services from 1 January 2023 to date of the Announcement (the "**Review Period**") prepared by the Group under the Existing Framework Agreements. As advised by the Management that during the Review Period, the Group has not entered into any agreements for the Detailed Property Inspection Services and Property Preliminary Stage Consultancy Services with independent third party customers. Alternatively, we have obtained and reviewed 4 agreements entered into between the Group and the independent third party customers for Detailed Property Inspection Services and Property Preliminary Stage Consultancy Services during FY2022. In relation to the Miscellaneous Entrustment Services, as advised by the Management, it was covered by the 10% buffer adopted on the 2023 Services Annual Cap and 2023 Seazen Annual Cap so as to accommodate any unexpected demand during FY2023 should they arise. As at 30 September 2023, no transactions with respect to the Miscellaneous Entrustment Services were conducted with both independent third party customers and Mr. Wang's Associated Companies. Based on our discussion with the Management, the Miscellaneous Entrustment Services are mainly attributable to facilitate extraordinary incidents such as, organising social events for residents of properties. Nevertheless, considering that (i) a total of 14 samples (the "**Sample Transactions**") were selected on a random basis which covered each of the services provided under the Existing Framework Agreements (save and except for the Detailed Property Inspection Services, Property Preliminary Stage Consultancy Services and Services Miscellaneous Entrustment Services) and (ii) such Sample Transactions are selected during the Review Period as contemplated under the Existing Framework Agreements, we consider the Sample Transactions are adequate and representative. According to the Sample Transactions collected, we noted that each contract was reviewed when appropriate, by the responsible relevant personnel and internal audit department before the individual agreement was entered into. For the pricing policy of the Sample Transactions, we noted that it is in line with the Group's pricing policy as set out in the section headed "The 2024 Services Framework Agreement and the 2024 Seazen Framework Agreement" of the Letter from the Board, the service fees of the Services will be determined principally by arm's length commercial negotiations according to the principles of

LETTER FROM CHINA SUNRISE CAPITAL

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

Lastly, we also noted from the relevant price quotations as contemplated under the Sample Transactions that:

- (a) Property Management Services — the fees to be charged for the Property Management Services are generally paid on annual, half-yearly, quarterly or monthly basis as agreed in the subsidiary agreements, which are in line with the Group's payment terms offered to independent third party customers under similar conditions and the market practice;
- (b) Intelligent Construction Services — the fees to be charged for the Intelligent Construction Services are generally paid and settled after the delivery of, the inspection and acceptance of the services, which are in line with the Group's payment terms offered to independent third party customers under similar conditions;
- (c) Sales Offices Management Services — payments for the Sales Offices Management Services are generally made on a quarterly or monthly basis, which are the same as the payment terms offered to the independent third party customers under similar conditions and the market practice;
- (d) Detailed Property Inspection Services — payments in connection with the Detailed Property Inspection Services are generally settled within one month after the delivery of services (i.e. upon the delivery of the relevant properties to the ultimate property owners after completion of inspection by the Group, including inspection of rectification on works based on the results of initial inspections conducted by the Group), which are in line with the Group's payment terms offered to independent third party customers under similar conditions and the market practice;
- (e) Property Preliminary Stage Consultancy Services — the payment terms for the Property Preliminary Stage Consultancy Services are usually settled within three months after the delivery of the property, which are in line with that offered by the Group to the independent third party customers;

LETTER FROM CHINA SUNRISE CAPITAL

- (f) Parking Lot Sales Agency Services — the payments of the Parking Lot Sales Services are generally settled quarterly according to the actual number of parking spaces sold, which are in line with the Group’s payment terms offered to independent third party customers under similar conditions and the market practice;
- (g) Property Maintenance and Management Services during the Warranty Period — the fees to be charged for the Property Maintenance Management Services during the Warranty Period are usually paid on a quarterly basis, which are in line with the Group’s payment terms offered to independent third party customers under similar conditions and the market practice;
- (h) Elevator Installation and Maintenance Services — the payments of the Elevator Installation and Maintenance Services are usually made upon commencement of the construction works and the remaining balance settled upon the inspection and acceptance of the projects after the completion of the construction works, which are in line with the Group’s payment terms offered to independent third party customers under similar conditions and the market practice; and
- (i) On-site Event Planning and Layout Services — the fees to be charged for the On-site Event Planning and Layout Services are generally settled within one month after the delivery of services, which are in line with the Group’s payment terms offered to independent third party customers under similar conditions; and
- (j) Miscellaneous Entrustment Services — the fees to be charged for the Miscellaneous Entrustment Services are generally made in a lump sum after the end of provision of services.

Furthermore, we note that the Group generally adopts the policy of credit period of 6 months from the date of invoice issued under the relevant subsidiary agreement in respect of Property Management Services, Intelligent Construction Services and Sales Offices Management Services. In the event the relevant payment remains outstanding upon expiry of the said credit period, the Group will send payment reminders to Mr. Wang’s Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be), and will further consider taking additional actions (such as legal actions if necessary) if the relevant payment is past due for more than 12 months from the relevant date of invoice issued under the relevant subsidiary agreements. The above credit policy is similarly applied to independent third party customers.

In this regard, the payment terms offered to Mr. Wang’s Associated Companies (including Seazen Holdings) for the 2024 Services Framework Agreement and the 2024 Seazen Framework Agreement are no less favourable than those offered to the independent third party customers.

LETTER FROM CHINA SUNRISE CAPITAL

Based on the above, we are of the view that the pricing and other terms offered by the Group under the 2024 Services Framework Agreement and the 2024 Seazen Framework Agreement are on normal commercial terms which are no less favourable to the Group than those offered by the Group to other independent third party customers.

Historic actual transaction amounts

The table below sets out: (i) the historical actual transaction amounts of the Services for the year ended 31 December 2020 (“FY2020”), FY2021, FY2022 and the nine months ended 30 September 2023 (“9M2023”); (ii) the annual caps for each of FY2020, FY2021, FY2022 and FY2023 in respect of the Services; and (iii) the respective utilisation rate of the annual caps for each of FY2020, FY2021, FY2022 and FY2023 in respect of the Services.

Table 3: The annual caps and the historical actual transaction amounts of the Services for FY2020, FY2021, FY2022 and FY2023

	FY2020	FY2021	FY2022	FY2023
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Historic actual transaction amounts	1,210.8	1,481.9	1,073.2	564.2 (up to 9M2023)
Approved annual caps	1,300.0	1,500.0	2,000.0	1,450.0
Utilisation rates	93.1%	98.8%	53.7%	38.9%

As illustrated above, the historical actual transaction amount of the Services for 9M2023 amounted to approximately RMB564.2 million, registering a utilisation rate of approximately 38.9% of the existing annual cap of RMB1,450.0 million for FY2023. Should the historical actual transaction amount of the Services for 9M2023 be annualised, the projected transaction amount of the Services for FY2023 would amount to approximately RMB752.3 million, representing a utilisation rate of approximately 51.9%. As discussed with the Management, the relatively low utilisation rate of the Services for the annual cap for 9M2023 was mainly due to: (i) the development in PRC property market has slowed down in this regard; and (ii) the actual demand from Mr. Wang’s Associated Companies (including Seazen Holdings) for property management related services was less than the projection in 2022.

Tables 4 and 5 below set out the annual caps and the historical actual transaction amounts of the Services in respect of Mr. Wang’s Associated Companies and Seazen Holdings for FY2020, FY2021, FY2022 and 9M2023.

Table 4: The annual caps and the historical actual transaction amounts of the Services in respect of Mr. Wang's Associated Companies (excluding Seazen Holdings) for FY2020, FY2021, FY2022 and 9M2023

	FY2020 (RMB million)		FY2021 (RMB million)		FY2022 (RMB million)		9M2023 (RMB million)		
	Historical actual transaction amounts (approximately)	Allocation of annual cap (Note 1)	Historical actual transaction amounts (approximately)	Allocation of annual cap (Note 1)	Historical actual transaction amounts (approximately)	Allocation of annual cap (Note 1)	Historical actual transaction amounts (approximately)	Allocation of annual cap (For FY2023) (Note 1)	Utilisation rate (%)
Property Management Services	3.1	2.0	3.6	10.0	16.1	15.0	5.1	30.0	17.0
Value-added services									
— Intelligent Construction Services	50.9	3.0	35.5	20.0	31.6	20.0	12.8	10.0	128.0
— Sales Offices Management Services	65.4	45.0	78.8	80.0	57.2	145.0	29.2	30.0	97.3
— Detailed Property Inspection Services	26.9	39.0	22.8	20.0	13.8	50.0	4.5	10.0	45.0
— Property Preliminary Stage									
— Consultancy Services	34.0	38.0	24.9	20.0	21.7	50.0	8.5	10.0	85.0
— Parking Lot Sales Agency Services	17.0	—	(5.5)	—	2.8	45.0	3.2	10.0	32.0
			(Note 2)						
— Property Maintenance and Management Services during the Warranty Period	3.7	—	3.5	—	1.6	20.0	2.6	—	Not applicable
— Elevator Installation and Maintenance Services	—	—	4.7	—	7.9	—	3.1	—	Not applicable
— On-site Event Planning and Layout Services	1.7	—	0.6	—	2.9	5.0	5.7	—	Not applicable
Mr. Wang's Associated Companies									
— Total	202.7	127.0	168.9	150.0	155.6	350.0	74.7	100.0	74.7

Notes:

1. The annual caps of each category of service are for illustrative purposes only, which (i) were prepared based on the estimation of the management at the time of setting the annual cap of a particular year and (ii) have included the 10% buffer for all categories of services.
2. For FY2021, the Group received a total of approximately RMB2.9 million from Mr. Wang's Associated Companies in respect of Parking Lot Sales Agency Services, during the same period, there were returns of parking lots sold and as such generated a total refund in the amount of approximately RMB8.4 million. Accordingly, there was a net negative balance of approximately RMB5.5 million in respect of Parking Lot Sales Agency Services for FY2021.

Table 5: The annual caps and the historical actual transaction amounts of the Services in respect of Seazen Holdings for FY2020, FY2021, FY2022 and 9M2023

	FY2020 (RMB million)		FY2021 (RMB million)		FY2022 (RMB million)		9M2023 (RMB million)	
	Historical actual transaction amounts (approximately)	Allocation of annual cap (Note)	Historical actual transaction amounts (approximately)	Allocation of annual cap (Note)	Historical actual transaction amounts (approximately)	Allocation of annual cap (Note)	Historical actual transaction amounts (approximately)	Allocation of annual cap (For FY2023) (Note)
Property Management Services	48.5	82.0	43.3	80.0	73.9	135.0	64.4	200.0
Value-added services								
— Intelligent Construction Services	315.1	371.0	468.5	380.0	299.9	540.0	166.7	290.0
— Sales Offices Management Services	354.1	500.0	347.6	460.0	188.0	405.0	81.1	330.0
— Detailed Property Inspection Services	113.2	100.0	163.0	140.0	95.3	110.0	50.4	120.0
— Property Preliminary Stage Consultancy Services	96.1	80.0	139.9	120.0	94.3	100.0	61.1	110.0
— Parking Lot Sales Agency Services	65.2	35.0	87.7	60.0	90.9	255.0	13.0	190.0
— Property Maintenance and Management Services during the Warranty Period	14.7	5.0	43.8	40.0	31.1	40.0	14.0	40.0
— Elevator Installation and Maintenance Services	—	—	11.2	50.0	28.6	50.0	19.7	50.0
— On-site Event Planning and Layout Services	1.3	—	8.0	20.0	15.6	15.0	19.1	20.0
Seazen Holdings — Total	1,008.2	1,173.0	1,313.0	1,350.0	917.6	1,650.0	489.5	1,350.0
								Utilisation rate (%)
								32.2
								57.5
								24.6
								42.0
								55.5
								6.8
								35.0
								39.4
								95.5
								36.3

Note:

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

LETTER FROM CHINA SUNRISE CAPITAL

The table below sets out the proposed 2024 Services Annual Cap and the proposed 2024 Seazen Annual Cap in respect of the Services for the year ending 31 December 2024 (“FY2024”) and the estimated allocation of the proposed 2024 Services Annual Cap and the proposed 2024 Seazen Annual Cap of the Services.

Table 6: The proposed 2024 Services Annual Cap and 2024 Seazen Annual Cap of the Services for FY2024

	FY2024 <i>RMB million</i>
Proposed 2024 Services Annual Cap of the Services	120.0
Proposed 2024 Seazen Annual Cap of the Services	680.0

Basis for determining the proposed 2024 Services Annual Cap and the proposed 2024 Seazen Annual Cap of the Services

As set out in the Letter from the Board, in determining the 2024 Services Annual Cap and the 2024 Seazen Annual Cap for the 2024 Services Framework Agreement and the 2024 Seazen Framework Agreement respectively, the Directors have considered various factors including:

- (a) the aggregate amount of approximately RMB564.2 million settled by Mr. Wang’s Associated Companies for the Services for 9M2023, representing approximately 38.9% (or for illustration purpose only, approximately 51.9% or RMB752.3 million after annualisation) of the existing annual cap for FY2023;
- (b) the decrease in the estimated demand of Mr. Wang’s Associated Companies for certain property related services for FY2024: based on the public information disclosed by the Seazen Group, the gross floor area under construction of the Seazen Group as at 30 June 2023 is 492.8 million sq.m., representing a year-on-year decrease of approximately 25.8% as compared with that as at 30 June 2022;
- (c) the historical amounts for the Services for FY2020, FY2021 and FY2022 settled between the Group and Mr. Wang’s Associated Companies; and
- (d) other factors such as the Group’s business plans, inflation and buffer of 10% to cover the miscellaneous entrustment services ancillary to the Services and unexpected circumstances.

LETTER FROM CHINA SUNRISE CAPITAL

Set out below is the estimated allocation of the 2024 Services Annual Cap and the 2024 Seazen Annual Cap to the Services provided for Mr. Wang's Associated Companies and Seazen Holdings.

	2024 Services Framework Agreement RMB	2024 Seazen Framework Agreement RMB
Property Management Services	13,630,000	113,640,000
Value-added services		
— Intelligent Construction Services	18,180,000	163,640,000
— Sales Offices Management Services	36,360,000	90,910,000
— Detailed Property Inspection Services	9,090,000	59,090,000
— Property Preliminary Stage Consultancy Services	9,090,000	77,270,000
— Parking Lot Sales Agency Services	4,550,000	50,000,000
— Property Maintenance and Management Services during the Warranty Period	4,550,000	18,180,000
— Elevator Installation and Maintenance Services	4,550,000	27,270,000
— On-site Event Planning and Layout Services	9,090,000	18,180,000
Buffer of 10%	10,910,000	61,820,000
 Total	 120,000,000	 680,000,000

As set out in the Letter from the Board, the detailed reasons for the above estimated allocation are as follows:

- (a) for Property Management Services, the increasing GFA under management has a positive and direct impact on the revenue of the Group. For FY2020, FY2021, FY2022 and 1H2023, the GFA under management for the properties developed by Mr. Wang's Associated Companies (excluding Seazen Holdings) were approximately 6.1 million sq.m., 7.7 million sq.m., 9.0 million sq.m. and 9.4 million sq.m., respectively, whereas the GFA under management for the properties developed by Seazen Holdings were approximately 54.1 million sq.m., 72.9 million sq.m., 86.4 million sq.m. and 91.5 million sq.m. respectively. It is expected that the service fees deriving from the Property Management Services will continue to increase in accordance with the expected growth in the GFA under management after considering (i) the number of subsisting properties developed by Mr. Wang's Associated Companies (excluding Seazen Holdings) and Seazen Holdings which are currently under the Group's management as at 30 September

LETTER FROM CHINA SUNRISE CAPITAL

2023 and will continue to require the Group's Property Management Services in 2024; (ii) the number of newly secured property management projects from Mr. Wang's Associated Companies (excluding Seazen Holdings) and Seazen Holdings as at 30 September 2023; (iii) the delivery schedule of the aforesaid properties in (i) and (ii); and (iv) the completion schedule of property projects developed by Mr. Wang's Associated Companies (excluding Seazen Holdings) and Seazen Holdings. The Company considers it justifiable to allocate the amount of RMB13,630,000 from the 2024 Services Annual Cap and RMB113,640,000 from the 2024 Seazen Annual Cap for this service on the premise of (i) the aforesaid factors; and (ii) the historical increasing trend of GFA under management of the properties developed by Mr. Wang's Associated Companies (excluding Seazen Holdings) and Seazen Holdings. The amounts of annual caps allocated for Property Management Services under the 2024 Services Annual Cap and 2024 Seazen Annual Cap are also relatively lower than that in 2023 to reflect the lower relevant actual transaction amounts and lower utilisation rate of relevant allocated annual caps in 2023;

- (b) for Intelligent Construction Services which involve engineering and maintenance services of intelligent security equipment, the estimated demand for Intelligent Construction Services is determined based on potential contractual value, estimated construction progress and expected completion of such intelligent engineering projects. For FY2020, FY2021, FY2022 and 9M2023, the Group had provided services to (i) 327, 491, 488 and 396 Intelligent Construction Services projects in relation to Seazen Holdings, deriving revenue of approximately RMB315.1 million, RMB468.5 million, RMB299.9 million and RMB166.7 million, respectively; and (ii) 42, 48, 52 and 36 Intelligent Construction Services projects in relation to Mr. Wang's Associated Companies (excluding Seazen Holdings), deriving revenue of approximately RMB50.9 million, RMB35.5 million, RMB31.6 million and RMB12.8 million, respectively. Furthermore, for the 432 Intelligent Construction Service projects in relation to Mr. Wang's Associated Companies as at 30 September 2023, most of them will be completed by the end of 2023, and the revenue from the remaining 142 projects (among which 134 projects were in relation to Seazen Holdings and 8 projects were in relation to Mr. Wang's Associated Companies (excluding Seazen Holdings)) shall be recognised using the percentage of completion starting from 2024. Accordingly, based on the above and taking into account the new projects acquired after 30 September 2023 which are expected to subsist or commence in 2024, as well as the historical trend of high utilisation rate of annual caps of the Intelligent Construction Services allocated to Mr. Wang's Associated Companies (excluding Seazen Holdings), the Company considers it justifiable to allocate the amount of RMB18,180,000 from the 2024 Services Annual Cap (which is at similar level as the estimated annualised transaction amount for services rendered to Mr. Wang's Associated Companies (excluding Seazen Holdings) up

LETTER FROM CHINA SUNRISE CAPITAL

to 30 September 2023, and higher than the amount of annual cap allocated in 2023) and RMB163,640,000 from the 2024 Seazen Annual Cap (which is slightly lower than the estimated annualised transaction amount for services rendered to Seazen Holdings up to 30 September 2023 in light of the completion schedule of projects on hand, and lower than the relevant annual cap allocated in 2023) respectively for this service;

- (c) For FY2020, FY2021, FY2022 and 9M2023, the Group had provided services to (i) 298, 302, 217 and 148 Sales Offices Management Services projects in relation to Seazen Holdings, deriving revenue of approximately RMB354.1 million, RMB347.6 million, RMB188.0 million and RMB81.1 million, respectively; and (ii) 67, 74, 53 and 42 Sales Offices Management Services projects in relation to Mr. Wang's Associated Companies (excluding Seazen Holdings), deriving revenue of approximately RMB65.4 million, RMB78.8 million, RMB57.2 million and RMB29.2 million, respectively. As at 30 September 2023, the Group was providing services to 32 and 105 Sales Offices Management Services projects of Mr. Wang's Associated Companies (excluding Seazen Holdings) and Seazen Holdings, respectively, which corresponded to the contract sum of approximately RMB32.5 million and RMB78.8 million, respectively. It is expected that each sales office will be held for 12 to 18 months from 30 September 2023. The Group therefore expects that the transaction amount deriving from Sales Offices Management Service projects of Mr. Wang's Associated Companies will slightly decrease during FY2024 as compared to FY2023. In light of the above, the Company considers it justifiable to allocate the amount of RMB36,360,000 from the 2024 Services Annual Cap (which is set at similar level as the estimated annualised transaction amount of the services rendered to Mr. Wang's Associated Companies (excluding Seazen Holdings) up to 30 September 2023), and RMB90,910,000 from the 2024 Seazen Annual Cap (which is at similar level as the estimated annualised transaction amount of the services rendered to Seazen Holdings up to 30 September 2023, and lower than the relevant allocated cap in 2023) respectively for this service;
- (d) For FY2020, FY2021, FY2022 and 9M2023, the Group had derived (i) RMB65.2 million, RMB87.7 million, RMB90.9 million and RMB13.0 million, respectively, from the Parking Lots Sales Agency Services rendered to Seazen Holdings; and (ii) RMB17.0 million, a negative balance of RMB5.5 million^(Note), RMB2.8 million and RMB3.2 million, respectively, from the Parking Lots Sales Agency Services rendered to Mr. Wang's Associated Companies (excluding Seazen Holdings). As the demand of parking

Note: For FY2021, the Group received a total of approximately RMB2.9 million from Mr. Wang's Associated Companies (excluding Seazen Holdings) in respect of Parking Lot Sales Agency Services, during the same period, there were returns of parking lots sold and as such generated a total refund in the amount of approximately RMB8.4 million. Accordingly, there was a net negative balance of approximately RMB5.5 million in respect of Parking Lot Sales Agency Services for FY2021.

LETTER FROM CHINA SUNRISE CAPITAL

lots from residential property owners is expected to increase due to the prosperous development of electric automobiles, and after taking into account (i) the number of new parking lots developed by Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) which were covered by the Group's Parking Lots Sales Agency Services as at 30 September 2023; (ii) the completion schedule of the new parking lots developed by Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) in 2024, the Group expects that the commission fee to be derived from the parking lots of the Seazen Group will increase comparing with the actual amount derived in 2023. In light of the above, the Company considers it justifiable to allocate the amount of RMB4,550,000 from the 2024 Services Annual Cap (which is at similar level as the estimated annualised transaction amount for services rendered to Mr. Wang's Associated Companies (excluding Seazen Holdings) up to 30 September 2023) and RMB50,000,000 from the 2024 Seazen Annual Cap (which is higher than the estimated annualised transaction amount for services rendered to Seazen Holdings up to 30 September 2023 to reflect the expectation of favourable parking lot sales market in 2024 for reasons discussed above) for this service;

- (e) For FY2020, FY2021, FY2022 and 9M2023, the Group had provided Detailed Property Inspection Services and Property Preliminary Stage Consultancy Services to (i) 118, 145, 121 and 87 property projects in relation to Seazen Holdings respectively, deriving revenue of approximately RMB113.2 million, RMB163.0 million, RMB95.3 million and RMB50.4 million respectively for Detailed Property Inspection Services rendered, and deriving revenue of approximately RMB96.1 million, RMB139.9 million, RMB94.3 million and RMB61.1 million respectively for Property Preliminary Stage Consultancy Services rendered; and (ii) 32, 28, 20 and 17 property projects in relation to Mr. Wang's Associated Companies (excluding Seazen Holdings) respectively, deriving revenue of approximately RMB26.9 million, RMB22.8 million, RMB13.8 million and RMB4.5 million respectively for Detailed Property Inspection Services rendered, and deriving revenue of approximately RMB34.0 million, RMB24.9 million, RMB21.7 million and RMB8.5 million respectively for Property Preliminary Stage Consultancy Services rendered. The Group expects that the relative service demand for Detailed Property Inspection Services and Property Preliminary Stage Consultancy Services will decrease due to the decreasing GFA under construction and contract sales of the Seazen Group and after taking into account the historical decreasing trend of property projects secured by the Group to provide the aforesaid services. In light of the above, the Company considers it justifiable to allocate (i) RMB9,090,000 from the 2024 Service Annual Cap (which is at the same level as the amount of annual cap allocated in 2023) and RMB59,090,000 from the 2024 Seazen Annual Cap (which is at similar level as the estimated annualised transaction amounts of the relevant services rendered up to 30

LETTER FROM CHINA SUNRISE CAPITAL

September 2023, and lower than the relevant amount of annual cap allocated in 2023, to reflect the estimated lower demand of service) for the Detailed Property Inspection Services to be rendered to Mr. Wang's Associated Companies (excluding Seazen Holdings) and Seazen Holdings, respectively; and (ii) RMB9,090,000 from the 2024 Service Annual Cap (which is at similar level as the estimated annualised transaction amounts of the relevant services rendered up to 30 September 2023, and at the same level as the amount of annual cap allocated in 2023) and RMB77,270,000 from the 2024 Seazen Annual Cap (which is at similar level as the estimated annualised transaction amounts of the relevant services rendered up to 30 September 2023, and lower than the relevant amount of annual cap allocated in 2023, to reflect the estimated lower demand of service) for the Property Preliminary Stage Consultancy Services to be rendered to Mr. Wang's Associated Companies (excluding Seazen Holdings) and Seazen Holdings, respectively; and

- (f) in terms of (i) Property Maintenance and Management Services during the Warranty Period, (ii) Elevator Installation and Maintenance Services and (iii) On-site Event Planning and Layout Services, relevant amounts allocated from the 2024 Services Annual Cap and the 2024 Seazen Annual Cap respectively for the aforesaid services were determined after taking into account (i) the actual amount of service fees derived from rendering these services by the Group to Mr. Wang's Associated Companies for 9M2023. For instance, for FY2020, FY2021, FY2022 and 9M2023, the Group had derived from Seazen Holdings (a) approximately RMB14.7 million, RMB43.8 million, RMB31.1 million and RMB14.0 million, respectively, for the Property Maintenance and Management Services during the Warranty Period rendered; (b) approximately nil, RMB11.2 million, RMB28.6 million and RMB19.7 million, respectively, for the Elevator Installation and Maintenance Services rendered; and (c) approximately RMB1.3 million, RMB8.0 million, RMB15.6 million and RMB19.1 million, respectively, for the On-site Event Planning and Layout Services rendered. During the said years and period, the Group had also derived from Mr. Wang's Associated Companies (excluding Seazen Holdings) (a) approximately RMB3.7 million, RMB3.5 million, RMB1.6 million and RMB2.6 million, respectively, for the Property Maintenance and Management Services during the Warranty Period rendered; (b) approximately nil, RMB4.7 million, RMB7.9 million and RMB3.1 million, respectively, for the Elevator Installation and Maintenance Services rendered; and (c) approximately RMB1.7 million, RMB0.6 million, RMB2.9 million and RMB5.7 million, respectively, for the On-site Event Planning and Layout Services rendered; (ii) the number of subsisting projects for these services which will continue in 2024; and (iii) the expectation of similar level of demand from Mr. Wang's Associated Companies for the relevant services. In light of the above, the Company considers it justifiable to allocate the respective amounts under the 2024 Services Annual Cap and 2024 Seazen Annual Cap for the relevant services rendered to Mr.

LETTER FROM CHINA SUNRISE CAPITAL

Wang's Associated Companies (excluding Seazen Holdings) and Seazen Holdings, which were all at similar level as the estimated annualised transaction amounts of the relevant services rendered up to 30 September 2023.

The remaining portion represents approximately 10% buffer for all categories of services to be provided by the Group to Mr. Wang's Associated Companies, including Miscellaneous Entrustment Services ancillary to the Services, in order to accommodate any unexpected increase in demand for any of the Group's services and/or unexpected increase in the cost of supply of such services during 2024.

Based on the detailed reasons for the allocation of 2024 Services Annual Cap and 2024 Seazen Annual Cap as stated in the Letter from the Board, we have also analysed the basis and its reasonableness by reviewing and assessing the project schedule of the Services (the "**Services Project Schedule**"), which is mainly based on: (a) the existing projects on hand as at 30 September 2023; (b) the secured projects as at 30 September 2023; and (c) the prospective projects expected to commence during FY2024, the key factors in formulating the estimated allocation of 2024 Services Annual Cap and 2024 Seazen Annual Cap are set forth as below:

Caps Computation

In assessing the reasonableness of the proposed 2024 Services Annual Cap and 2024 Seazen Annual Cap of the Services, we have discussed with the Management on the basis and underlying assumptions for the purpose of setting the proposed annual caps of the Services. We have also obtained and reviewed from the Management the computation worksheets for the 2024 Services Annual Cap and 2024 Seazen Annual Cap in respect of the 2024 Services Framework Agreement and the 2024 Seazen Framework Agreement (the "**Services Caps Computation**") respectively including the Services Project Schedule. We noted that the Services Project Schedule has stated project details including but not limited to, the category for each service type, the name of the relevant residential property or office buildings with the respective located city and province, the service fee received as at 30 September 2023 and the service fee expected to receive in 2024. In regards to the basis for determining the proposed 2024 Services Annual Cap and 2024 Seazen Annual Cap, we analyse each basis as follows:

- (i) as abovementioned under the table headed "Table 3: The annual caps and the historical actual transaction amounts of the Services for FY2020, FY2021, FY2022, and FY2023", the historical actual transaction amount of the Services for 9M2023 amounted to approximately RMB564.2 million and the momentum in the transaction amounts in the remaining three months in 2023 is expected to maintain. On this basis, the proposed 2024 Services Annual Cap (i.e. RMB120.0 million) and 2024 Seazen Annual Cap (i.e. RMB680.0 million) are considered to be reasonable. Furthermore, we understand from

LETTER FROM CHINA SUNRISE CAPITAL

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

- (ii) in relation to the decrease in the estimated demand of Mr. Wang's Associated Companies for property related services for FY2024. We have conducted due diligence research on the business and operations of the Seazen Group. With reference to the interim report of Seazen Group Limited (stock code: 1030) for 1H2023, the contracted sales of the Seazen Group for 1H2023 was amounted to approximately RMB42,401 million, which represented an approximately 34.9% decrease as compared to the contracted sales of approximately RMB65,150 million for 1H2022;
- (iii) as presented above under the table headed "Table 3: The annual caps and the historical actual transaction amounts of the Services for FY2020, FY2021, FY2022 and FY2023" in connection to the historical amounts for property management services and value-added services for FY2020, FY2021, FY2022 and 9M2023 settled between the parties and their utilisation rates, we noted that the utilisation rates have been declining since FY2021. As noted in paragraph (i) above, the contracted sales of the Seazen Group for 1H2023 decreased by approximately 34.9% as compared with that of the corresponding period in 2022;
- (iv) in particular, we have the following observations from the historical actual transaction amounts and the annual caps allocations for FY2023 in respect of Mr. Wang's Associated Companies as set out in Table 4 above:
 - (a) the utilisation of the annual caps allocated to Property Management Services and Parking Lot Sales Agency Services under the Existing Services Frame Agreements in respect of Mr. Wang's Associated Companies for 9M2023 were low at approximately 17.0% and 32.0% respectively, and we note that the Directors have allocated lower level of annual caps to Property Management Services and Parking Lot Sales Agency Services under the 2024 Services Framework Agreement;
 - (b) the utilisation of the annual caps allocated to Detailed Property Inspection Services and Property Preliminary Stage Consultancy Services under the Existing Services Frame Agreements in respect of Mr. Wang's Associated Companies for 9M2023

LETTER FROM CHINA SUNRISE CAPITAL

were moderate at approximately 45.0% and 85.0% respectively, and we note that the Directors have allocated similar level of annual caps to Detailed Property Inspection Services and Property Preliminary Stage Consultancy Services under the 2024 Services Framework Agreement;

- (c) the utilisation of the annual caps allocated to Intelligent Construction Services and Sales Offices Management Services under the Existing Services Frame Agreements in respect of Mr. Wang's Associated Companies for 9M2023 were high at approximately 128.0% and 97.3% respectively, and we note that the Directors have allocated higher level of annual caps to Intelligent Construction Services and Sales Offices Management Services under the 2024 Services Framework Agreement; and
- (d) although there were no annual caps allocated to Property Maintenance and Management Services during the Warranty Period, Elevator Installation and Maintenance Services and On-site Event Planning and Layout Services under the Existing Services Frame Agreements, there were services provided by the Group to Mr. Wing's Associated Companies, and we note that the Directors have allocated annual caps to Property Maintenance and Management Services during the Warranty Period, Elevator Installation and Maintenance Services and On-site Event Planning and Layout Services under the 2024 Services Framework Agreement;
- (v) we also have the following observations from the historical actual transaction amounts and the annual caps allocations for FY2023 in respect of Seazen Holdings as set out in Table 5 above:
 - (a) the utilisation of the annual caps allocated to On-site Event Planning and Layout Services under the Existing Services Frame Agreements in respect of Seazen Holdings for 9M2023 was high at approximately 95.5%, and we note that the Directors have allocated similar level of annual caps to On-site Event Planning and Layout Services under the 2024 Seazen Framework Agreement; and
 - (b) the utilisation of the Property Management Services and all the other value-added services under the Existing Services Frame Agreements in respect of Seazen Holdings for 9M2023 were low with utilisation ranged from approximately 6.8% to 57.5%, and we note that the Directors have allocated lower level of annual caps to the Property Management Services and all the other value-added services under the 2024 Seazen Framework Agreement;

LETTER FROM CHINA SUNRISE CAPITAL

- (vi) the sub-due property development industry in the PRC causing delayed project development and delivery timetables and accordingly, slow-down of the growth of contracted GFA under management between the Group and Mr. Wang's Associated Companies and Seazen Holdings; and
- (vii) in connection to other factors such as the Group's business plans and inflation, we noted from the Services Caps Computation that an additional buffer of approximately 10% was taken into consideration in this regard. As the additional buffer is reserved for unforeseeable circumstances including: (a) the unpredictable increase in cost of supply of such services during 2023; (b) Miscellaneous Entrustment Services; and (c) based on the projection in the world economic outlook published by the International Monetary Fund in October 2023 that the inflation rate in PRC is expected to be about 2% in 2024, we consider that such buffer is acceptable.

Having considered the basis on which the proposed 2024 Services Annual Cap and 2024 Seazen Annual Cap of the Services are determined as described above, we are of the view that the proposed 2024 Services Annual Cap and 2024 Seazen Annual Cap are fair and reasonable so far as the Independent Shareholders are concerned.

5. Principal terms of the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement

As disclosed in the Letter from the Board, during the ordinary course of rendering 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. Such payment arrangement would constitute discloseable and continuing connected transactions of the Group. As the Existing Refundable Deposits Framework Agreements will expire by 31 December 2023, the Group therefore entered into the 2024 Services Framework Supplemental Agreement and 2024 Seazen Framework Supplemental Agreement with Mr. Wang and Seazen Holdings, respectively to renew the aforesaid payment arrangement.

The principal terms of the 2024 Services Framework Supplemental Agreement and the 2024 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: 27 October 2023 (after trading hours)

LETTER FROM CHINA SUNRISE CAPITAL

Parties: *2024 Services Framework Supplemental Agreement*
(i) The Company; and
(ii) Mr. Wang

2024 Seazen Framework Supplemental Agreement
(i) The Company; and
(ii) Seazen Holdings

Term: From 1 January 2024 to 31 December 2024 (both days inclusive)

Each of the 2024 Services Framework Supplemental Agreement and the 2024 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) under all relevant laws, regulations, regulatory documents and regulatory rules (including but not limited to the Listing Rules).

Subject matter and pricing policy: 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:

Parking Lot Refundable Deposits payable	=	Base price of each parking lot [#]	x	Number of parking lots under the relevant Parking Lot Sales Agency Services Subsidiary Agreement
---	---	---	---	--

Base price is the pre-determined acceptable lowest sales price. The basis of determination of the base price is set out below.

LETTER FROM CHINA SUNRISE 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; and
 - (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(s).

All outstanding Parking Lot Refundable Deposits paid to Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) will be refunded back to the Group, in any event, no later than 30 days after the expiration of the 2024 Services Framework Supplemental Agreement/2024 Seazen Framework Supplemental Agreement (as the case may be), i.e. by the latest 30 January 2025.

- (iii) The base price of each parking lot shall be determined by Mr. Wang's Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) 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 (such as, among others, the accessibility, the proximity to business districts or residential areas, the foot traffic and the general demand for parking lots in the area), etc.. Generally, parking lots at locations in close proximity to business districts or residential areas, high foot traffic or with high demand for parking lots tend to have a relatively higher base price, subject to the commercial negotiation between the parties.

LETTER FROM CHINA SUNRISE CAPITAL

Subsidiary Agreement(s): The parties shall enter into Parking Lot Sales Agency Services Subsidiary Agreement(s) based on the terms of the 2024 Services Framework Supplemental Agreement (or the 2024 Seazen Framework Supplemental Agreement). Pursuant to the terms of 2024 Services Framework Supplemental Agreement (or 2024 Seazen Framework Supplemental Agreement), each Parking Lot Sales Agency Services Subsidiary Agreement (to the extent involving payment of Parking Lot Refundable Deposits) 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 2024 Services Framework Supplemental Agreement (or the 2024 Seazen Framework Supplemental Agreement) (if for whatever reasons not being further extended, i.e. by way of entering into relevant renewal framework agreements between the Company and Mr. Wang’s Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) and with such agreements becoming effective subject to satisfaction of applicable requirements of Listing Rules).

In furtherance to the above, the Parking Lot Sales Agency Services Subsidiary Agreement shall be terminated with immediate effect upon the termination or expiration of the 2024 Services Framework Agreement/ the 2024 Seazen Framework Agreement (if for whatever reasons not being further extended, i.e. by way of entering into relevant renewal framework agreements between the Company and Mr. Wang’s Associated Companies (excluding Seazen Holdings)/Seazen Holdings (as the case may be) and with such agreements becoming effective subject to satisfaction of applicable requirements of Listing Rules).

Further details of the principal terms of 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement, please refer to the section headed “The 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement” in the Letter form the Board.

Review of the principal terms

Primarily, we have reviewed the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement and we noted that the pricing and other principal terms of the 2024 Services Framework Agreement and the 2024 Seazen Framework Agreement continue to follow those of the Existing Refundable Deposits Framework Agreements.

LETTER FROM CHINA SUNRISE CAPITAL

Secondly, we have reviewed the 2024 Services Framework Supplemental Agreement and the 2024 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 and reasonableness of the payment of the Parking Lot Refundable Deposits paid by the Group to Mr. Wang Associated Companies pursuant to the parking lot sales agency services subsidiary agreements in connection with the parking lot sales agency services subsidiary agreements (the “**Historical Refundable Deposits**”) during 9M2023, 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 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 and they are not less favourable to the Company than those offered by independent third parties. Furthermore, we also noted that the pricing and other terms under the Historical Refundable Deposits are generally consistent with those of the 2024 Services Framework Supplemental Agreement and the 2024 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 2024 Services Framework Supplemental Agreement and the 2024 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 four Comparable Transactions, which met the said criteria and was announced during the Review Period. Details of the Comparable Transactions are set out in Table 7 below. Although the relevant announcements of the Comparable Transactions do not disclose all the comparative information included in Table 7 below, we are of the view that the Comparable Transactions are comparable for the purpose of the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement as the nature of the transactions are similar and they highlight the different market practice in the provision of parking lot sales agency services.

LETTER FROM CHINA SUNRISE CAPITAL

Table 7: Analysis of the Comparable Transactions

Company Name (stock code)	Announcement date	Base price of the parking lots	Deposit rate	Annual cap for deposit amount	Secured by collateral (Yes/No)	Interest rate	Payment in lump sum	Connected transaction	Market capitalisation as at 16 October 2023 (HK\$ million)
Jinmao Property Services Co., Limited (816)	26 October 2023	The pre-determined minimum sales price determined by the parties on a case by case basis	Up to the total minimum sales price	Maximum daily balance of the deposits: HK\$600 million for the three years ending 31 December 2026	No	Nil	Not disclosed	Yes	1,962
CIFI Ever Sunshine Services Group Limited (1995)	26 September 2023	Pre-determined acceptable lowest sales price	Up to 100% of the base price	For the period commencing from 1 July 2023 to 31 December 2023; RMB510 million; For the year ending 31 December 2024: RMB525 million	No	Nil	(i) A wide range of above 10% of the pre-determined sale price or (ii) the base price or (iii) on an instalment basis for up to 100% of the base price	Yes	1,924
Shimao Services Holdings Limited (873) ("Shimao Services")	20 July 2023	Minimum acceptable sale price agreed upon by both parties	Not more than 35% of the base price	Not disclosed	Not disclosed	Nil	No (Note)	Yes	3,061
Times Neighborhood Holdings Limited (9928)	21 March 2023	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Nil	Not disclosed	Yes	552

LETTER FROM CHINA SUNRISE CAPITAL

Company Name (stock code)	Announcement date	Base price of the parking lots	Deposit rate	Annual cap for deposit amount	Secured by collateral (Yes/No)	Interest rate	Payment in lump sum	Connected transaction	Market capitalisation as at 16 October 2023 (HK\$ million)
The Company	27 October 2023	Base price is the pre-determined acceptable lowest sales price.	100% of the base price	Maximum daily balance of the deposits under the 2024 Services Framework Supplemental Agreement: RMB76 million	No	Nil	No	Yes	3,442
				Maximum daily balance of the deposits under the 2024 Seazen Framework Supplemental Agreement: RMB515 million					

Source: the website of the Stock Exchange

Note: As stated in the announcement of Shimao Services dated 20 July 2023, Shimao Services shall pay deposits in accordance with the individual agreements for the exclusive rights to sell the respective carpark spaces.

LETTER FROM CHINA SUNRISE CAPITAL

As shown in Table 7 above, in connection to the base price of the parking lots among the Comparable Transactions, three out of the four Comparable Transactions have 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 2024 Services Framework Supplemental Agreement and the 2024 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 one out of the four Comparable Transactions would make reference to the market value of the parking lots and to apply a certain percentage onto the market value, which is not more than 35% of the market value. Whereas three out of the four Comparable Transactions have adopted a deposit rate based on up to or equal to 100% on the base price of the parking lots. Accordingly, the Parking Lot refundable Deposits of 100% of the base price of each parking lot under the 2024 Services Framework Supplemental Agreement and the 2024 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) all of the Comparable Transactions indicated that the relevant refundable deposits are interest-free; and (ii) the potential benefits of the Continuing Connected Transactions as mentioned under the section headed “3. Reasons for and benefits of the Continuing Connected Transactions” above, we consider that the interest free basis under the 2024 Services Framework Supplemental Agreement and the 2024 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. three out of the four) did not disclose the relevant payment terms of the refundable deposits in their respective announcements. The payment of a deposit to secure the car parking lots for the agency sale is a commonly accepted market practice in the PRC between property owners and property management companies. The Parking Lot Refundable Deposits to be paid by the Group under the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement are to secure the car parking lots for the Group to provide the car parking lot sales agency services, which is inline with the principal business of the Group in providing Property Management Services and Parking Lot Sales Agency Services is one of the main components of Property Management Services. We understand from the Management that the risk of failure to refund the Parking Lot Refundable Deposits to be extremely low in light of the relationship between the Group and Mr.

LETTER FROM CHINA SUNRISE CAPITAL

Wang's Associated Companies and Seazen Holdings and the long-standing business relationship among them. The Group has been benefiting from generating business and revenue from Mr. Wang's Associated Companies and Seazen Holdings. As such, we are of the view that the payment terms as stipulated under the 2024 Services Framework Supplemental Agreement and the 2024 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 2024 Services Framework Supplemental Agreement and the 2024 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 9M2023:

Table 8: The historical actual transaction amounts of the Historical Refundable Deposits

	FY2020	FY2021	FY2022	Up to 9M2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Maximum daily balance of the Historical Refundable Deposits 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

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, RMB93.3 million and RMB75.2 million for FY2020, FY2021, FY2022 and 9M2023 respectively; and (ii) Seazen Holdings amounted to approximately RMB101.8 million, RMB256.3 million, RMB494.7 million and RMB496.4 million for FY2020, FY2021, FY2022 and 9M2023 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

LETTER FROM CHINA SUNRISE CAPITAL

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 2024 Parking Lot Refundable Deposit Annual Cap and the 2024 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 FY2024, respectively:

Table 9: 2024 Parking Lot Refundable Deposit Annual Cap and the 2024 Seazen Parking Lot Refundable Deposit Annual Cap for the Parking Lot Refundable Deposits

	FY2024	
	2024 Parking Lot Refundable Deposit Annual Cap under the 2024 Services Framework Supplemental Agreement	2024 Seazen Parking Lot Refundable Deposit Annual Cap under the 2024 Seazen Framework Supplemental Agreement
	<i>RMB million</i>	<i>RMB million</i>
Maximum daily balance of the Parking Lot Refundable Deposits	76.0	515.0

As stated in the Letter from the Board, in arriving at the abovementioned 2024 Parking Lot Refundable Deposit Annual Cap and the 2024 Seazen Parking Lot Refundable Deposit Annual Cap, the Directors have taken into account, among others:

- (i) the amount of maximum daily balance of the Parking Lot Refundable Deposits during 9M023; and
- (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 FY2024.

LETTER FROM CHINA SUNRISE CAPITAL

Caps Computation

In assessing the reasonableness of the proposed 2024 Parking Lot Refundable Deposit Annual Cap and the 2024 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 2024 Parking Lot Refundable Deposit Annual Cap and the 2024 Seazen Parking Lot Refundable Deposit Annual Cap in respect of the Continuing Connected Transactions including the project schedule of the parking lots (the “**Parking Lots Project Schedule**”), which is mainly based on: (a) the existing projects on hand and secured projects 9M2023; (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 9M2023; and (c) the prospective projects expected to commence during the remaining period of FY2023. We noted that the Parking Lots 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 2024 Parking Lot Refundable Deposit Annual Cap and the 2024 Seazen Parking Lot Refundable Deposit Annual Cap, we analyse each basis as follows:

- (i) we noted that the maximum daily balance of the Historical Refundable Deposits paid by the Group to: (a) Mr. Wang’s Associated Companies (excluding Seazen Holdings) amounted to approximately RMB24.1 million, RMB72.3 million and RMB93.3 million during FY2020, FY2021 and FY2022 respectively, represented a substantial increase of approximately 199.9% and 29.0% during the corresponding period; and (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;
- (ii) 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 during 9M2023 amounted to approximately RMB75.2 million and RMB496.4 million respectively and as illustrated in the table below, registering utilisation rates of approximately 98.9% and 96.4% of the existing annual cap of RMB76.0 million and RMB515.0 million for FY2023. As such, we consider there is sufficient utilisation of the existing annual cap.

LETTER FROM CHINA SUNRISE CAPITAL

Table 10: The annual cap and the historical actual transaction amounts of the maximum daily balance of the Parking Lot Refundable Deposits for FY2023

	Maximum daily balance of the Parking Lot Refundable Deposits paid by the Group to Mr. Wang's Associated Companies FY2023 RMB million	Maximum daily balance of the Parking Lot Refundable Deposits paid by the Group to Seazen Holdings FY2023 RMB million
Historic actual maximum daily balance	75.2 (up to 9M2023)	496.4 (up to 9M2023)
Approved annual caps	76.0	515.0
Utilisation rates	98.9%	96.4%

- (iii) During the course of determining the 2024 Parking Lot Refundable Deposit Annual Cap and the 2024 Seazen Parking Lot Refundable Deposit Annual Cap, which are the same as the annual caps of the Parking Lot Refundable Deposits under the Existing Refundable Deposits Framework Agreements, the Management considered that the expected number of projects for Parking Lot Sales Agency Services provided by the Group under exclusive distribution arrangement in 2024 will be at the similar level as in 2023 and accordingly, maintain the 2024 Parking Lot Refundable Deposit Annual Cap and the 2024 Seazen Parking Lot Refundable Deposit Annual Cap as the annual caps of the Parking Lot Refundable Deposits under the Existing Refundable Deposits Framework Agreements.

Having considered the basis on which the proposed 2024 Parking Lot Refundable Deposit Annual Cap and the 2024 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.

6. Internal Control Measures

As set out in the Letter from the Board, in order to ensure that the transactions contemplated under the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement will be on normal commercial terms, and that the relevant fees will not fall below the

LETTER FROM CHINA SUNRISE CAPITAL

prevailing market rate, the guidance price of such services for similar type of development projects issued by the local government (if applicable) and the fees charged to the third party customers independent of the Group, the Group will adopt the following measures:

- (i) the Group will be responsible for regular monitoring of the continuing connected transactions contemplated under the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement to ensure that the 2024 Services Annual Cap, the 2024 Seazen Annual Cap, the 2024 Parking Lot Refundable Deposit Annual Cap and the 2024 Seazen Parking Lot Refundable Deposit Annual Cap will not be exceeded, in particular, the Group will cease to enter into any new subsidiary agreement if such will cause the total contractual income to exceed the 2024 Services Annual Cap, the 2024 Seazen Annual Cap, the 2024 Parking Lot Refundable Deposit Annual Cap and the 2024 Seazen Parking Lot Refundable Deposit Annual Cap for that financial year;
- (ii) internal review will be conducted by the Group to assess, on a monthly basis, whether the provision of property management services and value-added services has been made in accordance with the terms of the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement and in accordance with the aforesaid pricing policies;
- (iii) prior to entering into of any subsidiary agreements, the personnel of various departments including the legal department, finance department and operation department of the Company will review and assess the specific terms and conditions of the transactions to ensure their consistency with the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement. During such internal review process, the relevant personnel will examine, among others, (a) information of the parties; (b) the term of the agreement; (c) the type and scope of services to be provided by the Group thereunder; and (d) whether the contract price is in line with the aforesaid pricing policies, in order to ensure comment (if any) from various departments of the Group will be properly addressed;
- (iv) the Company will engage its auditor to conduct an annual review of the continuing connected transactions to be conducted pursuant to the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement; and

LETTER FROM CHINA SUNRISE CAPITAL

- (v) the independent non-executive Directors will review the continuing connected transactions to be conducted pursuant to the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement on an annual basis and confirm in the annual report of the Company for the year ending 31 December 2024 whether such continuing connected transactions have been entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, and in accordance with the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

In addition to the above internal control measures, the Group will further adopt the following measures to monitor the transactions under the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement:

- (i) the Company will review the refund 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 Parking Lot 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.

LETTER FROM CHINA SUNRISE CAPITAL

The Directors consider that the personnel authorised to execute the above internal control measures possess relevant experience and expertise in relation thereto, and the above internal control measures can ensure that the continuing connected transactions contemplated under the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement will be conducted on normal commercial terms in a manner not prejudicial to the interests of the Company and its Shareholders.

Review by the external auditors

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 2022 Services Framework Agreements (the "**Historical Transactions**") in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. We have obtained and reviewed the reports issued by the Auditors for 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;
- (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.

Review by the independent non-executive Directors

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 had been entered into: (a) in the ordinary and usual

LETTER FROM CHINA SUNRISE CAPITAL

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 note the independent non-executive Directors have issued such confirmation in respect of the Historical Transactions in the 2022 Annual Report.

Based on the above, we understood from the internal control procedures of the Group and noted that there are stringent controls in the transaction approval and implementation process. We have understood, including but not limited to:

- (i) regular monitoring of the continuing connected transactions contemplated under the Existing Framework Agreements by the finance department of the Group;
- (ii) monthly internal review on the terms of the property management services and value-added services provided under the Existing Framework Agreements;
- (iii) preliminary review of the specific terms and conditions of the transactions prior to entering into any subsidiary agreements by the personnel of various departments including the legal department, finance department and operation department of the Company, to ensure their consistency with the Existing Framework Agreements;
- (iv) review by the Auditors pursuant to the Listing Rules and in accordance with the relevant assurance standards in respect of the Historical Transactions that nothing had come to their attention that cause them to believe that there was unusual transaction as set out in the report issued by the Auditors for FY2022; and
- (v) review by the independent non-executive Directors pursuant to the Listing Rules as confirmed in the 2022 Annual Report that the Historical Transactions had been entered into in the ordinary and usual course of business of the Group; on normal commercial terms or better; and according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Based on the above, we are of the view that the implementation of the above internal control procedures of the Group are efficient and effective to implement the Continuing Connected Transactions in the ordinary and usual course of business of the Group and can ensure that the pricing terms of the Continuing Connected Transactions can be on normal commercial terms or better, 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

LETTER FROM CHINA SUNRISE CAPITAL

Transactions can be conducted as agreed in the 2024 Services Framework Agreement, 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement are 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 Continuing Connected Transactions are entered into in the ordinary and usual course of business of the Group;
- (ii) the terms of the Continuing Connected Transactions are on normal commercial terms and fair and reasonable; and
- (iii) the Continuing Connected Transactions are in the interests of the Company and the Shareholders as whole; and

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 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 Seazen Framework Supplemental Agreement and the transactions contemplated thereunder at the EGM.

Yours faithfully,

for and on behalf of

CHINA SUNRISE CAPITAL LIMITED

Larry Chan

Lenny Li

Managing Director

Executive Director

Mr. Larry Chan and Mr. Lenny Li are licensed persons registered with the SFC and are responsible officers of China Sunrise Capital Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO who have over 30 years and over 17 years of experience in corporate finance industry respectively.

** For identification purposes only.*

1. RESPONSIBILITY STATEMENT

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

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

2. DISCLOSURE OF INTERESTS

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

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

Name of Directors	Capacity/nature of interest	Number of Shares held	Appropriate percentage of the issued Shares
Mr. Qi Xiaoming	Beneficial owner and trust beneficiary	4,680,000 (L) ²	0.54%
Mr. Gao Xinli	Beneficial owner and trust beneficiary	857,000 (L) ³	0.10%

Name of Directors	Capacity/nature of interest	Number of Shares held	Appropriate percentage of the issued Shares
Ms. Wu Qianqian	Beneficial owner and trust beneficiary	1,138,022 (L) ⁴	0.13%

Notes:

1. The letter “L” indicates long positions in the Company’s 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 350,000 underlying award shares (“**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 405,000 share options granted by the Company under the Share Option Scheme and 210,000 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 70,000 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%
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" indicates long positions in the Company's 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 transactions under the 2024 Services Framework Agreement, the 2024 Seazen Framework Agreement, the 2024 Services Framework Supplemental Agreement and the 2024 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.

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

China Sunrise Capital is a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. China Sunrise 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, China Sunrise 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, China Sunrise 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 Shops 1712–1716, 17th Floor, Hopewell Centre 183 Queen’s Road East Wanchai Hong Kong
Joint Company Secretaries	Mr. You Jianfeng Ms. Ng Sau Mei

10. MISCELLANEOUS

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

11. DOCUMENTS ON DISPLAY

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

- (a) 2024 Services Framework Agreement;
- (b) the 2024 Seazen Framework Agreement;
- (c) the 2024 Services Framework Supplemental Agreement; and
- (d) the 2024 Seazen Framework Supplemental Agreement.

NOTICE OF EXTRAORDINARY GENERAL MEETING



S-Enjoy Service Group Co., Limited

新城悅服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1755)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of S-Enjoy Service Group Co., Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) will be held at Room 1211, 12th Floor, Seazen Holdings Tower B, No. 5, Lane 388, Zhongjiang Road, Putuo, Shanghai, PRC on Friday, 22 December 2023 at 10:00 a.m. for the purpose of considering and, if thought fit, with or without amendment, passing the following resolutions:

ORDINARY RESOLUTIONS

1. **“THAT:**

- (a) the 2024 Services Framework Agreement, a copy of which is tabled at the meeting and marked “A” and initialed by the chairman of the meeting for identification purpose, and the transactions contemplated thereunder, be and are hereby confirmed and approved;
- (b) the 2024 Services Annual Cap be and is hereby approved; and
- (c) any one Director of the Company be and is hereby authorised for and on behalf of the Company to sign, execute, perfect and deliver all such documents and to affix the common seal of the Company on any such document as and when necessary and do all such deeds, acts, matters and things as he may in his discretion consider necessary or desirable for the purposes of or in connection with the 2024 Services Framework Agreement.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

2. **“THAT:**

- (a) the 2024 Seazen Framework 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 2024 Seazen Annual Cap be and is hereby approved; and
- (c) any one Director of the Company be and is hereby authorised for and on behalf of the Company to sign, execute, perfect and deliver all such documents and to affix the common seal of the Company on any such document as and when necessary and do all such deeds, acts, matters and things as he may in his discretion consider necessary or desirable for the purposes of or in connection with the 2024 Seazen Framework Agreement.”

3. **“THAT:**

- (a) the 2024 Services Framework Supplemental Agreement, a copy of which is tabled at the meeting and marked “C” 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 2024 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 2024 Services Framework Supplemental Agreement.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

4. “THAT:

- (a) the 2024 Seazen Framework Supplemental Agreement, a copy of which is tabled at the meeting and marked “D” 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 2024 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 2024 Seazen Framework Supplemental Agreement.”

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

Hong Kong, 4 December 2023

Notes:

1. A member entitled to attend and vote at the EGM is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the Memorandum of Association and Articles of Association of the Company, to vote on his/her behalf. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed.
2. Where there are joint holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
3. The resolutions at the EGM 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.

NOTICE OF EXTRAORDINARY GENERAL MEETING

4. A form of proxy for use at the EGM is enclosed with the circular dated 4 December 2023 despatched to members of the Company.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hands of any officer or attorney duly authorised.
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. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof, must be lodged with the Hong Kong branch share registrar and transfer office of the Company (i.e. (i) (if return on or before 18 December 2023), Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong; or (ii) (if return on or after 19 December 2023) Link Market Services (Hong Kong) Pty Limited at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong) not less than 48 hours before the time for holding the EGM (i.e. before 10:00 a.m. on Wednesday, 20 December 2023) or any adjournment thereof failing which the form of proxy will not be valid.
8. Completion and return of the form of proxy will not preclude a member from attending the EGM and voting in person if he so wishes. In the event that a member attends and votes at the EGM after having lodged his form of proxy, his form of proxy shall be deemed to be revoked.
9. For determining the entitlement to attend and vote at the above meeting, the register of members of the Company will be closed from Tuesday, 19 December 2023 to Friday, 22 December 2023 (both days inclusive) and during such period no transfer of shares will be registered. In order to be entitled to attend and vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 18 December 2023.

Unless otherwise stated, the capitalized terms used herein shall have the same meanings as those defined in the circular of the Company dated 4 December 2023.

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