

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 Seazen Group Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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seazen  
新城发展  
SEAZEN GROUP LIMITED  
新城發展控股有限公司  
*(Incorporated in the Cayman Islands with limited liability)*  
(Stock Code: 1030)

CONTINUING CONNECTED TRANSACTIONS  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING

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



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A letter from the Board is set out on pages 5 to 23 of this circular. A letter from the Independent Board Committee is set out on pages 24 to 25 of this circular. A letter from Somerley Capital, the independent financial adviser, containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 26 to 40 of this circular.

A notice convening the EGM of the Company to be held at Room 1108, 11/F, Seazen Holdings Tower B, No. 5, Lane 388, Zhongjiang Road, Putuo District, Shanghai, PRC on Friday, 22 December 2023 at 10:30 a.m. is set out on page EGM-1 to EGM-3 of this circular. A form of proxy for use at the extraordinary general meeting is also enclosed. Such form of proxy is also published on the website of the Stock Exchange at [www.hkexnews.hk](http://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, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting (i.e. before 10:30 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 extraordinary general meeting or any adjourned meeting thereof if they so wish.

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## DEFINITIONS

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

“2023 Services Framework Agreement”	the services framework agreement dated 28 October 2022 entered into between Seazen Holdings and Jiangsu Xinchengyue in relation to the provision of property management service and value-added services for the property projects of Seazen Holdings
“2024 Seazen Framework Agreement”	the services framework agreement dated 27 October 2023 entered into between Seazen Holdings and S-Enjoy Service in relation to the provision of property management service and value-added services for the property projects of Seazen Holdings
“Annual Cap”	the annual cap of RMB680.0 million for the service fees under the 2024 Seazen Framework Agreement for the year ending 31 December 2024
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Seazen Group Limited (新城發展控股有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at Room 1108, 11/F, Seazen Holdings Tower B, No. 5, Lane 388, Zhongjiang Road, Putuo District, Shanghai, PRC on Friday, 22 December 2023 at 10:30 a.m. for the Independent Shareholders to consider and, if thought fit, to approve the resolution in relation to the 2024 Seazen Framework Agreement and the transactions contemplated thereunder and the Annual Cap
“GFA”	gross floor area

## DEFINITIONS

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	a board of committee, comprising the independent non-executive Directors, to be established to advise the Independent Shareholders in respect of the continuing connected transactions contemplated under the 2024 Seazen Framework Agreement and the Annual Cap
“Independent Financial Adviser” or “Somerville Capital”	Somerville 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 Seazen Framework Agreement and the transactions contemplated thereunder (including the Annual Cap)
“Independent Shareholders”	all Shareholders, other than Mr. Wang and his associates, and all other Shareholders interested in the 2024 Seazen Framework Agreement and the transactions contemplated thereunder (including the Annual Cap)
“Jiangsu Xinchengyue”	Jiangsu Xinchengyue Holdings Co., Ltd.* (江蘇新城悅控股有限公司), a company established in the PRC with limited liability, which is a subsidiary of S-Enjoy Service and a connected person of the Company
“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 controlling Shareholder of the Company

## DEFINITIONS

“Mr. Wang’s Associated Companies”	companies (including the 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-3 of this circular
“PRC”	the People’s Republic of China
“Rights Issue”	the rights issue of the Company on the basis of one (1) rights share for every twenty-one (21) existing shares held on 4 January 2022
“RMB”	Renminbi, the lawful currency of the PRC
“S-Enjoy Group”	S-Enjoy Service and its subsidiaries
“S-Enjoy Service”	S-Enjoy Service Group Co., Limited* (新城悅服務集團有限公司), a company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (stock code: 1755). It is indirectly owned as to approximately 68.86% by Mr. Wang and therefore a connected person of the Company
“Seazen Holdings”	Seazen Holdings Co., Ltd.* (新城控股集團股份有限公司), a subsidiary of the Company with its A shares listed on the Shanghai Stock Exchange (stock code: 601155) and one of Mr. Wang’s Associated Companies
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the share(s) of the Company
“Share Award Scheme”	the share award scheme adopted by the Company on 1 November 2019
“Share Option Scheme”	the share option scheme adopted by the Company on 6 November 2012

## DEFINITIONS

“sq.m.”

square meters

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent

\* *For identification purposes only*

seazen  
新城发展

SEAZEN GROUP LIMITED

新城發展控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1030)**

*Directors:*

*Executive Directors:*

Mr. Lv Xiaoping (*Chief Executive Officer*)

Mr. Lu Zhongming

*Non-Executive Directors:*

Mr. Wang Xiaosong (*Chairman*)

Mr. Zhang Shengman

*Independent Non-Executive Directors:*

Mr. Chen Huakang

Mr. Zhu Zengjin

Mr. Zhong Wei

*Registered office:*

Grand Pavilion

Hibiscus Way

802 West Bay Road

P.O. Box 31119

KY1-1205, Cayman Islands

*Headquarters in the PRC:*

11/F, Seazen Holdings Tower B

No. 5, Lane 388, Zhongjiang Road

Putuo District, 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  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

References are made to (i) the announcement of the Company dated 27 October 2023 in relation to the proposed continuing connected transactions under the 2024 Seazen Framework Agreement for one year ending 31 December 2024; and (ii) Notice of EGM.

## LETTER FROM THE BOARD

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

1. details of the 2024 Seazen Framework Agreement and the transactions contemplated thereunder (including the proposed Annual Cap);
2. the opinion and recommendation of the Independent Board Committee on the 2024 Seazen Framework Agreement and the transactions contemplated thereunder (including the proposed Annual Cap); and
3. a letter of advice from Somerley Capital to the Independent Board Committee and the Independent Shareholders containing its opinion and recommendation on the 2024 Seazen Framework Agreement and the transactions contemplated thereunder (including the proposed Annual Cap).

### THE 2024 SEAZEN FRAMEWORK AGREEMENT

#### Background

The 2024 Seazen Framework Agreement was entered into between Seazen Holdings and S-Enjoy Service on 27 October 2023 (after trading hours) in relation to provision of property management services by S-Enjoy Service for a term of one year from 1 January 2024 to 31 December 2024 subject to the Annual Cap.

#### Principal Terms of the 2024 Seazen Framework Agreement

The principal terms of the 2024 Seazen Framework Agreement are set out below:

- Date:** 27 October 2023 (after trading hours)
- Parties:** (i) Seazen Holdings (as the recipient of services); and  
(ii) S-Enjoy Service (as the service provider).
- Term:** From 1 January 2024 to 31 December 2024 (both days inclusive).

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 THE BOARD

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

S-Enjoy Service is commissioned to provide various property management services, including the maintenance, consultancy and inspection services in connection with the development projects of Seazen Holdings. S-Enjoy Service agrees to provide the following services to Seazen Holdings with the pricing policies and payment terms as briefly listed below:

**a. Property Management Services**

Scope of Services: S-Enjoy Service 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 service 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 Seazen Holdings or other properties for which property service fees are payable by Seazen Holdings according to relevant rules, Seazen Holdings shall be charged in accordance with the contract(s) or any other relevant agreement(s).

## LETTER FROM THE BOARD

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.

### **b. Intelligent Construction Services**

Scope of Services: The subsidiaries of S-Enjoy Service will participate in the bidding held by Seazen Holdings and its 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 Seazen Holdings and its subsidiaries.

Pricing Policy: S-Enjoy Service will submit its tenders or provide its quotations after taking into account the corresponding equipment and accompanying support materials required by Seazen Holdings and the manpower needed. Upon reaching an agreement by both parties, the price shall be the said price for the construction services of the intelligence systems.

Payment Terms: Payment shall be made in the manner as agreed pursuant to 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 Seazen Holdings, and the payment shall be made based on the final account.

## LETTER FROM THE BOARD

### c. Sales Offices Management Services

Scope of Services: S-Enjoy Service is responsible for the management of the sale offices, city exhibition halls, showrooms and clubhouses of Seazen Holdings and the provision of cleaning, security and customer services to Seazen Holdings.

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 service costs of S-Enjoy Service (including but not limited to labour costs and consumable costs), plus the reasonable management fees mark-up and others.

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

## LETTER FROM THE BOARD

### d. Detailed Property Inspection Services

Scope of Services: Before the delivery of the properties, S-Enjoy Service shall organize inspectors to carry out detailed inspection for the property projects as instructed by Seazen Holdings. S-Enjoy Service shall provide quality inspection which involves the inspection of the practical functions and the detailed perception of each residential unit and all interior components; S-Enjoy Service 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; S-Enjoy Service shall provide auxiliary services which involve the inspection of the practical functions and the detailed perception of, among others, the security intelligence system. S-Enjoy Service shall provide feedback to Seazen Holdings for rectification based on the inspection results and in accordance with the delivery and acceptance standards of project management of Seazen Holdings and inspection standards of S-Enjoy Service, so as to improve the delivery quality of Seazen Holdings.

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 of S-Enjoy Service (including but not limited to labour costs and consumable costs), plus the reasonable management fees mark-up and others.

## LETTER FROM THE BOARD

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 S-Enjoy Service, including inspection of rectification works based on the results of initial inspections conducted by S-Enjoy Service).

**e. Property Preliminary Stage Consultancy Services**

Scope of Services: Preliminary proposal: S-Enjoy Service 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: S-Enjoy Service 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: S-Enjoy Service 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 fees shall be determined through negotiations between the subsidiaries of Seazen Holdings and S-Enjoy Service with reference to the transaction prices in surrounding active markets and the costs for provision of services by S-Enjoy Service.

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.

## LETTER FROM THE BOARD

### f. Parking Lot Sales Agency Services

Scope of Services:	The subsidiaries of Seazen Holdings shall entrust S-Enjoy Service to provide sales agency services in relation to the delivered parking lots of their development projects.
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 Seazen Holdings and S-Enjoy Service 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 S-Enjoy Service (a certain amount of deposits shall be paid by S-Enjoy Service to the subsidiaries of Seazen Holdings for securing the parking lots available for sale from such subsidiaries of Seazen Holdings with a discounted price for sale (such specific discounted price shall be determined with reference to the prevailing local market conditions), and S-Enjoy Service shall enjoy the benefits arising from the difference between the actual selling price and the discounted base price of the parking lots).
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 S-Enjoy Service.

## LETTER FROM THE BOARD

### **g. Property Maintenance and Management Services during the Warranty Period**

Scope of Services: Seazen Holdings shall entrust S-Enjoy Service to provide coordination and management services for any property quality issues of the delivered properties under its 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 S-Enjoy Service.

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

### **h. Elevator Installation and Maintenance Services**

Scope of Services: The subsidiaries of Seazen Holdings shall entrust S-Enjoy Service 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 Seazen Holdings and S-Enjoy Service based on the transaction prices in surrounding active markets and the service costs of S-Enjoy Service (including but not limited to labour costs and consumable costs).

## LETTER FROM THE BOARD

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 the subsidiaries of Seazen Holdings after the completion of the construction works. The payment for elevator maintenance service shall be settled quarterly in accordance with the service contract.

### **i. On-site Event Planning and Layout Services**

Scope of Services: The subsidiaries of Seazen Holdings shall entrust S-Enjoy Service to conduct on-site event planning, product purchase and layout services for their property development project.

Pricing Policy: The price shall be determined through negotiations between the subsidiaries of Seazen Holdings and S-Enjoy Service based on the transaction prices in surrounding active markets and the service costs of S-Enjoy Service (including but not limited to labour costs and consumable costs).

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.

## LETTER FROM THE BOARD

### j. Miscellaneous Entrustment Services

Scope of Services: The subsidiaries of Seazen Holdings shall entrust S-Enjoy Service to provide miscellaneous service in relation to their development projects.

Pricing Policy: The price shall be determined principally by arm's length commercial negotiations according to the principles of fairness and reasonableness having 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).

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 Seazen Holdings under the 2024 Seazen Framework Agreement, Seazen Holdings and S-Enjoy Service 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 Seazen Framework Agreement.

All transactions contemplated under the 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 S-Enjoy Service to Seazen Holdings shall not be less favourable than those offered to other parties for similar services.

#### **Annual Cap and its Basis**

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

## LETTER FROM THE BOARD

The estimated allocation of the Annual Cap to the property management services and value-added services provided by S-Enjoy Group is set out below, subject to the actual demand on the services.

	<i>RMB</i>
Property management services	113,640,000
Value-added services	
– Sales offices management services	90,910,000
– Intelligent construction services	163,640,000
– Parking lots sales agency services	50,000,000
– Detailed property inspection services	59,090,000
– Property preliminary stage consultancy services	77,270,000
– Elevator installation and maintenance services	27,270,000
– Property maintenance and management services during the warranty period	18,180,000
– On-site event planning and layout services	18,180,000
10% buffer	<u>61,820,000</u>
<b>Total</b>	<b><u><u>680,000,000</u></u></b>

The Annual Cap is determined with reference to, among others, the following factors:

- (a) the aggregate amount of approximately RMB489.5 million settled by Seazen Holdings for property management services and value-added services for the nine months ended 30 September 2023;
- (b) the Group's total contracted sales area of approximately 7.53 million square meters for the nine months ended 30 September 2023;
- (c) the expected sales scale, area and number of the Group's property projects to be managed by S-Enjoy Service, as well as the pre-sale and deliver time of such property projects;
- (d) the expected demand of the Group for property management services and the price charged by such services; and
- (e) other factors such as the Group's business plans, inflation and 10% buffer for all categories of services.

Further, the amount of Annual Cap allocated 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 any event, the total transaction amount for all services under the 2024 Seazen Framework Agreement will not exceed the Annual Cap of RMB680.0 million.

## LETTER FROM THE BOARD

### Historical Transaction Amount under the 2023 Services Framework Agreement

The table below shows the allocation of annual caps and the actual amount charged for each of the property management services and value-added services provided by Jiangsu Xinchengyue 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 2020		For the year ended 31 December 2021		For the year ended 31 December 2022		For the nine months ended 30 September 2023	
	Actual amount (approximately) (RMB million) <sup>(1)</sup>	Allocation of annual cap						
Property Management	49	82	43	80	74	135	64	200
Value-added services	959	1,091	1,270	1,270	844	1,515	425	1,150
- Intelligent								
Construction								
Services	315	371	469	380	300	540	167	290
- Sales Offices								
Management								
Services	354	500	348	460	188	405	81	330
- Detailed Property								
Inspection Services	113	100	163	140	95	110	50	120
- Property Preliminary								
Stage Consultancy								
Services	96	80	140	120	94	100	61	110
- Parking Lot Sales								
Agency Services	65	35	88	60	91	255	13	190
- Property								
Maintenance and								
Management								
Services during the								
Warranty Period	15	5	43	40	31	40	14	40
- Elevator Installation								
and Maintenance								
Services	-	-	11	50	29	50	20	50
- On-site Event								
Planning and								
Layout Services	1	-	8	20	16	15	19	20
- Miscellaneous								
Entrustment								
Services	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,008</b>	<b>1,173</b>	<b>1,313</b>	<b>1,350</b>	<b>918</b>	<b>1,650</b>	<b>490</b>	<b>1,350</b>

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.

## LETTER FROM THE BOARD

As illustrated above, the historical transaction amount that the Group settled with S-Enjoy Group (through Jiangsu Xinchengyue) for the nine months ended 30 September 2023 was approximately RMB489.5 million, which is within the annual cap of RMB1,350 million under the 2023 Services Framework Agreement.

### **Information of the Parties**

The Company is an experienced property developer principally engaged in property development and property investment in the PRC. Seazen Holdings is a subsidiary of the Company with its A shares listed on the Shanghai Stock Exchange (stock code: 601155).

S-Enjoy Service is a company listed on the Stock Exchange (stock code: 1755) and is an experienced property management services provider in the PRC engaging in the provision of property management services, such as property and equipment maintenance, security services, cleaning services, gardening services and public area maintenances.

### **Reasons for and Benefits of the 2024 Seazen Framework Agreement**

S-Enjoy Group is an experienced property management services provider in the PRC. S-Enjoy Service, through its subsidiaries, is managing many property projects across a number of cities in China, including Shanghai, Nanjing, Changzhou, Wuxi and Suzhou. The Board believes that the experience of S-Enjoy Group shall provide reliable support to the Group's expansion of property development business.

The 2024 Seazen Framework Agreement represents a stable and trusted business relationship on which Seazen Holdings can leverage to achieve its business objectives.

Each of the Directors (including the independent non-executive Directors whose opinion are set out in the section headed "Letter from Independent Board Committee" in this circular, after considering the advice from Somerley Capital) is of the view that the 2024 Seazen Framework Agreement is entered into on an arm's length basis, on normal commercial terms and in the usual and ordinary course of business of the Group. The transactions contemplated under the 2024 Seazen Framework Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### **INTERNAL CONTROL MEASURES**

To ensure that the service scope and relevant fees of the property management services and value-added services provided by S-Enjoy Service are not less favourable than those available from independent third parties and comparable to the prevailing market rate, the Group has adopted the following measures:

- (i) the pricing policies for all the continuing connected transactions of the Group will be supervised and monitored by the management and relevant personnel of the Group to ensure the relevant continuing connected transactions are conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its Shareholders as a whole;

## LETTER FROM THE BOARD

- (ii) before entering into any subsidiary agreement in connection with the 2024 Seazen Framework Agreement, the management and relevant personnel of the Group will compare a preliminary price offered by S-Enjoy Group based on the pricing policies as described above with those obtained from comparable independent third parties with similar experiences (if any) for comparable services, so as to ensure that the service fees of the property management services and other value-added services contemplated under the 2024 Seazen Framework Agreement are fair and reasonable and is comparable to the prevailing market rate;
- (iii) as part of the internal control procedures, the implementation of the 2024 Seazen Framework Agreement and the actual number and amount of services provided by S-Enjoy Service will be monitored and reviewed by the Board (including the independent non-executive Directors) and the senior management on a regular basis, with reference to terms of similar transactions with the independent third parties, and the senior management will monitor and ensure the actual transaction amount does not exceed the Annual Cap;
- (iv) the Director(s) and/or the Shareholder(s) with an interest in the relevant transaction(s) are required to abstain from voting on the resolution(s);
- (v) the Group shall use the best endeavor to comply with relevant reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules for continuing connected transactions;
- (vi) the Company will engage its external auditor to review the transactions between the Group and S-Enjoy Service under the 2024 Seazen Framework Agreement, to ensure that the transactions amount are within the Annual Cap and the transactions are conducted in accordance with the terms set out in the 2024 Seazen Framework Agreement and the Listing Rules; and
- (vii) the Group will duly disclose in the annual reports and accounts the transactions of provision of property services by S-Enjoy Service during each financial period, together with the conclusions (with basis) drawn by the independent non-executive Directors on whether the transactions are conducted in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## LETTER FROM THE BOARD

### LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Mr. Wang, the controlling shareholder of the Company, indirectly owns approximately 68.86% of the equity interests in S-Enjoy Service. Accordingly, S-Enjoy Service is an associate of Mr. Wang and a connected person of the Company and the entering into of the 2024 Seazen Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios in respect of the transactions contemplated under the 2024 Seazen Framework Agreement is more than 5%, the transactions contemplated thereunder are subject to the reporting, announcement, 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 of S-Enjoy Service and the executive Directors of the Company, are considered as having a material interest in the transactions under the 2024 Seazen Framework Agreement, they have abstained from voting on the Board resolutions approving the relevant agreement and the transactions contemplated thereunder (including the proposed Annual Cap). Save as mentioned above, none of the other Directors has a material interest in the transactions contemplated under the 2024 Seazen Framework Agreement, and therefore, no Director has abstained from voting on approval of the relevant resolutions.

### RECOMMENDATIONS

The Directors (including the independent non-executive Directors whose views are set out in the section headed "Letter from Independent Board Committee" in this circular, after considering the advice from Somerley Capital) are of the view that the terms of continuing connected transactions contemplated under the 2024 Seazen Framework Agreement are fair and reasonable, the relevant continuing connected transactions (including the proposed Annual Cap) are on normal commercial terms and in the ordinary and usual course of business of the Company, and are in the interests of the Company and the Shareholders as a whole.

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

### EGM AND PROXY ARRANGEMENT

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

## LETTER FROM THE BOARD

Mr. Wang and Mr. Wang's Associated Companies, which directly hold 4,575,615,179 ordinary Shares, representing an aggregate of approximately 64.76% 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 Seazen Framework Agreement and the transactions contemplated thereunder (including the proposed Annual Cap). Save as disclosed above, there is no other Shareholder who has any material interest in the transactions contemplated under the 2024 Seazen Framework Agreement. As such, no other Shareholder is required to abstain from voting at the EGM on the resolution in relation to the 2024 Seazen Framework 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 Seazen Framework Agreement and the transactions contemplated thereunder (including the proposed Annual Cap). In this connection, Somerley Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the 2024 Seazen Framework Agreement and the transactions contemplated thereunder (including the proposed 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](http://www.hkexnews.hk)) and the Company (<http://www.seazengroup.com.cn/>).

Whether or not you are able to attend the EGM, you are requested to complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return the completed form of proxy to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM (i.e. before 10:30 a.m. on Wednesday, 20 December 2023) 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.

## LETTER FROM THE BOARD

### ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 24 to 25 of this circular containing the recommendations from the Independent Board Committee to the Independent Shareholders in respect of the 2024 Seazen Framework Agreement and the transactions contemplated thereunder (including the proposed Annual Cap). The advice from Somerley Capital to the Independent Board Committee and the Independent Shareholders, on the fairness and reasonableness of the terms of the continuing connected transactions contemplated under the 2024 Seazen Framework Agreement (including the respective proposed Annual Cap) is set out on pages 26 to 40 of this circular.

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

**The financial information for the nine months ended 30 September 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. In addition, the proposed allocation of the Annual Cap as set out in the section headed "The 2024 Seazen Framework Agreement – Annual Cap and its basis" in this circular is yet to be realised and subject to change.**

Yours faithfully,  
By order of the Board  
**Seazen Group Limited**  
**Wang Xiaosong**  
*Chairman*

seazen  
新城发展

SEAZEN GROUP LIMITED

新城發展控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 1030)

4 December 2023

*To the Independent Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS**

We refer to the circular of the Company dated 4 December 2023 (the “Circular”), of which this letter forms a part. Terms used in this letter 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 Seazen Framework Agreement (including the proposed Annual Cap) are fair and reasonable so far as the Independent Shareholders are concerned, the relevant continuing connected transactions (including the proposed 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.

Somerley 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 Seazen Framework Agreement (including the proposed Annual Cap). Details of the advice from Somerley Capital, together with the principal factors taken into consideration in arriving at such advice, are set out in its letter on pages 26 to 40 of the Circular.

We wish to draw your attention to the letter from the Board set out on pages 5 to 23 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 Somerley Capital, we consider that the terms of continuing connected transactions contemplated under the 2024 Seazen Framework Agreement (including the proposed 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.

**LETTER FROM INDEPENDENT BOARD COMMITTEE**

Accordingly, we recommend that the Independent Shareholders vote in favour of the resolutions regarding the 2024 Seazen Framework Agreement and the transactions contemplated thereunder (including the proposed Annual Cap) to be proposed at the EGM.

Yours faithfully,

**Mr. Chen Huakang**  
*Independent*  
*non-executive Director*

**Mr. Zhu Zengjin**  
*Independent*  
*non-executive Director*

**Mr. Zhong Wei**  
*Independent*  
*non-executive Director*

*Independent Board Committee of Seazen Group Limited*

## LETTER FROM SOMERLEY CAPITAL

*The following is the text of the letter of advice from Somerley Capital Limited, the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.*



**SOMERLEY CAPITAL LIMITED**

**SOMERLEY CAPITAL LIMITED**

20th Floor  
China Building  
29 Queen's Road Central  
Hong Kong

4 December 2023

*To: the Independent Board Committee and Independent Shareholders*

Dear Sirs,

### CONTINUING CONNECTED TRANSACTIONS

#### INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in connection with the terms of the 2024 Seazen Framework Agreement and the Annual Cap, details of which are set out in the letter from the Board ("**Letter from the Board**") of the circular of the Company dated 4 December 2023 (the "**Circular**"), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 27 October 2023, Seazen Holding entered into the 2024 Seazen Framework Agreement in relation to the provision of property management services and value-added services by S-Enjoy Service for a term of one year from 1 January 2024 to 31 December 2024 and set the Annual Cap for the transactions contemplated thereunder.

As at the Latest Practicable Date, Mr. Wang, the controlling shareholder of the Company, is indirectly holding approximately 68.86% of the equity interests in S-Enjoy Service. Accordingly, S-Enjoy Service, is an associate of Mr. Wang and a connected person of the Company and the entering into of the 2024 Seazen Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratios in respect of the transactions contemplated under the 2024 Seazen Framework Agreement is more than 5%, the transactions contemplated thereunder are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Chen Huakang, Mr. Zhu Zengjin, and Mr. Zhong Wei, has been established to advise the Independent Shareholders in relation to the 2024 Seazen Framework Agreement and the Annual Cap and as to voting. We, Somerley Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in the same regard.

## LETTER FROM SOMERLEY CAPITAL

We are not associated with the Company, S-Enjoy Service or their respective core connected persons or associates. In the past two years prior to this appointment, there was no engagement between the Group and us. Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, S-Enjoy Service or their respective core connected persons or associates. Accordingly, we are considered eligible to give independent advice on the 2024 Seazen Framework Agreement and the Annual Cap.

In formulating our opinion and advice, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Company, which we have assumed to be true, accurate and complete in all material aspects.

We have reviewed the information of the Company, among other things, (i) the annual reports of the Company for the year ended 31 December 2021 (the “**2021 Annual Report**”) and 2022 (the “**2022 Annual Report**”) and the interim report of the Company for the six months ended 30 June 2023 (the “**2023 Interim Report**”); (ii) the announcement of the Company dated 27 October 2023 in relation to the 2024 Seazen Framework Agreement and the Annual Cap; and (iii) other information contained in the Circular. We also have sought and received confirmation from the Company that no material facts have been omitted from the information supplied and opinions expressed to us were not misleading in any material aspects. We consider that the information we have received is sufficient for us to reach our opinion and give our advice and recommendation set out in this letter. We have no reason to believe that any material information has been omitted or withheld, or to doubt the truth or accuracy of the information provided. We have, however, not conducted any independent investigation into the business and affairs of the Group, S-Enjoy Service or any of their respective associates or any party acting, or presumed to be acting, in concert with any of them, nor have we carried out any independent verification of the information supplied. We have also assumed that all representations contained or referred to in the Circular were true at the time they were made and at the date of the Circular and will continue to be true up to the time of the EGM, and Shareholders will be informed of any material change as soon as possible.

# LETTER FROM SOMERLEY CAPITAL

## PRINCIPAL FACTORS AND REASONS CONSIDERED

### 1. Information of the parties

#### 1.1. Information of the Group

The Company is an experienced property developer principally engaged in property development, property investment and commercial property management in the PRC. The principal activities of the Group are property development and property investment in the PRC. Seazen Holdings is a subsidiary of the Company with its A shares listed on the Shanghai Stock Exchange (stock code: 601155). Set out below is the summary of the financial information of the Group for the years ended 31 December 2021 and 2022 and the six months ended 30 June 2022 and 2023 as extracted from the 2022 Annual Report and 2023 Interim Report:

	<b>For the six months ended 30 June</b>		<b>For the year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>	<b>2022</b>	<b>2021</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
Revenue	42,532.3	43,351.6	116,540.6	169,537.3
– Sales of properties	36,342.5	37,735.7	104,882.7	158,118.1
– Commercial property management services	2,134.7	1,808.5	3,920.8	3,430.2
– Rental income	2,608.8	2,453.9	5,087.6	4,295.7
– Other income	1,446.3	1,353.5	2,649.5	3,693.3
Gross profit	7,415.5	8,655.4	15,938.8	28,357.7
Profit for the year/period attributable to equity holders of the Company	1,431.2	1,789.2	280.7	8,590.6

*For the two years ended 31 December 2021 and 2022*

For the two years ended 31 December 2021 and 2022, approximately 90% of the Group's revenue was generated from the sales of properties.

As disclosed in the 2022 Annual Report, The Group's revenue decreased by approximately 31.3% from approximately RMB169,537.3 million for the year ended 31 December 2021 to approximately RMB116,540.6 million for the year ended 31 December 2022 due to less property delivery. For the year ended 31 December 2022, properties with a total GFA of approximately 13,197,155 sq.m. were delivered, as compared to that of approximately 18,230,865 sq.m. for the year ended 31 December 2021, representing a decrease of 27.6%.

## LETTER FROM SOMERLEY CAPITAL

The Group recorded a gross profit of approximately RMB15,938.8 million with a gross profit margin of 13.7% for the year ended 31 December 2022, as compared to the gross profit of approximately RMB28,357.7 million with a gross profit margin of 16.7% for the year ended 31 December 2021. Such decrease was mainly due to the decrease in average selling price of properties delivered and recognized as sales from approximately RMB8,673 per sq.m. in 2021 to approximately RMB7,947 per sq.m. in 2022.

Profit for the year attributable to equity holders of the Company amounted to approximately RMB280.7 million for the year ended 31 December 2022, as compared to that of approximately RMB8,590.6 million for the year ended 31 December 2021. Such decrease was mainly due to (i) the decrease in gross profit, (ii) the increase in finance costs, and (iii) the decrease in share of results of associates and joint ventures.

*For the six months ended 30 June 2022 and 2023*

The Group's revenue has been slightly decreased by approximately RMB819.3 million or 1.9% from approximately RMB43,351.6 million for the six months ended 30 June 2022 to approximately RMB42,532.3 million for the six months ended 30 June 2023. As disclosed in the 2023 Interim Report, though the entire PRC real estate market was under substantial economic pressure, the Group managed to achieve contracted sales of approximately RMB42.4 billion and contracted sales of approximately 5.16 million sq.m. in GFA for the first half of 2023.

For the six months ended 30 June 2023, the gross profit of the Group was approximately RMB7,415.5 million with a gross profit margin of 17.4%, as compared to the gross profit of approximately RMB8,655.4 million with a gross profit margin of 20.0% for the six months ended 30 June 2022. Such decrease was mainly due to the increase of construction costs and land use rights cost.

Profit for the period attributable to equity holders of the Company amounted to approximately RMB1,431.2 million for the six months ended 30 June 2023, as compared to that of approximately RMB1,789.2 million for the six months ended 30 June 2022. Such decrease was mainly due to (i) the decrease in gross profit, (ii) the decrease in fair value gains on investment properties; and (iii) the increase in finance costs.

## LETTER FROM SOMERLEY CAPITAL

Set out below is the summary of the financial position of the Group as at 31 December 2021, 2022 and 30 June 2023 as extracted from the 2022 Annual Report and 2023 Interim Report:

	<b>As at 30 June 2023</b>	<b>As at 31 December</b>	
	<i>RMB million (Unaudited)</i>	<i>RMB million (Audited)</i>	<i>RMB million (Audited)</i>
Total assets	442,941.6	463,473.9	540,108.9
Total liabilities	349,879.8	370,459.6	442,689.6
Total equity attributable to shareholders of the Company	45,778.5	44,753.6	42,159.3

As at 30 June 2023, the Group's total assets amounted to approximately RMB442,941.6 million, mainly comprised of (i) properties held or under development for sale of approximately RMB189,207.3 million, (ii) investment properties of approximately RMB114,612.4 million, and (iii) cash and cash equivalents of approximately RMB20,728.5 million.

As at 30 June 2023, the Group's total liabilities amounted to approximately RMB349,879.8 million, mainly comprised of (i) contract liabilities of approximately RMB156,793.8 million, (ii) trade and other payables of approximately RMB99,725.7 million, and (iii) borrowings of approximately RMB73,542.7 million.

As at 30 June 2023 and 31 December 2022, the Group's total equity attributable to shareholders of the Company amounted to approximately RMB45,778.5 million and RMB44,753.6 million, respectively, representing an increase of approximately 2.3%, mainly attributable to the increase in profit for the period of approximately RMB1,431.2 million.

In our view, based on the above analysis, the Group has financed its growth prudently and retained a satisfactory financial position.

### **1.2. Information of S-Enjoy Service**

S-Enjoy Service is a company listed on the Stock Exchange (stock code: 1755). S-Enjoy Service is an experienced property management services provider in the PRC engaging in the provision of property management services, such as property and equipment maintenance, security services, cleaning services, gardening services and public area maintenance.

**2. Reasons for and benefits of the 2024 Seazen Framework Agreement**

The Group's principal activities are property development, property investment and commercial property management in the PRC. The Company's revenue mainly comprises revenue from sales of properties, property management, rental income and other related services income.

As advised by the management of the Company, to support the operation of the Group's property management business, the Group has engaged S-Enjoy Group for the property management services and related value-added services since S-Enjoy Group was listed in the Stock Exchange of Hong Kong in 2018. Before that, the property management services and related value-added services of the Group was managed by Tibet Future Land Property Management Services Co., Ltd (which is currently a principal subsidiary of S-Enjoy Group) which was a subsidiary of the Group and was subsequently disposed to a controlling shareholder of the Company in 2016. To maintain the ordinary operation of the Group's property management business, the Company has been renewing the service framework agreement with S-Enjoy Group every year since 2018. According to the 2024 Seazen Framework Agreement, the scope of service is substantially same as those areas included in the 2023 Services Framework Agreement. The Directors advised that entering into the 2024 Seazen Framework Agreements will guarantee the continuity of property management services and related value-added services to the Group's customers and avoid any service disruption.

As stated in the Letter from the Board, S-Enjoy Group is an experienced property management services provider in the PRC. S-Enjoy Service, through its subsidiaries, is managing many property projects across a number of Chinese cities, including Shanghai, Nanjing, Changzhou, Wuxi and Suzhou. The Board believes that the experiences of S-Enjoy Group shall provide reliable support to the Group's expansion of property development business. The 2024 Seazen Framework Agreement hence represents a stable and trusted business relationship on which Seazen Holdings can leverage to achieve its business objectives.

Taking into account the above and the fact that the 2024 Seazen Framework Agreement does not limit the Group from procuring services from other suppliers and provides the Group with the option, but not obligation, to engage S-Enjoy Group for the provision of various property management services, we concur with the Directors that the entering into of the 2024 Seazen Framework Agreement is in the ordinary and usual course of business of the Group, are in the interests of the Company and the Shareholders as a whole.

## LETTER FROM SOMERLEY CAPITAL

### 3. Principal terms of the 2024 Seazen Framework Agreement

The following sets forth the principal terms of the 2024 Seazen Framework Agreement. For detailed terms of the 2024 Seazen Framework Agreement, please refer to the section headed "THE 2024 SEAZEN FRAMEWORK AGREEMENT" in the Letter from the Board.

- Date:** 27 October 2023 (after trading hours)
- Parties:** (i) Seazen Holdings (as the recipient of services); and  
(ii) S-Enjoy Service (as the service provider).
- Terms:** The 2024 Seazen Framework Agreement shall be effective from 1 January 2024 to 31 December 2024 (both days inclusive).
- 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:** S-Enjoy Service is commissioned to provide various property management services, including the maintenance, consultancy and inspection services in connection with the development projects of Seazen Holdings. S-Enjoy Service agrees to provide the following services to Seazen Holdings:
- a) Property Management Services
  - b) Intelligent Construction Services
  - c) Sales Offices Management Services
  - d) Detailed Property Inspection Services
  - e) Property Preliminary Stage Consultancy Services
  - f) Parking Lot Sales Agency Services

## LETTER FROM SOMERLEY CAPITAL

- g) Property Maintenance and Management Services during the Warranty Period
- h) Elevator Installation and Maintenance Services
- i) On-site Event Planning and Layout Services
- j) Miscellaneous Entrustment Services

For the details of the 2024 Seazen Framework Agreement (including scope of services, pricing policy and payment terms), please refer to the Letter of the Board.

For the property management services required by each development project of Seazen Holdings under the 2024 Seazen Framework Agreement, Seazen Holdings and S-Enjoy Service 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 Seazen Framework Agreement.

All transactions contemplated under the 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 S-Enjoy Service to Seazen Holdings should not be less favorable than those offered to other parties for similar services.

### ***3.1. Our assessment of the terms of the 2024 Seazen Framework Agreement***

As set out in the paragraphs headed "2. Reasons for and benefits of 2024 Seazen Framework Agreement" above, the entering into of the 2024 Seazen Framework Agreement is to extend the term of the 2023 Seazen Framework Agreement, which expires on 31 December 2023, to allow the Group to continue to have the option to engage S-Enjoy Group for the provision of various property management services. Based on our discussion with the management of the Company and the review of the 2024 Seazen Framework Agreement, no material changes were made to the principal terms of the 2024 Seazen Framework Agreement.

As set out in the Letter from the Board, the services fees to be charged by S-Enjoy Group under 2024 Seazen Framework Agreement will be determined based on several major factors, including (i) prevailing market rates (taking into account of the locations of the properties, the scope of services, the demand of manpower, the areas of service coverage, the nature of equipment required, consumable costs, etc.); (ii) the guidance price of such services for similar type of property projects issued by the local government; or (iii) the services fees charged by the independent third parties for similar nature and scale of services. To assess the fairness of the pricing policies of the 2024 Seazen Framework Agreement, we have obtained and reviewed the contracts of the largest transaction for each type of services provided by S-Enjoy Service to the Group during the term of the 2023 Seazen Framework Agreement, which includes (a) property management services; (b) intelligent construction services; (c) sales offices management services; (d) detailed property inspection services; (e) property preliminary stage consultancy services;

## LETTER FROM SOMERLEY CAPITAL

(f) parking lot sales agency services; (g) property maintenance and management services during the warranty period; (h) elevator installation and maintenance services; and (i) on-site event planning and layout services. We have compared the terms of the sample contracts to those quotation offered by independent service providers for the same project and noted that the service fee agreed with S-Enjoy Group are no less favourable to the Group than those offered by independent service providers.

As set out in the Letter from the Board and based on our discussion with the management of the Company, we also noted that the relevant payment terms as contemplated that: (a) the fees for the property management services and sales office management services are generally paid annually, half-yearly, quarterly or monthly (as the case may be). Such fee settlement arrangement is normal given that these services are provided on a daily basis and the service fee is generally settled on a monthly basis; (b) the service fee of intelligent construction services will only be settled after the inspection and acceptance of such services are made by the Group. It is commercially acceptable for construction service fee to be settled after the Group's inspection with satisfactory result; (c) in connection with the detailed property inspection services and on-site event planning and layout services, the fees are generally settled within one month after the completion of the services; (d) in connection with the property preliminary stage consultancy services, the fees are generally settled within three months after the delivery of properties; and (e) other value-added services, including parking lot sales agency services, property maintenance and management services during the warranty period, and elevator installation and maintenance services, are generally made on a quarterly basis or based on the project completion status. The above payment terms are generally in line with those stipulated under the 2024 Seazen Framework Agreement and the industry's common practice for property management services of similar nature provided by other services providers. From our review of the sample contracts and quotation offered by independent service providers, we noted that the payment terms offered by S-Enjoy Service to the Group are in line with and no less favorable to the Group than those offered by other independent services providers for services of similar nature. Based on our discussion with the management of the Company, the service fee under 2024 Seazen Framework Agreement is generally made on a regular interval or upon the completion of the said services up to the Group's satisfactory. In this regard, the payment terms offered to S-Enjoy Group for the transactions contemplated under the 2024 Seazen Framework Agreement would not involve material cash prepayment to S-Enjoy Group before the provision of services. As advised by the management of the Group, the Group has internal control procedures to govern the payment approval process to external party in which the responsible department head of each service should review and inspect the service quality before passing the payment request to the finance department. The finance department only confirms and approve the service fee payment if the payment request has been approved by the authorized department heads in according to the Group's internal policy.

Based on the above, we are of the view that the principal terms of the 2024 Seazen Framework Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

## LETTER FROM SOMERLEY CAPITAL

### 4. Proposed Annual Cap in relation to the 2024 Seazen Framework Agreement

#### *Historical transaction amount*

The table below sets forth the historical transaction amounts and the respective annual caps in relation to the property management services provided by S-Enjoy Service to the Group:

	<b>For the year ended 31 December 2021 <i>RMB million</i></b>	<b>For the year ended 31 December 2022 <i>RMB million</i></b>	<b>For the year ending 31 December 2023 <i>RMB million</i></b>
Actual transaction amount	1,313	918	490 <sup>Note</sup>
Historical annual caps	1,350	1,650	1,350
Utilisation rates	97.3%	55.6%	48.4% <sup>Note</sup>

*Note:* The actual transaction amounts for the year ending 31 December 2023 represents the amounts for the nine months ended 30 September 2023 and the utilization rate for the year ending 31 December 2023 was calculated on pro-rata basis.

As discussed with the Management, the main reasons for the difference between the actual transaction amount and the annual cap were due to the impact of overall macroeconomic environment and the policies, leading to the demand on PRC real estate market continued to be weak with shrinking market scale. As disclosed in the 2023 interim report, properties with a total GFA of 3.96 million sq.m. were delivered for the six months ended 30 June 2023, with a decrease of 13.9% compared to a total GFA of 4.60 million sq.m. were delivered for the six months ended 30 June 2022.

## LETTER FROM SOMERLEY CAPITAL

### *Proposed Annual Cap*

The maximum annual service fees payable by the Group to S-Enjoy Group for the property management services and value-added services contemplated under the 2024 Seazen Framework Agreement for the year ending 31 December 2024 shall not exceed RMB680.0 million. Set out below is the estimated allocation of the Annual Cap to the property management services and value-added services provided by S-Enjoy Group. The amount of Annual Cap allocated 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 any event, the total transaction amount for all services under the 2024 Seazen Framework Agreement will not exceed the Annual Cap.

*RMB million*

Property management services	114
Value added services	
– Sales offices management services	91
– Intelligent construction services	164
– Parking lots sales agency services	50
– Detailed property inspection services	59
– Property preliminary stage consultancy services	77
– Elevator installation and maintenance services	27
– Property maintenance and management services during the warranty period	18
– On-site event planning and layout services	18
10% buffer	62
 <b>The Annual Cap</b>	 <b>680</b>

As set out in the Letter from the Board, the Annual Cap is determined with reference to, among others, the following factors:

- (a) the aggregate amount of approximately RMB489.5 million settled by Seazen Holdings for property management services and value-added services for the nine months ended 30 September 2023;
- (b) the Group's total contracted sales area of approximately 7.53 million sq.m. for the nine months ended 30 September 2023;
- (c) the expected sales scale, area and number of the Group's property projects to be managed by S-Enjoy Service, as well as the pre-sale and delivery time of such property projects;
- (d) the estimated demand of the Group for property management services and the price charged by such services; and
- (e) other factors such as the Group's business plans, inflation and 10% buffer for all categories of services.

## LETTER FROM SOMERLEY CAPITAL

To assess the reasonableness of the Annual Cap, we have discussed with the management of the Company on the basis and the underlying assumptions for setting the Annual Cap which are determined with reference to the following factors:

- (i) the overall estimated demands of property management services and the value-added services under the 2024 Seazen Framework Agreement are principally driven by construction progress, property pre-sale arrangement and property delivery schedule of the Group during the year ending 31 December 2024. With reference to the 2023 Interim Report, as at 30 June 2023, the Group has around 146.0 million sq.m. of leasable and saleable area. These areas form the fundamental basis for the Group to determine which types of property pre-delivery services may engage S-Enjoy Group in the year ending 31 December 2024. In addition, the pre-sold but not delivered properties of the Group had total GFA of approximately 29.49 million sq.m. as at 30 June 2023, which laid for a solid foundation for determining the services related to the pre-delivery of properties. Against the backdrop of a period of industry adjustment, it is expected the demand on real estate market continued to be weak with shrinking market sale, which indicates the reason for the decrease of proposed Annual Cap.
- (ii) As advised by the management of the Company, the proposed annual caps of each type of services under 2024 Seazen Framework Agreement are primarily based on the pre-sale and post-sale timetable of each property project. We have reviewed the estimated timetable of the Group's developing projects which require different types of property management services and value-added services in the year ending 31 December 2024.

For the property management services, these services are generally provided from the commencement of property delivery until the formation of property owner committee which will directly engage S-Enjoy Group or other services provider for the property management services. The annual cap for the property management services is projected based on (i) the existing engagement of property management services with S-Enjoy Group will continue in the year ending 31 December 2024; (ii) the estimated property area to be managed by S-Enjoy Group in the year ending 31 December 2024; and (iii) the historical service fee charged by S-Enjoy Group. As discussed with the management of the Company, the existing contracts of property management services with S-Enjoy Group will continue in the year ending 31 December 2024 and potential property projects with GFA of approximately 9.9 million sq.m. may request property management services from S-Enjoy Group in the year ending 31 December 2024, subject to the internal selection process of service providers.

For the intelligent construction services, its annual cap is mainly projected based on (i) 134 sets of relevant contracts have been entered

## LETTER FROM SOMERLEY CAPITAL

with S-Enjoy Group which will be completed by stage in the year ending 31 December 2024; and (ii) the estimated number of contract of another 55 property projects which have been expected or scheduled to commence the engineering and construction services of community intelligent system during the year ending 31 December 2024; and (iii) the estimated completion status of these ongoing and potential projects.

The sales offices management services are determined with reference to the number of sales office set up by the Group for promotion and sales of properties. Based on the information provided by the Group, around 115 sales offices of the Group have engaged S-Enjoy Group to carry out the cleaning, on-site security and customer services during the year ending 31 December 2023, among of which 105 sales offices will continue to engage such services with S-Enjoy Group in the year ending 31 December 2024. It is expected there will be additional 19 new sales offices to engage S-Enjoy Group for sales offices management services, subject to the internal selection process of service providers. The annual cap of the sales office management services is projected based on (i) the number of existing sales offices; (ii) the number of sales offices to be opened in the year ending 31 December 2024; and (iii) the historical service fee charged by S-Enjoy Group.

The property preliminary stage consultancy services and property inspection services are conducted before the properties are delivered to the property buyers. The annual caps of these services are determined with reference to (i) the Group's pre-sale schedule in which around 124 property projects are planning be launched to the market in the year ending 31 December 2024; and (ii) the interior renovation conditions of new properties in which the renovated flats will be subject to higher inspection cost.

Regarding the parking lot sales agency services, its annual cap is projected based on the forecast volume of carpark lots per property project to be sold during the year ending 31 December 2024 through agents and the estimated commission per carpark lot. Based on the Group's carpark sales forecast, the Group is forecasting to sell around 2,748 carpark lots with an estimated average commission per carpark lot is around RMB18,400 which is subject to the geographical location of the property site.

The Annual Cap has also included a 10% buffer for the price inflation and ad-hoc services as a result of any unexpected change in circumstance in relation to the Group's property development projects or additional land parcels or property assets being acquired by the Group.

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

## LETTER FROM SOMERLEY CAPITAL

### 5. Internal control measures

As stated in the Letter from the Broad, the Group has adopted a serious of internal control procedures to ensure that the service scope and relevant fees of the property management services and value-added services provided by S-Enjoy Service are not less favourable than those available from independent third parties and comparable to the prevailing market rate. Details of the internal control measures of the Group are set out in the section headed "INTERNAL CONTROL MEASURES" in the Letter from the Board.

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the transactions contemplated under the 2024 Seazen Framework Agreement are subject to the following annual review requirements:

- (a) the independent non-executive Directors must review the transactions contemplated under the 2024 Seazen Framework Agreement every year and confirm in the annual report that the transactions have been entered into:
  - (i) in the ordinary and usual course of business of the Group;
  - (ii) on normal commercial terms or better; and
  - (iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (b) the Company's auditors must provide a letter to the Board (with a copy to be provided to the Stock Exchange at least ten business days before the bulk printing of the Company's annual report) confirming whether anything has come to their attention that causes them to believe that the transactions contemplated under the 2024 Seazen Framework Agreement:
  - (i) have not been approved by the Board;
  - (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions contemplated under the 2024 Seazen Framework Agreement involve the provision of goods or services by the Group;
  - (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing them; and
  - (iv) have exceeded the relevant Annual Cap;
- (c) the Company must allow, and ensure that the counterparties to the transactions contemplated under the 2024 Seazen Framework Agreement allow, the Company's auditors sufficient access to their records for the purpose of the reporting on the transactions contemplated under the 2024 Seazen Framework Agreement; and

## LETTER FROM SOMERLEY CAPITAL

- (d) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or auditors of the Company cannot confirm the matters as required. The Stock Exchange may require the Company to re-comply with the announcement and Shareholders' approval requirements and may impose additional conditions.

In light of the reporting requirements attached to the transactions contemplated under the 2024 Seazen Framework Agreement, in particular, (i) the restriction of the transaction value by way of Annual Cap; and (ii) the ongoing review by the independent non-executive Directors and auditors of the Company of the terms of the 2024 Seazen Framework Agreement and the proposed Annual Cap not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the transactions contemplated under the 2024 Seazen Framework Agreement and assist in safeguarding the interests of the Company and the independent Shareholders as a whole.

### OPINION AND RECOMMENDATIONS

Having taken into account the above principal factors and reasons, we consider that the entering into of the 2024 Seazen Framework Agreement (including the Annual Cap), are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolutions in relation to the 2024 Seazen Framework Agreement (including the Annual Cap) to be proposed at the EGM.

Yours faithfully,  
for and on behalf of  
**SOMERLEY CAPITAL LIMITED**  
**Calvin Leung**  
*Director*

*Mr. Calvin Leung is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over 19 years of experience in the corporate finance industry.*

## 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 and belief, 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 the Latest Practicable Date, the Directors and the chief executive of the Company had the following interests 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:

#### Interest in Shares of the Company

Name of Director	Nature of interest	Number of Shares held	Number of Shares or underlying Shares held under equity derivatives	Approximate percentage of shareholding of the Company's issued share capital
Mr. Lv Xiaoping	Beneficial owner	12,000,000 (L)	1,504,007 (L) <sup>(2)</sup>	0.19%
	Beneficiary of a trust (other than discretionary interests)	2,500,000 (L) <sup>(3)</sup>	–	0.03%
Mr. Wang Xiaosong	Beneficial owner	6,000,000 (L)	–	0.08%

Name of Director	Nature of interest	Number of Shares held	Number of Shares or underlying Shares held under equity derivatives	Approximate percentage of shareholding of the Company's issued share capital
Mr. Lu Zhongming	Beneficial owner	5,000,000 (L)	1,203,205 (L) <sup>(2)</sup>	0.08%
	Beneficiary of a trust (other than discretionary interests)	2,000,000 (L) <sup>(3)</sup>	–	0.02%
Mr. Zhang Shengman	Beneficial owner	–	1,203,205 (L) <sup>(2)</sup>	0.01%
	Beneficiary of a trust (other than discretionary interests)	1,200,000 (L) <sup>(3)</sup>	–	0.01%

*Notes:*

1. The letter "L" denotes the long position in Shares.
2. Pursuant to the Share Option Scheme, Mr. Lv Xiaoping, Mr. Lu Zhongming and Mr. Zhang Shengman, Directors, held 1,504,007, 1,203,205 and 1,203,205 share options respectively as a result of (i) the granting of share options on 1 November 2019 and (ii) the adjustments upon completion of the Rights Issue in January 2022.
3. Mr. Lv Xiaoping, Mr. Lu Zhongming and Mr. Zhang Shengman, Directors, were granted 2,500,000, 2,000,000 and 2,000,000 award shares on 1 September 2020 pursuant to the Share Award Scheme. On 9 April 2021, Mr. Zhang Shengman sold 800,000 vested award shares.

### Interest in associated corporations

Name of Director	Name of Associated Corporation	Nature of interest	Number of Shares or underlying Shares held under equity derivatives	Approximate percentage of shareholding of the Company's issued share capital
Mr. Wang Xiaosong	Seazen Holdings	Beneficial owner	500,000 (L)	0.02%

*Note:* The letter "L" denotes the long position in Shares.

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

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

**(ii) Substantial Shareholders' and other persons' interests and short positions in the 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 or the chief executive of the Company) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO and are recorded in the register kept by the Company under Section 336 of the SFO:

Name of Shareholders	Identity and nature of interest	Number of shares held	Approximate percentage of shareholding
Mr. Wang <sup>(2)(3)(4)</sup>	Founder of a discretionary trust	4,474,549,274 (L)	63.33%
	Interest of spouse <sup>(5)</sup>	101,065,905 (L)	1.43%
Chen Jing <sup>(3)</sup>	Interest in a controlled corporation	101,065,905 (L)	1.43%
	Interest of spouse	4,474,549,274 (L)	63.33%
Chen Ting Sen (PTC) Limited <sup>(4)</sup>	Trustee	4,474,549,274 (L)	63.33%
Infinity Fortune Development Limited <sup>(4)</sup>	Interest in a controlled corporation	4,474,549,274 (L)	63.33%
First Priority Group Limited <sup>(4)</sup>	Interest in a controlled corporation	4,474,549,274 (L)	63.33%
Wealth Zone Hong Kong Investments Limited <sup>(5)</sup>	Beneficial owner	4,474,549,274 (L)	63.33%

*Notes:*

1. The letter “L” denotes the long position in Shares.
2. Mr. Wang was the founder of Hua Sheng Trust, through which, Chen Ting Sen (PTC) Limited held long position in 4,474,549,274 Shares through its controlled corporations in its capacity as the trustee.
3. Ms. Chen Jing, the spouse of Mr. Wang Zhenhua, held 100% of Set Hero Developments Limited which in turn held 101,065,905 Shares of the Company. Ms. Chen Jing was deemed under the SFO to be interested in the shares of Mr. Wang Zhenhua and vice versa.
4. Chen Ting Sen (PTC) Limited, as the 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.
5. Wealth Zone Hong Kong Investments Limited was 100% held by First Priority Group 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 (the Chairman of the Company, a non-executive Director and the son of Mr. Wang), Mr. Lv Xiaoping and Mr. Lu Zhongming (the non-executive directors of S-Enjoy Service and the executive Directors of the Company) were considered to have a material interest in the transactions under the 2024 Seazen Framework Agreement. Save as aforesaid, none of the Directors is materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries subsisting at the Latest Practicable Date 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 financial or trading position of the Group 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

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

As at the Latest Practicable Date, to the best knowledge of the Company, Somerley Capital has no shareholding in any member of the Group nor has any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group. Somerley Capital is a third party independent of the Company and its connected persons.

Somerley Capital has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its letter in the form and context in which it is included.

The letter from Somerley Capital is set out on pages 26 to 40 of this Circular and is given as at the date of this Circular for incorporation herein.

Somerley Capital has not had any direct or indirect interest in any assets which 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 since 31 December 2022, the date to which the latest published audited accounts of the Group were made up.

## 9. CORPORATE INFORMATION OF THE COMPANY

<b>Registered office</b>	Grand Pavilion Hibiscus Way 802 West Bay Road P.O. Box 31119 KY1-1205, Cayman Islands
<b>Headquarters in the PRC</b>	11/F, Seazen Holdings Tower B No. 5, Lane 388, Zhongjiang Road Putuo District, Shanghai PRC
<b>Principal place of business in Hong Kong</b>	31/F, Tower Two Times Square 1 Matheson Street Causeway Bay, Hong Kong
<b>Cayman Islands share registrar and transfer office</b>	Maples Fund Services (Cayman) Limited PO Box 1093, Boundary Hall Cricket Square Grand Cayman KY1-1102 Cayman Islands
<b>Hong Kong branch share registrar</b>	Computershare Hong Kong Investor Services Limited 17M Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
<b>Joint Company Secretaries</b>	Ms. Zhang Wanling, Ms. Ng Sau Mei

## 10. MISCELLANEOUS

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

## 11. DOCUMENTS ON DISPLAY

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

- (a) the 2024 Seazen Framework Agreement.

NOTICE OF EXTRAORDINARY GENERAL MEETING

seazen  
新城发展

SEAZEN GROUP LIMITED

新城發展控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 1030)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Seazen Group Limited (the “Company”, together with its subsidiaries, the “Group”) will be held at Room 1108, 11/F, Seazen Holdings Tower B, No. 5, Lane 388, Zhongjiang Road, Putuo, Shanghai, PRC on Friday, 22 December 2023 at 10:30 a.m. for the purpose of considering and, if thought fit, with or without amendment, passing the following resolution:

ORDINARY RESOLUTION

1. “THAT:
  - (a) the 2024 Seazen Framework Agreement, a copy of which is tabled at the meeting and marked “A” and initialed by the chairman of the meeting for identification purpose, and the transactions contemplated thereunder, be and are hereby confirmed and approved;
  - (b) the 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.”

By order of the Board  
Seazen Group Limited  
Wang Xiaosong  
Chairman

The PRC, 4 December 2023

## NOTICE OF EXTRAORDINARY GENERAL MEETING

*Registered office:*  
Grand Pavilion  
Hibiscus Way  
802 West Bay Road  
P.O. Box 31119  
KY1-1205  
Cayman Islands

*Principal place of business  
in Hong Kong:*  
31/F, Tower Two  
Times Square  
1 Matheson Street  
Causeway Bay, Hong Kong

*Notes:*

1. A shareholder entitled to attend and vote at the Meeting is entitled to appoint another person as his/her proxy to attend and vote instead of him/her; a proxy need not be a shareholder of the Company. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him/her and vote on his/her behalf at the Meeting. On a poll, votes may be given either personally or by proxy.
2. In the case of joint holders, any one of such joint holders may vote at the Meeting, 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 the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. A form of proxy for use at the EGM is enclosed with the circular dated 4 December 2023 despatched to members of the Company.
4. 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.
5. In order to be valid, a form of proxy must be deposited at the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the above meeting (i.e. before 10:30 a.m. on Wednesday, 20 December 2023) or any adjournment thereof. The completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish.
6. Completion and return of the form of proxy will not preclude a member from attending the EGM and voting in person if he/she so wishes. In the event that a member attends and votes at the EGM after having lodged his/her form of proxy, his/her form of proxy shall be deemed to be revoked.
7. For determining the entitlement to attend and vote at the above meeting, the register of members of the Company will be closed from 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 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.
8. Pursuant to Rule 13.39(4) of the Listing Rules, voting for the resolution set out in this notice will be taken by poll at the above meeting.

## NOTICE OF EXTRAORDINARY GENERAL MEETING

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 Directors are Mr. Lv Xiaoping and Mr. Lu Zhongming as executive Directors, Mr. Wang Xiaosong and Mr. Zhang Shengman as non-executive Directors and Mr. Chen Huakang, Mr. Zhu Zengjin and Mr. Zhong Wei as independent non-executive Directors.*