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



Dexin Services Group Limited

德信服务集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2215)

**RENEWAL OF
NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



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

A letter from the Board is set out on pages 7 to 25 of this circular. A letter from the Independent Board Committee is set out on pages 26 to 27 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 28 to 48 of this circular.

A notice convening the EGM to be held at 7/F, Dexin Group Building, No. 588, East Huanzhan Road, Shangcheng District, Hangzhou, Zhejiang, China on Wednesday, 13 March 2024 at 10:40 a.m. is set out on pages 58 to 59 of this circular.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. before 10:40 a.m. on Monday, 11 March 2024) or any adjournment thereof. Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the EGM and, in such event, the form of proxy shall be deemed to be revoked.

23 February 2024

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DEFINITIONS

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

“2021 Master Dexin China Property Management and Related Services Agreement”	the framework agreement entered into between Shengquan Property and Dexin China on 3 May 2021 in relation to provision of property management and related services commencing from 15 July 2021 to 31 December 2023
“2021 Master Mr. Hu Property Management and Related Services Agreement”	the framework agreement entered into between the Company and Mr. Hu on 23 June 2021 in relation to provision of property management and related services commencing from 15 July 2021 to 31 December 2023
“2024 Master Dexin China Property Management and Related Services Agreement”	the framework agreement entered into between Shengquan Property and Dexin China on 15 December 2023 in relation to provision of property management and related services commencing from 1 January 2024 and valid until 31 December 2026
“2024 Master Mr. Hu Property Management and Related Services Agreement”	the framework agreement entered into between the Company and Mr. Hu on 15 December 2023 in relation to provision of property management and related services commencing from 1 January 2024 and valid until 31 December 2026
“associate(s)”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“BVI”	The British Virgin Islands
“Company”	Dexin Services Group Limited (德信服务集团有限公司), a company incorporated under the laws of the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2215)
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to this term under the Listing Rules
“Dexin China”	Dexin China Holding Company Limited (德信中國控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2019)

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“Dexin China Group”	Dexin China and its subsidiaries
“Dexin China Property Management and Related Services”	property management and related services provided by Shengquan Property and its subsidiaries to Dexin China Group under the 2021 Master Dexin China Property Management and Related Services Agreement, which is expected to continue under the 2024 Master Dexin China Property Management and Related Services Agreement
“Dexin Movie City”	Deqing Moganshan Dexin Movie City Development Co., Ltd. (德清莫干山德信影視城開發有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of Dexin China
“Director(s)”	the director(s) of the Company
“Dr. Wong”	Dr. Wong Wing Kuen Albert (王永權), an independent non-executive Director and an independent non-executive director of Dexin China
“EGM”	the extraordinary general meeting of the Company to be convened at 7/F, Dexin Group Building, No. 588, East Huanzhan Road, Shangcheng District, Hangzhou, Zhejiang, China on Wednesday, 13 March 2024 at 10:40 a.m. to consider and, if thought fit, approve by the Independent Shareholders, among other things, the transactions contemplated under the Non-exempt Continuing Connected Transaction Agreements
“Equity Transfer Agreement”	the equity transfer agreement dated 24 August 2023 and entered into by Shengquan Property, Dexin Movie City and the Target Company
“GFA”	Gross Floor Area
“Group”	the Company and its subsidiaries
“Hangzhou Desheng”	Hangzhou Desheng Real Estate Co., Ltd. (杭州德昇置業有限公司), a company established under the laws of the PRC with limited liability
“Hangzhou Deyin”	Hangzhou Deyin Real Estate Co., Ltd. (杭州德銀置業有限公司) (formerly known as Hangzhou Wangxin Yinhu Real Estate Co., Ltd. (杭州網新銀湖置業有限公司)), a company established under the laws of the PRC with limited liability

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“Hangzhou Junde”	Hangzhou Junde Commercial Operations Management Co., Ltd. (杭州駿德商業運營管理有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Hangzhou Kaishen”	Hangzhou Kaishen Enterprise Management Co., Ltd. (杭州凱燊企業管理有限公司) (formerly known as Hangzhou Kaishen Investment Management Co., Ltd. (杭州凱燊投資管理有限公司)), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of Dexin Chin
“Hangzhou Konggang”	Hangzhou Konggang Real Estate Co., Ltd. (杭州空港置業有限公司), a company established under the laws of the PRC with limited liability
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company comprising the independent non-executive Directors, namely Mr. Rui Meng and Mr. Yang Xi, to advise the Independent Shareholders in relation to the terms of the Non-exempt Continuing Connected Transaction Agreements
“Independent Financial Adviser”	Somerley Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser to the Independent Board Committee and Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions
“Independent Shareholder(s)”	The Shareholder(s) other than those who are required by the Listing Rules to abstain from voting at the EGM on the resolution to approve the transactions contemplated under the Non-exempt Continuing Connected Transaction Agreements
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Kaibang International”	Kaibang International Limited (凱邦國際有限公司), a company incorporated in the BVI with limited liability and one of the substantial Shareholders of the Company

DEFINITIONS

“Latest Practicable Date”	14 February 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Hu”	Mr. Hu Yiping (胡一平), an executive Director and one of the controlling shareholders of the Company
“Mr. Hu’s Companies”	the associates of Mr. Hu (excluding the Group, Dexin China Group but including the associates of Dexin China)
“Mr. Hu Property Management and Related Services”	property management and related services provided by the Group to Mr. Hu’s Companies under the 2021 Master Mr. Hu Property Management and Related Services Agreement, which is expected to continue under the 2024 Master Mr. Hu Property Management and Related Services Agreement
“Non-exempt Continuing Connected Transaction Agreements”	together, the (1) 2024 Master Dexin China Property Management and Related Services Agreement; and (2) 2024 Master Mr. Hu Property Management and Related Services Agreement
“Non-exempt Continuing Connected Transactions”	being the transactions contemplated under the Non-exempt Continuing Connected Transaction Agreements
“percentage ratio”	as defined under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China, for the purpose of this circular only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Property”	Moganshan Yungu Dexin New Century Mingting Hotel (莫干山雲谷德信開元名庭酒店), located at No. 66 Sanmo Line, Moganshan Town, Deqing County, Huzhou City, Zhejiang Province, the PRC, of which the land use rights has been registered in the Real Estate Ownership Certificate — Zhe (2021) De Qing Xian Bu Dong Chan Quan Di No. 0024577 issued by the Deqing Municipal Bureau of Natural Resources and Planning (德清縣自然資源和規劃局)
“Property Management and Related Services”	(i) Dexin China Property Management and Related Services, together with (ii) Mr. Hu Property Management and Related Services

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“Prospectus”	the prospectus of the Company dated 29 June 2021
“Quzhou Shande”	Quzhou Shande Real Estate Development Co. Ltd.* (衢州市杉德房地產開發有限公司), a company established under the laws of the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shengfu International”	Shengfu International Limited (盛富國際有限公司), a company incorporated in the BVI with limited liability and one of the controlling shareholders of the Company
“Shengquan Property”	Dexin Shengquan Property Services Co., Ltd. (德信盛全物業服務有限公司) (formerly known as Shengquan Property Services Co., Ltd. (盛全物業服務股份有限公司)), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Sichuan Hanjing”	Sichuan Hanjing Real Estate Co. Ltd.* (四川翰景置業有限公司), a company established under the laws of the PRC with limited liability
“sq.m.”	squared metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Deqing Moganshan Dexin Movie City Development Co., Ltd. (德清莫干山德信影視城開發有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of Dexin China
“Underground Parking Space Use Rights Transfer Agreement A”	the Heping Dexin Center Project underground parking space use rights transfer agreement dated 24 August 2023 entered into by Hangzhou Junde and Hangzhou Desheng
“Underground Parking Space Use Rights Transfer Agreement B”	the Yinhu Technology Park Project underground parking space use rights transfer agreement dated 24 August 2023 entered into by Hangzhou Junde and Hangzhou Deyin

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“Underground Parking Space Use Rights Transfer Agreement C”	the Montnorth Project underground parking space use rights transfer agreement dated 24 August 2023 entered into by Hangzhou Junde and Hangzhou Kaishen
“Underground Parking Space Use Rights Transfer Agreement D”	the Konggang City Project underground parking space use rights transfer agreement dated 24 August 2023 entered into by Hangzhou Junde and Hangzhou Konggang
“Underground Parking Space Use Rights Transfer Agreements”	collectively, the Underground Parking Space Use Rights Transfer Agreement A, the Underground Parking Space Use Rights Transfer Agreement B, the Underground Parking Space Use Rights Transfer Agreement C and the Underground Parking Space Use Rights Transfer Agreement D
“Zhangzhou Jingfa”	Zhangzhou Jingfa Wanjia Real Estate Co. Ltd.* (漳州市經發萬家房地產有限公司), a company established under the laws of the PRC with limited liability
“%”	per cent



Dexin Services Group Limited

德信服务集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2215)

Executive Directors:

Mr. Hu Yiping (*Chairman*)
Mr. Tang Junjie
Ms. Zheng Peng

Independent Non-executive Directors:

Mr. Rui Meng
Mr. Yang Xi
Dr. Wong Wing Kuen Albert

Registered Address:

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Grand Cayman
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Cayman Islands

Principal place of business in Hong Kong:

40th Floor
Dah Sing Financial Centre
No.248 Queen's Road East
Wanchai
Hong Kong

23 February 2024

To the Shareholders

Dear Sir or Madam,

**RENEWAL OF
NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS**

I. INTRODUCTION

Reference is made to the announcement of the Company dated 15 December 2023 in relation to, among other things, the continuing connected transactions contemplated under the Non-exempt Continuing Connected Transaction Agreements which are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The purpose of this circular is to provide you with (i) further information on the details of the Non-exempt Continuing Connected Transaction Agreements; (ii) the letter from the Independent Board Committee to the Independent Shareholders; (iii) the letter from

LETTER FROM THE BOARD

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) the notice of the EGM; and (v) other information as required to be disclosed under the Listing Rules.

At the EGM, ordinary resolutions will be proposed to consider and approve the transactions contemplated under the Non-exempt Continuing Connected Transaction Agreements. This circular is prepared to enable the Shareholders to have a better understanding of the resolutions to be proposed at the EGM.

II. RENEWAL OF NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Details of the Non-exempt Continuing Connected Transactions are set out below:

1. The 2024 Master Dexin China Property Management and Related Services Agreement

Principal Terms

Parties	:	Shengquan Property, an indirect wholly-owned subsidiary of the Company (for itself and on behalf of its subsidiaries) and Dexin China (for itself and on behalf of its subsidiaries)
Date	:	15 December 2023
Term	:	From 1 January 2024 to 31 December 2026 (both days inclusive)
Service scope	:	Shengquan Property and its subsidiaries may, from time to time, provide property management and related services to Dexin China Group, including but not limited to (i) preliminary planning and design consultancy services; (ii) management services for the sales offices and the display units; (iii) (a) house inspection services; (b) pre-delivery cleaning services; (c) pre-delivery preparation services; and (d) repair and maintenance services for house and auxiliary facilities after delivery; and (iv) property management services (such as cleaning and security services) for the properties developed and owned by Dexin China Group, including but not limited to the unsold residential property units, car parking lots, office buildings and commercial properties.

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- Basis for determining service fees : The fees shall be determined on arm's length basis with reference to (i) the size, location and condition of the properties; (ii) the scope of services; (iii) the anticipated operation costs (including but not limited to labour costs, administration costs and costs of materials); and (iv) the service fees charged by Shengquan Property and its subsidiaries to Independent Third Parties in respect of comparable services. The service fees shall be charged mainly based on the total GFA of properties under our management and the service fee per square meter, which shall not be higher than the standard fees designated by the relevant regulatory authorities (if applicable) or lower than the standard fees to be charged from Independent Third Parties. As at the Latest Practicable Date, the Company confirms that no standard fees has been designated by the regulatory authorities.
- Payment terms : Generally, the services fee shall be payable monthly by bank transfer on a agreed date of each and every calendar month, with credit period ranging from 30–90 days. The specific payment terms of such service fees charged by Shengquan Property and its subsidiaries from Dexin China Group in respect of the Dexin China Property Management and Related Services shall be separately agreed upon between the relevant parties in the specific agreements to be entered into pursuant to the terms of the 2024 Master Dexin China Property Management and Related Services Agreement.
- Conditions precedent : The 2024 Master Dexin China Property Management and Related Services Agreement is conditional upon (i) the approval by the Independent Shareholders at the EGM; and (ii) the approval by the independent shareholders of Dexin China.

LETTER FROM THE BOARD

Other principal terms : The relevant parties shall enter into specific agreements pursuant to the 2024 Master Dexin China Property Management and Related Services Agreement in respect of each transaction regarding the provision of the Dexin China Property Management and Related Services. The individual Dexin China Property Management and Related Services agreements shall contain provisions, which are, in all material aspects, consistent with the 2024 Master Dexin China Property Management and Related Services Agreement.

Historical Transaction Amounts

The annual caps for each of the two years ended 31 December 2022 and the year ending 31 December 2023 and the historical transaction amounts for each of the two years ended 31 December 2022 and the ten months ended 31 October 2023 are set out below:

	For the year ended 31 December		For the year ended 31 December		For the ten months ended 31 October	
	2021		2022		2023	
	Annual cap	Historical amount	Annual cap	Historical amount	Annual cap	Historical amount
	<i>RMB'000</i>		<i>RMB'000</i>		<i>RMB'000</i>	
Service fees	93,600	91,900	99,200	93,200	108,400	51,700

Proposed Annual Caps and Factors Taken into Account in Determining Annual Caps

The maximum aggregate annual service fees to be charged for the Dexin China Property Management and Related Services for the years ending 31 December 2024, 2025 and 2026 shall not exceed the annual caps set out below:

	Proposed annual caps		
	For the year ending 31 December		
	2024	2025	2026
	<i>RMB'000</i>		
Service fees	58,400	49,500	40,340

LETTER FROM THE BOARD

The proposed annual caps for the provision of the Dexin China Property Management and Related Services for each of the three years ending 31 December 2026 have been determined with reference to:

- (1) the historical transaction amounts in relation to the Dexin China Property Management and Related Services for the two years ended 31 December 2022 and the ten months ended 31 October 2023;
- (2) the existing contracts under which Dexin China Group has engaged Shengquan Property and its subsidiaries to provide the Dexin China Property Management and Related Services;
- (3) the costs incurred by the Shengquan Property and its subsidiaries for the Dexin China Property Management and Related Services for the two years ended 31 December 2022 and the ten months ended 31 October 2023; and
- (4) the expected demand for the Dexin China Property Management and Related Services for the properties expected to be delivered by Shengquan Property and its subsidiaries to Dexin China Group for each of the three years ending 31 December 2026:
 - (a) It is expected that 18, nine and one project(s) developed or owned by Dexin China Group will require the provision of preliminary planning and design consultancy services from Shengquan Property and its subsidiaries for each of the three years ending 31 December 2026, respectively;
 - (b) It is expected that 9, nil and nil project(s) developed or owned by Dexin China Group will require the provision of management services for the sales offices and the display units from Shengquan Property and its subsidiaries for each of the three years ending 31 December 2026;
 - (c) It is expected that in relation to the provision of house inspection, pre-delivery cleaning services and preparation, and repair and maintenance services for house and auxiliary facilities after delivery, 28, seven and one project(s) developed or owned by Dexin China Group will be managed by Shengquan Property and its subsidiaries for each of the three years ending 31 December 2026, respectively; and

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- (d) It is expected that 33, 37 and 38 projects (including 15, 16 and 16 new projects calculated on an aggregation basis) with an estimated aggregate GFA of approximately 1.98 million sq.m., 2.11 million sq.m. and 2.11 million sq.m. developed or owned by Dexin China Group will be managed by Shengquan Property and its subsidiaries in respect of property management services (such as cleaning and security) for each of the three years ending 31 December 2026, respectively.

2. The 2024 Master Mr. Hu Property Management and Related Services Agreement

Principal Terms

Parties	:	The Company (for itself and on behalf of its subsidiaries) and Mr. Hu (for and on behalf of Mr. Hu's Companies)
Date	:	15 December 2023
Term	:	From 1 January 2024 to 31 December 2026 (both days inclusive)
Service scope	:	The Group may, from time to time, provide property management and related services to Mr. Hu's Companies, including but not limited to (i) preliminary planning and design consultancy services; (ii) management services for the sales offices and the display units; (iii) (a) house inspection services; (b) pre-delivery cleaning services; (c) pre-delivery preparation services; and (d) repair and maintenance services for house and auxiliary facilities after delivery; and (iv) property management services (such as cleaning and security services) for the properties developed and owned by Mr. Hu's Companies, including but not limited to the unsold residential property units, car parking lots, office buildings and commercial properties.

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- Basis for determining service fees : The service fees shall be determined on arm's length basis with reference to (i) the size, location and condition of the properties; (ii) the scope of services; (iii) the anticipated operation costs (including but not limited to labour costs, administration costs and costs of materials); and (iv) the service fees charged by the Group from time-to-time for providing comparable services to Independent Third Parties. The service fees shall be charged mainly based on the total GFA of properties under our management and the service fee per square meter, which shall not be higher than the standard fees designated by the relevant regulatory authorities (if applicable) or lower than the standard fees to be charged from Independent Third Parties. As at the Latest Practicable Date, the Company confirms that no standard fees has been designated by the regulatory authorities.
- Payment terms : Generally, the services fee shall be payable monthly by bank transfer on a agreed date of each and every calendar month, with credit period ranging from 30–90 days. The specific payment terms of such service fees charged by the Group from Mr. Hu's Companies in respect of the Mr. Hu Property Management and Related Services shall be separately agreed upon between the relevant parties in the specific agreements to be entered into pursuant to the terms of the 2024 Master Mr. Hu Property Management and Related Services Agreement.
- Conditions precedent : The 2024 Master Mr. Hu Property Management and Related Services Agreement is conditional upon the approval by the Independent Shareholders at the EGM.

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Other principal terms : The relevant parties shall enter into specific agreements pursuant to the 2024 Master Mr. Hu Property Management and Related Services Agreement in respect of each transaction regarding the provision of the Mr. Hu Property Management and Related Services. The individual Mr. Hu Property Management and Related Services agreements shall contain provisions, which are, in all material aspects, consistent with the 2024 Master Mr. Hu Property Management and Related Services Agreement.

Historical Transaction Amounts

The annual caps for each of the two years ended 31 December 2022 and the year ending 31 December 2023 and the historical transaction amounts for each of the two years ended 31 December 2022 and the ten months ended 31 October 2023 are set out below:

	For the year ended 31 December		For the year ending 31 December		For the ten months ended
	2021	2022	2023	2023	2023
	Annual cap	Historical amount	Annual cap	Historical amount	Annual cap
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Service fees	40,600	40,600	43,100	38,300	47,200
					28,500

Proposed Annual Caps and Factors Taken into Account in Determining Annual Caps

The maximum aggregate annual service fees to be charged for the Mr. Hu Property Management and Related Services for the years ending 31 December 2024, 2025 and 2026 shall not exceed the annual caps set out below:

	Proposed annual caps		
	For the year ending 31 December		
	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Service fees	31,500	27,990	24,190

LETTER FROM THE BOARD

The proposed annual caps for the provision of the Mr. Hu Property Management and Related Services Agreement for each of the three years ending 31 December 2026 have been determined with reference to:

- (1) the historical transaction amounts in relation to the Mr. Hu Property Management and Related Services for the two years ended 31 December 2022 and the ten months ended 31 October 2023;
- (2) the existing contracts under which Mr. Hu's Companies has engaged the Group to provide the Mr. Hu Property Management and Related Services;
- (3) the costs incurred for the Mr. Hu Property Management and Related Services for the two years ended 31 December 2022 and the ten months ended 31 October 2023; and
- (4) the expected demand for the Mr. Hu Property Management and Related Services for the properties expected to be delivered by the Group to Mr. Hu's Companies for each of the three years ending 31 December 2026:
 - (a) It is expected that ten, one and nil project(s) developed or owned by Mr. Hu's Companies will require the provision of preliminary planning and design consultancy services from the Group for each of the three years ending 31 December 2026;
 - (b) It is expected that 12, nil and nil project(s) developed or owned by Mr. Hu's Companies will require the provision of management services for the sales offices and the display units from the Group for each of the three years ending 31 December 2026;
 - (c) It is expected that in relation to the provision of house inspection, pre-delivery cleaning services and preparation, and repair and maintenance services for house and auxiliary facilities after delivery, seven, nil and nil project(s) developed or owned by Mr. Hu's Companies will be managed by the Group for each of the three years ending 31 December 2026; and
 - (d) It is expected that 13, 15, and 15 projects (including four, six and six new projects calculated on an aggregation basis) with an estimated aggregate GFA of approximately 0.47 million sq.m., 0.66 million sq.m. and 0.66 million sq.m. developed or owned by Mr. Hu's Companies will be delivered and managed by the Group in respect of property management services (such as cleaning and security) for each of the three years ending 31 December 2026, respectively.

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3. Aggregated Proposed Annual Caps for the Provision of the Property Management and Related Services

Since the Dexin China Property Management and Related Services and the Mr. Hu Property Management and Related Services are similar in nature, the annual caps applicable to the provision of the Property Management and Related Services should be aggregated pursuant to Rule 14A.81 of the Listing Rules.

The aggregated proposed annual cap amounts for the provision of the Property Management and Related Services for each of the three years ending 31 December 2026 are as follows:

	Proposed annual caps		
	For the year ending 31 December		
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Dexin China Property Management and Related Services	58,400	49,500	40,340
Mr. Hu Property Management and Related Services	<u>31,500</u>	<u>27,990</u>	<u>24,190</u>
Aggregate	<u>89,900</u>	<u>77,490</u>	<u>64,530</u>

There is no earnest money payment arrangement and other similar arrangement for the provision of the Property Management and Related Services under the Non-exempt Continuing Connected Transactions.

III. REASONS FOR AND BENEFITS OF THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

A. Relationship with Dexin China Group and Mr. Hu's Companies

As mentioned in the Prospectus, the Group has a long and close cooperation relationship with Dexin China Group and Mr. Hu's Companies, and the Group started its business in 2004 by providing property management services to properties developed by Dexin China Group. The Group also provided services (including property management services) to Dexin China Group and Mr. Hu's Companies, and also to properties jointly developed by Dexin China Group. Dexin China Group and Mr. Hu's Companies continue to be significant contributors of revenue to the Group during the year ended 31 December 2022 and the year ending 31 December 2023, representing approximately 17.77% and 12.49% of the total revenue for the year ended 31 December 2022 and the ten months ended 31 October 2023, respectively, based on the unaudited financial statements of the Group.

LETTER FROM THE BOARD

Given the Group's long and close relationship with Dexin China Group and Mr. Hu's Companies, the Group is familiar with their specific requirements and expected deliverables. Considering the factors above, the Company believes that both Dexin China Group, Mr. Hu's Companies and the Group will benefit from the cooperation relationship.

B. The Property Management and Related Services

The provision of property management and related services is a core business of the Group. The Group has a long and close cooperation relationship with Dexin China Group and Mr. Hu's Companies, and it has historically provided property management services to properties developed by Dexin China Group, properties jointly developed by Dexin China Group and those by Mr. Hu's Companies. Dexin China Group and Mr. Hu's Companies made a significant revenue contribution to the Group's revenue derived from property management and related services historically.

Taking into account also the factors described in "A. Relationship with Dexin China Group and Mr. Hu's Companies" above, the Company is of the view that entering into of the 2024 Master Dexin China Property management and Related Services Agreement and the 2024 Master Mr. Hu Property Management and Related Services Agreement, which extends the pre-existing arrangements under the respective agreements in 2021, is fair and reasonable.

In view of the reasons and benefits stated above, and also the terms of the individual Non-exempt Continuing Connected Transaction Agreements (including the basis for determining the service fees), the Directors (excluding Mr. Hu, Dr. Wong and the rest of independent non-executive Directors who will express their opinion in the letter from the Independent Board Committee of this circular after taking into account the advice of the Independent Financial Adviser) are of the view that the Non-exempt Continuing Connected Transaction Agreements and the transactions contemplated thereunder (including the proposed annual caps therefor) were negotiated on an arm's length basis, are on normal commercial terms or better and were entered into in the ordinary and usual course of business of the Group, and the relevant terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IV. PRICING POLICY FOR CONTINUING CONNECTED TRANSACTIONS

As a general principle, the fees to be charged by the Group under the respective agreement of the Non-exempt Continuing Connected Transactions of the Group shall be determined on an arm's length basis in accordance with the prevailing market prices of similar services or products and on the following principles:

- (i) by reference to prevailing market price of at least two recent transactions in the market with same or substantially similar services with comparable service scope, service type and transaction volume;

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- (ii) by reference to transacted prices of at least two recent transactions with same or substantially similar services with comparable service scope, service type and transaction volume conducted by the Group with other customers or suppliers who are Independent Third Parties;
- (iii) on normal commercial terms or better to the Group with reference to the transactions entered into between at least two Independent Third Parties and by Dexin China Group or Mr. Hu's Companies in respect of the same or substantially similar services with comparable service scope, service type and transaction volume; and

In order to ascertain the prevailing market price, the sales department of the Group and its designated personnel will, from time to time, make reference to the price quoted by at least two Independent Third Parties for the provision of the same or similar services with comparable scope or quantities and quality under normal commercial terms in the ordinary course of business of such Independent Third Parties. The sales department of the Group will then compare the market price with the fees under individual transactions pursuant to the respective Non-exempt Continuing Connected Transactions Agreements, and make evaluation and assessment to ensure that the price payable by or to be charged by Dexin China Group or Mr. Hu's Companies will be on normal commercial terms or better and on terms no less favourable to the Group than those available from Independent Third Parties.

V. INTERNAL CONTROL POLICIES FOR CONTINUING CONNECTED TRANSACTIONS

To ensure that the Non-exempt Continuing Connected Transactions of the Group are on normal commercial terms or better and on terms no less favourable to the Group than those available from Independent Third Parties, the Group has adopted the following measures to review and assess whether the individual transactions will be conducted within the framework of the respective Non-exempt Continuing Connected Transaction Agreements and in accordance with the aforesaid pricing policy:

- (1) the relevant personnel of the business department and finance department will monitor the transactions monthly to ensure that the transaction amount does not exceed the annual caps of the respective Non-exempt Continuing Connected Transaction Agreements;
- (2) the implementation of individual contracts shall be subject to the appropriate approval of the relevant personnel of the business department, finance department, legal department and management of the Group to ensure that the contracts are in line with the pricing policy and principal terms of the respective Non-exempt Continuing Connected Transaction Agreements, particularly that the

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service fees and payment terms are no less favourable than those available to the Group from Independent Third Parties or offered by the Group to Independent Third Parties:

- (a) prior to confirming the service fees under each of the individual contracts, the sales department of the Group shall ensure that such service fees are determined with reference to the prevailing market prices of similar services and on the above pricing policy as disclosed in the paragraph headed “IV. Pricing Policy for Continuing Connected Transactions”;
- (b) the payment terms of the individual contracts shall be determined with reference to the payment terms offered to Independent Third Parties from the Group for the same or substantially similar transactions in the same period to ensure that the payment terms are in line with market practice and are no less favourable to the Group than those offered to Independent Third Parties. The business department and finance department of the Group will review and compare the payment terms offered by the Group to Dexin China Group or Mr. Hu’s Companies with the sample contracts with not less than two Independent Third Parties for provision of the same or substantially similar services with comparable service scope, service type and transaction volume. The comparison will be reviewed, assessed and approved by the management of the Group before entering into individual contracts;
- (c) the finance department of the Group is responsible for reviewing and approving the individual contracts to ensure that the provisions therein are, in all material aspects, consistent with the respective Non-exempt Continuing Connected Transaction Agreements, especially for the pricing principles and the payment terms;
- (d) after entering into any individual contracts, the management of the Group shall be responsible for monitoring the specific contracts. The property management manager responsible for the relevant project will review the specific agreement every three months to ensure the transactions have been carried out in compliance with the terms of such agreement and if there is any non-compliance or potential non-compliance, the responsible personnel will report the matter to the management of the Group for consideration who will then find ways to resolve the matter. Further, every property management manager of the Group will report to the management of the Group every six months on the financial performance of individual projects;
- (e) the finance department of the Group is responsible for monitoring the service fees receivable by the Group and the relevant payment arrangement to ensure that they are conducted in accordance with the terms of the respective Non-exempt Continuing Connected Transaction Agreements. In addition, the finance department will also conduct overall review on a monthly basis. Where the finance department is aware of any potential non-compliance with the pricing principals, the payment terms or that the relevant annual caps will

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be exceeded, the finance department will escalate the matter to the management of the Group who will then co-ordinate at the Group level to take remedial actions and ensure the basis of the respective annual caps are followed and are not exceeded; and

- (f) the respective pricing principles for the continuing connected transactions of the Group will be supervised and monitored by the relevant personnel and management of the Group to ensure that all the continuing connected transactions are conducted on normal commercial terms and in accordance with the pricing policies of the Group and will not be prejudicial to the interests of the Company;
- (3) the relevant personnel of the business department of the Group will conduct annual reviews to keep abreast of the prevailing fee level in the market and the market conditions for the purpose of considering if the service fees charged for a specific transaction is fair and reasonable and is in accordance with the Group's pricing policy;
- (4) the auditors of the Company shall conduct annual reviews on pricing and annual caps of such continuing connected transactions to ensure that the transactions amount is within the annual caps and that the transactions are conducted on the principal terms of the respective Non-exempt Continuing Connected Transaction Agreements; and
- (5) the independent non-executive Directors shall review the management's review reports on the transactions contemplated under the respective Non-exempt Continuing Connected Transaction Agreements to ensure that such transactions are conducted on normal commercial terms or better and are in the ordinary and usual course of business of the Group, and the terms and conditions thereof are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Under the 2021 Master Dexin China Property Management and Related Services Agreement and 2021 Master Mr. Hu Property Management and Related Services Agreement, the Group had not encountered material default or delay in payment by Dexin China and Mr. Hu, however, to safeguard the interest of the Shareholders and the interest of the Group as a whole, the Group has adopted the following measures to monitor the credit risk of the services fees for the Property Management and Related Services:

- (i) the Group's finance department and business department shall form a joint working group to assess the financial condition of Dexin China Group and Mr. Hu's Companies every six months, particularly focusing on financial indicators such as asset liquidity and cash turnovers, and results of such assessment shall be reported to the Group's management;
- (ii) if the assessment comes to the conclusion that the financial condition of Dexin China Group or Mr. Hu's Companies financial condition is deteriorating, the Group's management shall reach out to Dexin China Group or Mr. Hu's

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Companies to obtain further information. The Group will then closely monitor their financial conditions on a monthly basis and they shall provide relevant financial information as the Group may require; and

- (iii) the management of the Group shall report to the Board if there exists a credit risk event which is considered to significantly affect the Group's operational and/or financial performance, and remedial measures shall be taken in order to counter or mitigate the impact of any significant credit risk.

If Dexin China Group or Mr. Hu's Companies fails to make payment in accordance with the payment terms stipulated in the individual Non-exempt Continuing Connected Transaction Agreements, the Group shall:

- (i) suspend the relevant transactions under the individual contract until it receives full payment of the service fees in default (with the corresponding capital cost and liquidated damages); and
- (ii) negotiate with Dexin China Group or Mr. Hu's Companies to agree on a new payment date (no later than 12 months from the original payment date) in relation to the service fees in default and to impose a reasonable interest rate as liquidated damages.

In addition, the management of the Group noted that, based on the latest financial report and operation results published by Dexin China, the Board noted that, *inter alia*, (a) the total cash and bank balances (including restricted cash) of Dexin China Group as at 30 June 2023 amounted to approximately RMB5,513.8 million; (b) the net current asset of Dexin China Group as at 30 June 2023 amounted to approximately RMB15,540 million; (c) the aggregated contracted sales of the Dexin China Group for the ten months ended 31 October 2023 amounted to approximately RMB20,510 million; and (d) Dexin China Group's gearing ratio (calculated as the total borrowings from banks and other financial institutions net of restricted cash, cash and cash equivalents divided by total equity) was 80.3% as at 30 June 2023. Therefore, the Board (including the independent non-executive Directors) is not aware of any other factors which may materially adversely affect Dexin China's cash balance, liquidity, capital structure and its operational results. As a result, the Board is of view that the credit risk of the Group in respect of the service fees to be charged from Dexin China for the Dexin China Property Management and Related Services is considered to be acceptable.

VI. GENERAL INFORMATION

Mr. Hu

Mr. Hu is one of controlling shareholders of the Company and the chairman of the Board, who has over 25 years of experience in the PRC real estate industry and property management. He is also the founder and the chairman of the board of directors of Dexin China.

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Mr. Hu's Companies

Mr. Hu's Companies are mainly engaged in property development and construction services in the PRC, including (i) Zhangzhou Jingfa, a company established in the PRC with limited liability, which is ultimately owned by Finance Bureau of Zhangzhou Taiwanese Investment Zone Management Committee* (漳州台商投資區管委會財政局), State-owned Assets Supervision and Administration Commission of Zhangzhou People's Government, Fujian Provincial Finance Department* (福建省財政廳), China Development Bank, Dexin China and Hu Yuegen (胡月根) as to 31.84%, 19.10%, 2.12%, 12.94%, 30.63% and 3.37% respectively; (ii) Quzhou Shande, a company established in the PRC with limited liability, which is ultimately owned by Dexin China, Hu Yuegen, Zheng Yonggang (鄭永剛) and Zhou Jiqing (周繼青) as to 45.95%, 5.05%, 24.99% and 24.01% respectively; and (iii) Sichuan Hanjing, a company established in the PRC with limited liability, which is ultimately owned by Guangxi Construction Engineering Group Co., Ltd.* (廣西建工集團有限責任公司) (a state-owned enterprise), Dexin China, Wu Wanglou (吳王樓) and Wu Wangzheng (吳王政) as to 25.50%, 30.00%, 37.60% and 4.45% respectively, and the remaining 2.45% equity interest is ultimately owned by five natural persons. Each of these five natural person shareholders has a shareholding less than 1.00%.

Dexin China

Dexin China is principally engaged in the property development and construction services, property investment and hotel operations in the PRC.

The Company

The Company is principally engaged in the provision of property management services, value-added services to non-property owners and community value-added services in the PRC.

Shengquan Property

Shengquan Property is a company incorporated in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in the provision of property management services.

VII. IMPLICATIONS UNDER THE LISTING RULES

As at the Latest Practicable Date, the Company is held as to 56.46% by Shengfu International, the controlling shareholder of the Company, which is in turn held as to 91.6% by Mr. Hu. Meanwhile, as Dexin China is held as to 64.56% by Mr. Hu, of which (i) 2.52% were beneficially held by Tak Yuan International Limited, which is in turn held as to 100% by Mr. Hu; and (ii) 62.03% were beneficially held by Tak Shin International Limited, the controlling shareholder of Dexin China, which is in turn held as to 92% by Mr. Hu, therefore each of Dexin China and Mr. Hu's Companies is an associate of Mr. Hu and connected person of the Company under Chapter 14A of the Listing Rules. Accordingly,

LETTER FROM THE BOARD

the transactions contemplated under each of the Non-exempt Continuing Connected Transaction Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios for the provision of the Property Management and Related Services exceed 5%, therefore such transactions (with their annual caps aggregated) are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As (i) Mr. Hu is a Director, and holds directorship and/or senior management positions in Dexin China Group, and is the controlling shareholder of both the Company and Dexin China; and (ii) each of Mr. Hu's Companies is an associate of Mr. Hu. Therefore, Mr. Hu is required to abstain from voting and has abstained from voting on the relevant resolutions at the Board meeting. In addition, as Dr. Wong serves as an independent non-executive director in Dexin China, he is deemed or may be perceived to have a material interest in the Non-exempt Continuing Connected Transaction Agreements. Accordingly, he has voluntarily abstained from voting on the relevant resolutions passed by the Board to approve the Non-exempt Continuing Connected Transaction Agreements and the transactions contemplated thereunder (including the proposed annual caps therefor). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for Mr. Hu and Dr. Wong, none of the Directors has any material interest under the Non-exempt Continuing Connected Transaction Agreements. Therefore, no other Director has abstained from voting on such Board resolutions.

VIII. THE EGM

The EGM will be convened at 7/F, Dexin Group Building, No. 588, East Huanzhan Road, Shangcheng District, Hangzhou, Zhejiang, China on Wednesday, 13 March 2024 at 10:40 a.m., *inter alia*, for the Independent Shareholders to consider and, if thought fit, approve the terms of the Non-exempt Continuing Connected Transaction Agreements (including the respective proposed annual caps).

The notice of the EGM is set out on pages 58 to 59 of this circular. The voting in relation to the resolutions proposed at the EGM will be conducted by way of poll.

As at the Latest Practicable Date, (i) Shengfu International is held as to 91.6% by Mr. Hu while Shengfu International and their associates held and controlled the voting rights of 529,202,279 Shares, representing approximately 56.46% of the total issued share capital of the Company; and (ii) Kaibang International is held by 16 individuals including approximately (a) 11.01% by Mr. Tang Junjie (being an executive Director), (b) 30.12% by Ms. Wei Yuefen (an associate of Mr. Hu), (c) 7.94% by Mr. Fei Zhongmin (being an executive director of Dexin China), and (d) 49.62% by other senior management and employees of the Group and Dexin China while Kaibang International held and controlled the voting rights of 129,629,630 Shares, representing approximately 13.83% of the total issued share capital of the Company. Therefore, Mr. Hu and Shengfu International and their respective associates are deemed to have material interests in the Non-exempt Continuing Connected Transactions and they shall be required to abstain from voting on

LETTER FROM THE BOARD

the resolutions at the EGM accordingly. Save as aforementioned, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the Non-exempt Continuing Connected Transaction Agreements and the transactions contemplated thereunder and therefore no other Shareholder is required to abstain from voting at the EGM for the relevant resolutions.

Completion and return of the form of proxy will not preclude a Shareholder from attending and voting in person at the EGM or at any adjourned meeting should you so wish, but in such event the instrument appointing a proxy shall be deemed to be revoked.

IX. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 8 March 2024 to Wednesday, 13 March 2024, both days inclusive, during which period no transfer of Shares will be effected, in order to determine the identity of the Shareholders who are entitled to attend and vote at the EGM to be held on Wednesday, 13 March 2024. All transfers of Shares accompanied by the relevant Share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Thursday, 7 March 2024.

X. RECOMMENDATION

The Independent Board Committee (comprising the independent non-executive Directors, namely Mr. Rui Meng and Mr. Yang Xi) has been formed to advise the Independent Shareholders in respect of the Non-exempt Continuing Connected Transactions. The Independent Financial Adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard. Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 26 to 27 of this circular and (ii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 28 to 48 of this circular in connection with the Non-exempt Continuing Connected Transactions, and the principal factors and reasons considered by the Independent Financial Adviser in arriving at its advice.

The Board (excluding Mr. Hu and Dr. Wong but including the Independent Board Committee having taken into account the recommendation of the Independent Financial Adviser) considers that the Non-exempt Continuing Connected Transaction Agreements were entered into in the ordinary and usual course of business of the Group, on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board (excluding Mr. Hu and Dr. Wong but including the Independent Board Committee) recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM in relation to Non-exempt Continuing Connected Transaction Agreements and the transactions contemplated thereunder (including the proposed annual caps thereof).

LETTER FROM THE BOARD

XI. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular and the notice of the EGM.

Yours faithfully,
By Order of the Board of
Dexin Services Group Limited
Hu Yiping
Chairman



Dexin Services Group Limited

德信服务集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2215)

23 February 2024

To the Independent Shareholders

Dear Sir or Madam,

**RENEWAL OF
NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS**

We refer to the circular dated 23 February 2024 issued by the Company (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein, unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to consider and advise the Independent Shareholders regarding the terms of the Non-exempt Continuing Connected Transaction Agreements. The Independent Financial Adviser, Somerley Capital Limited, has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to (i) the letter from the Board, as set out on pages 7 to 26 of the Circular, and (ii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which contains its opinion in respect of the terms of the Non-exempt Continuing Connected Transaction Agreements as set out on pages 28 to 48 of the Circular.

After taking into consideration the advice from the Independent Financial Adviser, we consider that each of the Non-exempt Continuing Connected Transaction Agreements was entered in the ordinary and usual course of business of the Group, on normal commercial terms and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM in relation to the terms of the Non-exempt Continuing Connected Transaction Agreements and the transactions contemplated thereunder (including the proposed annual caps thereof).

Yours faithfully,
For and on behalf of the Independent Board Committee

Mr. Rui Meng Mr. Yang Xi
Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

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

23 February 2024

To: the Independent Board Committee and the Independent Shareholders

Dear Sirs,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the 2024 Master Dexin China Property Management and Related Services Agreement, and (ii) the 2024 Master Mr. Hu Property Management and Related Services Agreement and each of the transactions contemplated thereunder (including the proposed annual caps), details of which are set out in the letter from the Board ("**Letter from the Board**") of the circular of the Company dated 23 February 2024 (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.

As the 2021 Master Dexin China Property Management and Related Services Agreement and the 2021 Master Mr. Hu Property Management and Related Services Agreement has expired on 31 December 2023, on 15 December 2023, (i) Shengquan Property and Dexin China entered into the 2024 Master Dexin China Property Management and Related Services Agreement in relation to provision of property management and related services by Shengquan Property and its subsidiaries to Dexin China Group; and (ii) the Company and Mr. Hu entered into the 2024 Master Mr. Hu Property Management and Related Services Agreement in relation to provision of property management and related services by the Group to Mr. Hu, to extend the term of these agreement for a period of three years from 1 January 2024 to 31 December 2026 and to set their respective annual caps.

As at the Latest Practicable Date, the Company is held as to 56.46% by Shengfu International, the controlling shareholder of the Company, which is in turn held as to 91.6% by Mr. Hu. Meanwhile, as Dexin China is held as to 64.56% by Mr. Hu, of which (i) 2.52% were beneficially held by Tak Yuan International Limited, which is in turn held as to 100% by Mr. Hu; and (ii) 62.03% were beneficially held by Tak Shin International Limited, the controlling shareholder of Dexin China, which is in turn held as to 92% by Mr. Hu,

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

therefore each of Dexin China and Mr. Hu's Companies is an associate of Mr. Hu and connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under each of the Non-exempt Continuing Connected Transaction Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios for the provision of the Property Management and Related Services exceed 5%, therefore such transactions (with their annual caps aggregated) are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising Mr. Rui Meng and Mr. Yang Xi, has been established to advise the Independent Shareholders in respect of the transactions contemplated under the 2024 Master Dexin China Property Management and Related Services Agreement and the 2024 Master Mr. Hu Property Management and Related Services Agreement. We, Somerley Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in the same regard.

We are not associated with the Company, Dexin China, Mr. Hu 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, Dexin China, Mr. Hu or their respective core connected persons or associates. Accordingly, we are independent from the Company pursuant to the requirements under Rule 13.84 and considered eligible to give independent advice on the 2024 Master Dexin China Property Management and Related Services Agreement and the 2024 Master Mr. Hu Property Management and Related Services Agreement and the respective proposed annual caps.

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 15 December 2023 in relation to, among others, the Non-exempt Continuing Connected Transactions and the proposed annual caps; 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 Company, Dexin China, Mr. Hu or any of their respective associates or any party

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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.

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Information of the parties

1.1. Information of the Company

The Company is principally engaged in the provision of property management services, value-added services to non-property owners and community value-added services in the PRC. Shengquan Property is a company incorporated in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in the provision of property management services.

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 the 2023 Interim Report:

	For the six months ended		For the year ended	
	30 June		31 December	
	2023	2022	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Revenue				
— <i>Property management services</i>	341,844	285,191	609,696	507,083
— <i>Value-added services to non-property owners</i>	59,801	100,842	188,978	180,914
— <i>Community value-added services</i>	<u>56,377</u>	<u>99,115</u>	<u>159,923</u>	<u>182,425</u>
	458,022	485,148	958,597	870,422
Gross profit	129,175	154,124	271,374	299,082
Profit for the period attributable to Shareholders	63,015	85,395	122,023	98,222

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the two years ended 31 December 2021 and 2022

For the years ended 31 December 2021 and 2022, the Group recorded a revenue of approximately RMB870.4 million and RMB958.6 million respectively, representing an increase of approximately 10.1%. As disclosed in the 2022 Annual Report, the increase in revenue was primarily attributable to the Group's business expansion and the increase in GFA under management.

The Group's gross profit for the year ended 31 December 2021 and 2022 amounted to approximately RMB299.1 million and RMB271.4 million respectively, representing a decrease of approximately 9.3%. As disclosed in the 2022 Annual Report, the gross profit margin of the Group decreased from approximately 34.4% for 2021 to approximately 28.3% for 2022 mainly due to the decline in domestic real estate industry environment, the average property management fee rate for property management service, geographical concentration of GFA under management and cost control ability.

The Group's profit attributable to Shareholders for the year ended 31 December 2021 and 2022 amounted to approximately RMB98.2 million and RMB122.0 million respectively, representing an increase of approximately 24.2%. Such increase was mainly attributable to (i) the increase in operating profit; and (ii) the increase in net finance income.

For the six months ended 30 June 2022 and 2023

For the six months ended 30 June 2022 and 2023, the Group recorded a revenue of approximately RMB485.1 million and RMB458.0 million respectively, representing a decrease of approximately 5.6%. Such decrease in revenue was mainly due to the decrease in revenue from value-added services to non-property owners and community value-added services.

The Group's gross profit for the six months ended 30 June 2022 and 2023 amounted to approximately RMB154.1 million and RMB129.2 million respectively, representing a decrease of approximately 16.2%. The gross profit margin of the Group decreased from approximately 31.8% for the six months ended 30 June 2022 to approximately 28.2% for the six months ended 30 June 2023, mainly due to decrease in gross profit margin for value-added services to non-property owners and community value-added services.

The Group's profit attributable to Shareholders for the six months ended 30 June 2022 and 2023 amounted to approximately RMB85.4 million and RMB63.0 million respectively, representing a decrease of approximately 26.2%. Such decrease was mainly attributable to (i) the decrease in revenue; (ii) the decrease in gross profit margin; (iii) the decrease in other income and gains; and (iv) the increase in impairment loss on trade and other receivables.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 the 2023 Interim Report:

	As at 30 June 2023	As at 31 December	
	<i>RMB'000</i>	2022	2021
	(Unaudited)	<i>RMB'000</i>	<i>RMB'000</i>
		(Audited)	(Audited)
Total assets	1,376,051	1,314,889	1,238,537
Total liabilities	584,935	533,693	378,326
Net assets	791,116	781,196	860,211

As at 30 June 2023, the Group's total assets amounted to approximately RMB1,376.1 million, mainly comprised of (i) trade and other receivables and prepayments of approximately RMB836.0 million; (ii) loan and other receivables of approximately RMB315.0 million; and (iii) cash and cash equivalents of approximately RMB196.8 million.

As at 30 June 2023, the Group's total liabilities amounted to approximately RMB584.9 million, mainly comprised of (i) trade and other payables of approximately RMB356.1 million; and (ii) contract liabilities of approximately RMB154.1 million.

As at 30 June 2023 and 31 December 2022, the Group's net assets amounted remained relatively stable at approximately RMB791.1 million and RMB781.2 million respectively.

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 Dexin China

Dexin China is principally engaged in the property development and construction services, property investment and hotel operations in the PRC. The shares of which are listed on the Main Board of the Stock Exchange (stock code: 2019).

1.3. Information of Mr. Hu and Mr. Hu's Companies

Mr. Hu is one of controlling shareholders of the Company and the chairman of the Board, who has over 25 years of experience in the PRC real estate industry and property management. He is also the founder and the chairman of the board of directors of Dexin China.

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Mr. Hu's Companies are mainly engaged in property development and construction services in the PRC, including (i) Zhangzhou Jingfa, a company established in the PRC with limited liability, which is ultimately owned by Finance Bureau of Zhangzhou Taiwanese Investment Zone Management Committee* (漳州台商投資區管委會財政局), State-owned Assets Supervision and Administration Commission of Zhangzhou People's Government, Fujian Provincial Finance Department* (福建省財政廳), China Development Bank, Dexin China and Hu Yuegen (胡月根) as to 31.84%, 19.10%, 2.12%, 12.94%, 30.63% and 3.37% respectively; (ii) Quzhou Shande, a company established in the PRC with limited liability, which is ultimately owned by Dexin China, Hu Yuegen, Zheng Yonggang (鄭永剛) and Zhou Jiqing (周繼青) as to 45.95%, 5.05%, 24.99% and 24.01% respectively; and (iii) Sichuan Hanjing, a company established in the PRC with limited liability, which is ultimately owned by Guangxi Construction Engineering Group Co., Ltd.* (廣西建工集團有限責任公司) (a state-owned enterprise), Dexin China, Wu Wanglou (吳王樓) and Wu Wangzheng (吳王政) as to 25.50%, 30.00%, 37.60% and 4.45% respectively, and the remaining 2.45% equity interest is ultimately owned by five natural persons. Each of these five natural person shareholders has a shareholding less than 1.00%.

2. Reasons for and benefits of the Non-exempt Continuing Connected Transactions

As mentioned in the Letter from the Board, the Group has a long and close cooperation relationship with Dexin China Group and Mr. Hu's Companies, and the Group started its business in 2004 by providing property management services to properties developed by Dexin China Group. The Group also provided services (including property management services) to Dexin China Group and Mr. Hu's Companies, and also to properties jointly developed by Dexin China Group. Dexin China Group and Mr. Hu's Companies continue to be significant contributors of revenue to the Group during the years ended 31 December 2022 and 2023, representing approximately 17.77% and 12.49% of the total revenue for the year ended 31 December 2022 and the ten months ended 31 October 2023, respectively, based on the unaudited financial statements of the Group. As noted from the 2022 Annual Report and the 2023 Interim Report, for the year ended 31 December 2021 and 2022 and the six months ended 30 June 2023, revenue from the provision of property management services accounted for approximately 58.2%, 63.6% and 74.6% of the Group's total revenue, respectively.

Given the Group's long and close relationship with Dexin China Group and Mr. Hu's Companies, the Group is familiar with their specific requirements and expected deliverables. Considering the factors above, the Company believes that both Dexin China Group, Mr. Hu's Companies and the Group will benefit from the cooperation relationship.

Taking into account the above and the fact that (i) the principal terms of the 2024 Master Dexin China Property Management and Related Services Agreement and the 2024 Master Mr. Hu Property Management and Related Services Agreement are on normal commercial terms (as discussed in the sections below); (ii) the provision of the Property Management and Related Services generates revenue to the Group, and each of Dexin China Group and Mr. Hu is a reliable long-term customer of the Group; (iii) the 2024

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Master Dexin China Property Management and Related Services Agreement and the 2024 Master Mr. Hu Property Management and Related Services Agreement do not restrict the Group from providing services to other customers and offered the Group with flexibilities to conduct business with Dexin China Group and Mr. Hu; and (iv) the internal control measures in place to ensure that the provision of the Property Management and Related Services are conducted in accordance with their terms and conditions (as discussed in the section headed “5. *Internal control measure*” below), we concur with the Directors that the provision of the Property Management and Related Services, which are conducted in the ordinary and usual course of business of the Group, are in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the 2024 Master Dexin China Property Management and Related Services Agreement and the 2024 Master Mr. Hu Property Management and Related Services Agreement

3.1. The 2024 Master Dexin China Property Management and Related Services Agreement

The following sets forth the principal terms of the 2024 Master Dexin China Property Management and Related Services Agreement. For detailed terms of the 2024 Master Dexin China Property Management and Related Services Agreement, please refer to the section headed “1. *The 2024 Master Dexin China Property Management and Related Services Agreement*” in the Letter from the Board.

Parties	:	Shengquan Property, an indirect wholly-owned subsidiary of the Company (for itself and on behalf of its subsidiaries) and Dexin China (for itself and on behalf of its subsidiaries)
Date	:	15 December 2023
Term	:	From 1 January 2024 to 31 December 2026 (both days inclusive)
Service scope	:	Shengquan Property and its subsidiaries may, from time to time, provide property management and related services to Dexin China Group, including but not limited to (i) preliminary planning and design consultancy services; (ii) management services for the sales offices and the display units;

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(iii) (a) house inspection services; (b) pre-delivery cleaning services; (c) pre-delivery preparation services; and (d) repair and maintenance services for house and auxiliary facilities after delivery; and

(iv) property management services (such as cleaning and security services) for the properties developed and owned by Dexin China Group, including but not limited to the unsold residential property units, car parking lots, office buildings and commercial properties.

Basis for determining service fees : The service fees shall be determined on arm's length basis with reference to

(i) the size, location and condition of the properties;

(ii) the scope of services;

(iii) the anticipated operation costs (including but not limited to labour costs, administration costs and costs of materials); and

(iv) the service fees charged by Shengquan Property and its subsidiaries to Independent Third Parties in respect of comparable services. The service fees shall be charged mainly based on the total GFA of properties under our management and the service fee per square meter, which shall not be higher than the standard fees designated by the relevant regulatory authorities (if applicable) or lower than the standard fees to be charged from Independent Third Parties.

As a general principle, the fees to be charged by the Group shall be determined on an arm's length basis in accordance with the prevailing market prices of similar services or products and on the following principles:

- (i) by reference to prevailing market price of at least two recent transactions in the market with same or substantially similar services with comparable service scope, service type and transaction volume;
- (ii) by reference to transacted prices of at least two recent transactions with same or substantially similar services with comparable service scope, service type and transaction volume conducted by the Group with other customers or suppliers who are Independent Third Parties; and
- (iii) on normal commercial terms or better to the Group with reference to the transactions entered into between at least two Independent Third Parties and by Dexin China Group in respect of the same or substantially similar services with comparable service scope, service type and transaction volume.

Payment terms : Generally, the services fee shall be payable monthly by bank transfer on an agreed date of each and every calendar month, with credit period ranging from 30–90 days. The specific payment terms of such service fees charged by Shengquan Property and its subsidiaries from Dexin China Group in respect of the Dexin China Property Management and Related Services shall be separately agreed upon between the relevant parties in the specific agreements to be entered into pursuant to the terms of the 2024 Master Dexin China Property Management and Related Services Agreement.

Our assessment of the terms of the 2024 Master Dexin China Property Management and Related Services Agreement

As set out in the paragraphs headed “2. *Reasons for and benefits of the Non-exempt Continuing Connected Transactions*” above, the entering into of the 2024 Master Dexin China Property Management and Related Services Agreement is to extend the term of the 2021 Master Dexin China Property Management and Related Services Agreement, which has expired on 31 December 2023, to allow the Group to continue its long and close cooperation relationship with Dexin China Group, which generates stable income stream to the Group. Based on our discussion with the management of the Company and the review of the 2024 Master Dexin China Property Management and Related Services Agreement and

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the 2021 Master Dexin China Property Management and Related Services Agreement, no material changes were made to the principal terms of the 2024 Master Dexin China Property Management and Related Services Agreement.

As stated in the Letter from the Board, the relevant parties shall enter into specific agreements pursuant to the 2024 Master Dexin China Property Management and Related Services Agreement in respect of each transaction regarding the provision of the Dexin China Property Management and Related Services. The individual Dexin China Property Management and Related Services agreements shall contain provisions, which are, in all material aspects, consistent with the 2024 Master Dexin China Property Management and Related Services Agreement.

The Property Management and Related Services provided by the Group to Dexin China Group mainly includes (i) preliminary planning and design consultancy services; (ii) management services for the sales offices and the display units; (iii) house inspection, pre-delivery cleaning services and preparation, and repair and maintenance services for house and auxiliary facilities after delivery; and (iv) property management services (such as cleaning and security services). The services fees were mainly determined with reference to, among others, (i) the anticipated operation costs based on the scope of services and information of the properties; and (ii) the service fees charged by the Group from time-to-time for providing comparable services to Independent Third Parties, and shall not be higher than the standard fees designated by the relevant regulatory authorities (if applicable) or lower than the standard fees to be charged from Independent Third Parties.

In assessing the terms of the 2024 Master Dexin China Property Management and Related Services Agreement, we have obtained and reviewed on random basis, sample contracts for each type of services provided by the Group to Dexin China Group for each period of the year ended 31 December 2021 and 2022 and the ten months ended 31 October 2023 (the “**Relevant Period**”) pursuant to the 2021 Master Dexin China Property Management and Related Services Agreement and the respective comparable contracts entered into between the Group and Independent Third Parties for the provision of similar services. We have compared the terms of the 12 sample contracts between the Group and Dexin China Group to those of the 12 sample contracts between the Group and Independent Third Parties for the provision of similar services and noted that the terms (including the pricing and payment terms) offered by the Group to Dexin China Group for all samples were no less favourable to the Group to those offered by the Group to Independent Third Parties of the Group. As the total of 12 sample contracts covered each period of the Relevant Period and each type of Dexin China Property Management and Related Services, we are of the view that the sample contracts are fair and representative. Based on the above, we are of the view that the principal terms of the 2024 Master Dexin China Property Management and Related Services Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

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3.2. The 2024 Master Mr. Hu Property Management and Related Services Agreement

The following sets forth the principal terms of the 2024 Master Mr. Hu Property Management and Related Services Agreement. For detailed terms of the 2024 Master Mr. Hu Property Management and Related Services Agreement, please refer to the section headed “2. *The 2024 Master Mr. Hu Property Management and Related Services Agreement*” in the Letter from the Board.

Parties	:	The Company (for itself and on behalf of its subsidiaries) and Mr. Hu (for and on behalf of Mr. Hu’s Companies)
Date	:	15 December 2023
Term	:	From 1 January 2024 to 31 December 2026 (both days inclusive)
Service scope	:	<p>The Group may, from time to time, provide property management and related services to Mr. Hu’s Companies, including but not limited to</p> <ul style="list-style-type: none">(i) preliminary planning and design consultancy services;(ii) management services for the sales offices and the display units;(iii) (a) house inspection services; (b) pre-delivery cleaning services; (c) pre-delivery preparation services; and (d) repair and maintenance services for house and auxiliary facilities after delivery; and(iv) property management services (such as cleaning and security services) for the properties developed and owned by Mr. Hu’s Companies, including but not limited to the unsold residential property units, car parking lots, office buildings and commercial properties.
Basis for determining service fees	:	<p>The service fees shall be determined on arm’s length basis with reference to</p> <ul style="list-style-type: none">(i) the size, location and condition of the properties;(ii) the scope of services;

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- (iii) the anticipated operation costs (including but not limited to labour costs, administration costs and costs of materials); and
- (iv) the service fees charged by the Group from time-to-time for providing comparable services to Independent Third Parties. The service fees shall be charged mainly based on the total GFA of properties under our management and the service fee per square meter, which shall not be higher than the standard fees designated by the relevant regulatory authorities (if applicable) or lower than the standard fees to be charged from Independent Third Parties.

As a general principle, the fees to be charged by the Group shall be determined on an arm's length basis in accordance with the prevailing market prices of similar services or products and on the following principles:

- (i) by reference to prevailing market price of at least two recent transactions in the market with same or substantially similar services with comparable service scope, service type and transaction volume;
- (ii) by reference to transacted prices of at least two recent transactions with same or substantially similar services with comparable service scope, service type and transaction volume conducted by the Group with other customers or suppliers who are Independent Third Parties; and
- (iii) on normal commercial terms or better to the Group with reference to the transactions entered into between at least two Independent Third Parties and by Dexin China Group in respect of the same or substantially similar services with comparable service scope, service type and transaction volume.

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Payment terms : Generally, the services fee shall be payable monthly by bank transfer on an agreed date of each and every calendar month, with credit period ranging from 30–90 days. The specific payment terms of such service fees charged by the Group from Mr. Hu’s Companies in respect of the Mr. Hu Property Management and Related Services shall be separately agreed upon between the relevant parties in the specific agreements to be entered into pursuant to the terms of the 2024 Master Mr. Hu Property Management and Related Services Agreement.

Our assessment of the terms of the 2024 Master Mr. Hu Property Management and Related Services Agreement

As set out in the paragraphs headed “2. Reasons for and benefits of the Non-exempt Continuing Connected Transactions” above, the entering into of the 2024 Master Mr. Hu Property Management and Related Services Agreement is to extend the term of the 2021 Master Mr. Hu Property Management and Related Services Agreement, which has expired on 31 December 2023, to allow the Group to continue its long and close cooperation relationship with Mr. Hu’s Companies, which generates stable income stream to the Group. Based on our discussion with the management of the Company and the review of the 2024 Master Mr. Hu Property Management and Related Services Agreement and the 2021 Master Mr. Hu Property Management and Related Services Agreement, no material changes were made to the principal terms of the 2024 Master Mr. Hu Property Management and Related Services Agreement.

As stated in the Letter from the Board, the relevant parties shall enter into specific agreements pursuant to the 2024 Master Mr. Hu Property Management and Related Services Agreement in respect of each transaction regarding the provision of the Mr. Hu Property Management and Related Services. The individual Mr. Hu Property Management and Related Services agreements shall contain provisions, which are, in all material aspects, consistent with the 2024 Master Mr. Hu Property Management and Related Services Agreement.

The Property Management and Related Services provided by the Group to Mr. Hu’s Companies mainly includes (i) preliminary planning and design consultancy services; (ii) management services for the sales offices and the display units; (iii) house inspection, pre-delivery cleaning services and preparation, and repair and maintenance services for house and auxiliary facilities after delivery; and (iv) property management services (such as cleaning and security services). The services fees were mainly determined with reference to, among others, (i) the anticipated operation costs based on the scope of services and information of the properties; and (ii) the service fees charged by the Group from time-to-time for providing comparable services to Independent Third

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Parties, and shall not be higher than the standard fees designated by the relevant regulatory authorities (if applicable) or lower than the standard fees to be charged from Independent Third Parties.

In assessing the terms of the 2024 Master Mr. Hu Property Management and Related Services Agreement, we have obtained and reviewed on random basis, sample contracts for each type of services provided by the Group to Mr. Hu's Companies for each period of the Relevant Period pursuant to the 2021 Master Mr. Hu Property Management and Related Services Agreement and the respective comparable contracts entered into between the Group and Independent Third Parties for the provision of similar services. We have compared the terms of the 12 sample contracts between the Group and Mr. Hu's Companies to those of the 12 sample contracts between the Group and Independent Third Parties for the provision of similar services and noted that the terms (including the pricing and payment terms) offered by the Group to Mr. Hu's Companies for all samples were no less favourable to the Group to those offered by the Group to Independent Third Parties. As the total of 12 sample contracts covered each period of the Relevant Period and each type of Mr. Hu Property Management and Related Services, we are of the view that the sample contracts are fair and representative. Based on the above, we are of the view that the principal terms of the 2024 Master Mr. Hu Property Management and Related Services Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

4. The proposed annual caps

4.1. Historical transaction amounts

The annual caps for each of the three years ended 31 December 2023 and the historical transaction amounts for each of the two years ended 31 December 2022 and the ten months ended 31 October 2023 in relation to the provision of Property Management and Related Services to Dexin China Group and Mr. Hu's Companies are set out below:

	For the year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Dexin China Property Management and Related Services:			
Historical transaction amounts	91,900	93,200	51,700 ^(Note)
Existing annual caps	93,600	99,200	108,400
Utilisation rates	98.2%	94.0%	57.2% ^(Note)
Mr. Hu Property Management and Related Services:			
Historical transaction amounts	40,600	38,300	28,500 ^(Note)
Existing annual caps	40,600	43,100	47,200
Utilisation rates	100%	88.9%	72.5% ^(Note)

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Note: The actual transaction amounts for the year ended 31 December 2023 represent the amounts for the ten months ended 31 October 2023 and the respective utilisation rates were calculated on pro-rata basis.

4.2. *The proposed annual caps*

Since the Dexin China Property Management and Related Services and the Mr. Hu Property Management and Related Services are similar in nature, the annual caps applicable to the provision of the Property Management and Related Services should be aggregated pursuant to Rule 14A.81 of the Listing Rules.

The aggregated proposed annual cap amounts for the provision of the Property Management and Related Services for each of the three years ending 31 December 2026 are as follows:

	For the year ending 31 December		
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Dexin China Property Management and Related Services	58,400	49,500	40,340
Mr. Hu Property Management and Related Services	<u>31,500</u>	<u>27,990</u>	<u>24,190</u>
Aggregate	<u>89,900</u>	<u>77,490</u>	<u>64,530</u>

As set out in the Letter from the Board, the proposed annual caps for Property Management and Related Services were determined after having taken into account the following factors:

- (a) the historical transaction amounts for the two years ended 31 December 2022 and the ten months ended 31 October 2023;
- (b) the existing contracts under which Dexin China Group has engaged Shengquan Property and its subsidiaries to provide the Dexin China Property Management and Related Services;
- (c) the existing contracts under which Mr. Hu's Companies has engaged the Group to provide the Mr. Hu Property Management and Related Services;
- (d) the costs incurred by Shengquan Property and its subsidiaries and the Group for the Property Management and Related Services for the two years ended 31 December 2022 and the ten months ended 31 October 2023; and

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- (e) the expected demand for the Property Management and Related Services for the properties expected to be delivered by Dexin China Group and Mr. Hu's Companies for each of the three years ending 31 December 2026.

In assessing the fairness and reasonableness of the proposed annual caps for the Property Management and Related Services for each of the three years ending 31 December 2026, we have obtained and reviewed the underlying calculation from the management of the Company in formulating the proposed annual caps. From our review, we noted that the proposed annual caps were determined based on the forecasted transaction amounts for each type of Property Management and Related Services for each project of Dexin China Group and Mr. Hu's Companies during each of the three years ending 31 December 2026.

In relation to preliminary planning and design consultancy services, the Group has forecasted the transaction amount principally based on (i) revenue expected to be recognised in each of the year ending 31 December 2024, 2025 and 2026 based on the development progress and the terms of existing contracts entered into between the Group and Dexin China Group or Mr. Hu's Companies (as the case may be) for each of the projects of Dexin China Group or Mr. Hu's Companies (as the case may be) which requires preliminary planning and design consultancy services from the Group; and (ii) estimated revenue from new development projects of Dexin China Group or Mr. Hu's Companies (as the case may be) which requires preliminary planning and design consultancy services from the Group in each of the year ending 31 December 2024, 2025 and 2026. From our review, we noted that 4 and 7 existing projects and 23 and 3 new development projects of Dexin China Group and Mr. Hu's Companies, respectively, are expected to generate revenue to the Group in relation to the provision of preliminary planning and design consultancy services during the three years ending 31 December 2026.

In respect of management services for the sales offices and the display units, we noted that the Group has forecasted the transaction amount for the year ending 31 December 2024 principally based on the development progress and the terms of existing contracts entered into between the Group and Dexin China Group or Mr. Hu's Companies (as the case may be) for 9 and 12 existing projects, respectively, which are expected to generate revenue to the Group in relation to the provision of management services for the sales offices and the display units. The Group has then included a buffer for potential new projects to be entered into between the Group and Dexin China Group or Mr. Hu's Companies (as the case may be) in relation to the provision of management services for the sales offices and the display units. It was further estimated that the demand of Dexin China Group and Mr. Hu's Companies for the provision of management services for the sales offices and the display units by the Group would follow a decreasing trend for the year ending 31 December 2025 and 2026. Such trend was mainly due to the expected decrease in delivery of new development projects of Dexin China Group and Mr. Hu's Companies based on the discussions between the Group and the relevant parties.

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For the provision of house inspection, pre-delivery cleaning services and preparation, and repair and maintenance services for house and auxiliary facilities after delivery, the Group has forecasted the transaction amount principally based on (i) revenue expected to be recognised in each of the year ending 31 December 2024, 2025 and 2026 based on the development progress and the terms of existing contracts entered into between the Group and Dexin China Group or Mr. Hu's Companies (as the case may be) for each of the projects of Dexin China Group or Mr. Hu's Companies (as the case may be) which requires provision of house inspection, pre-delivery cleaning services and preparation, and repair and maintenance services for house and auxiliary facilities after delivery from the Group; and (ii) estimated revenue from new development projects of Dexin China Group or Mr. Hu's Companies (as the case may be) which requires provision of house inspection, pre-delivery cleaning services and preparation, and repair and maintenance services for house and auxiliary facilities after delivery from the Group in each of the year ending 31 December 2024, 2025 and 2026. From our review, we noted that 13 and 4 existing projects and 23 and 3 new development projects of Dexin China Group and Mr. Hu's Companies, respectively, are expected to generate revenue to the Group in relation to the provision of house inspection, pre-delivery cleaning services and preparation, and repair and maintenance services for house and auxiliary facilities after delivery during the three years ending 31 December 2026.

In respect of the provision of property management services (such as cleaning and security services), the Group has forecasted the transaction amount for the three years ending 31 December 2026 principally based on the terms of existing contracts entered into between the Group and Dexin China Group or Mr. Hu's Companies (as the case may be) for 22 and 9 existing projects, respectively, which are expected to continue to generate revenue to the Group in relation to the provision of property management services; and 16 and 6 new development projects of Dexin China Group and Mr. Hu's Companies, respectively, which are expected to require property management services from the Group. Such property management services fees were mainly determined taking into account the monthly property management fees per square meter, the chargeable area and the expected vacancy rate for the respective periods for each project.

We noted that the estimated transaction amounts for each type of Property Management and Related Services to be provided to Dexin China Group and Mr. Hu's Companies are generally expected to follow a decreasing trend during the three years ending 31 December 2026. We have obtained from the management of the Company the number of projects which required Property Management and Related Services from the Group during the Relevant Period and noted that the number of such projects for each type of services generally followed a downward trend during the Relevant Period and are expected to continue to decrease during the three years ending 31 December 2026 based on the underlying calculation of the Company in formulating the respective annual caps. As advised by the management of the Company, such decrease was mainly anticipated based on the discussion between the Group and Dexin China and Mr. Hu given the current poor market sentiments of the property market in the PRC. As disclosed in the interim report of Dexin China for the six months ended 30

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June 2023, the real estate market continued to face various severe challenges, including weak investment, continued decline in new construction, high inventory and continued sluggish sales.

Based on the above, we are of the view that the respective proposed annual caps for the Dexin China Property Management and Related Services and Mr. Hu Property Management and Related Services were determined based on reasonable estimation and after due and careful consideration. Taking into account the fact that the proposed annual caps provide the Group with flexibility to conduct business with Dexin China Group and Mr. Hu's Companies, we are of the view that such proposed annual caps are fair and reasonable so far as the Independent Shareholders are concerned.

5. Internal control measures

As set out in the Letter from the Board, the Company has established a comprehensive internal control system and adopted various internal control measures to ensure that the Non-exempt Continuing Connected Transactions are conducted in accordance with the terms of their respective agreement, including:

- (i) the relevant personnel of the business department and finance department will monitor the transactions monthly to ensure that the transaction amount does not exceed the annual caps of the respective 2024 Continuing Connected Transaction Agreements;
- (ii) the implementation of individual contracts shall be subject to the appropriate approval of the relevant personnel of the business department, finance department, legal department and management of the Group to ensure that the contracts are in line with the pricing policy and principal terms of the respective 2024 Continuing Connected Transaction Agreements, particularly that the service fees and payment terms are no less favorable than those available to the Group from Independent Third Parties or offered by the Group to Independent Third Parties; and
- (iii) the relevant personnel of the business department of the Group will conduct annual reviews to keep abreast of the prevailing fee level in the market and the market conditions for the purpose of considering if the service fees charged for a specific transaction is fair and reasonable and is in accordance with the Group's pricing policy.

In addition, as set out in the Letter from the Board, under the 2021 Master Dexin China Property Management and Related Services Agreement and 2021 Master Mr. Hu Property Management and Related Services Agreement, the Group had not encountered material default or delay in payment by Dexin China and Mr. Hu. To safeguard the interest

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of the Shareholders and the interest of the Group as a whole, the Group has adopted the following measures to monitor the credit risk of the services fees for the Property Management and Related Services:

- (i) the Group's finance department and business department shall form a joint working group to assess the financial condition of Dexin China Group and Mr. Hu's Companies every six months, particularly focusing on financial indicators such as asset liquidity and cash turnovers, and results of such assessment shall be reported to the Group's management;
- (ii) if the assessment comes to the conclusion that the financial condition of Dexin China Group or Mr. Hu's Companies financial condition is deteriorating, the Group's management shall reach out to Dexin China Group or Mr. Hu's Companies to obtain further information. The Group will then closely monitor their financial conditions on a monthly basis and they shall provide relevant financial information as the Group may require; and
- (iii) the management of the Group shall report to the Board if there exists a credit risk event which is considered to significantly affect the Group's operational and/or financial performance, and remedial measures shall be taken in order to counter or mitigate the impact of any significant credit risk.

If Dexin China Group or Mr. Hu's Companies fails to make payment in accordance with the payment terms stipulated in the individual Non-exempt Continuing Connected Transaction Agreements, the Group shall:

- (i) suspend the relevant transactions under the individual contract until it receives full payment of the service fees in default (with the corresponding capital cost and liquidated damages); and
- (ii) negotiate with Dexin China Group or Mr. Hu's Companies to agree on a new payment date (no later than 12 months from the original payment date) in relation to the service fees in default and to impose a reasonable interest rate as liquidated damages.

The management of the Group further noted that the credit risk of the Group in respect of the service fees to be charged from Dexin China for the Dexin China Property Management and Related Services is considered to be acceptable based on the latest financial report and operation results published by Dexin China. They are not aware of any other factors which may materially adversely affect Dexin China's cash balance, liquidity, capital structure and its operational results.

Details of the Group's internal control policies are set out in the sections headed "*V. INTERNAL CONTROL POLICIES FOR CONTINUING CONNECTED TRANSACTIONS*" in the Letter from the Board. As discussed in the sections headed "Our assessment of the terms of the 2024 Master Dexin China Property Management and Related Services Agreement" and "Our assessment of the terms of the 2024 Master Mr. Hu Property Management and Related Services Agreement" above, from our review, the terms

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(including the pricing and payment terms) for each of the sample contracts entered into by the Group pursuant to the 2021 Master Dexin China Property Management and Related Services Agreement and the 2021 Master Mr. Hu Property Management and Related Services Agreement during the three years ended 31 December 2023 were no less favourable to the Group to those offered by the Group to Independent Third Parties for the provision of similar services. Given that (i) there are no material default or delay in payment by Dexin China and Mr. Hu under the 2021 Master Dexin China Property Management and Related Services Agreement and 2021 Master Mr. Hu Property Management and Related Services Agreement; (ii) the Group has also adopted additional measures to monitor the credit risk of the services fees for the Property Management and Related Services; and (iii) there is a contingency plan if Dexin China Group or Mr. Hu's Companies fails to make payment in accordance with the payment terms stipulated in the individual Non-exempt Continuing Connected Transaction Agreement, we are of the view that appropriate internal control measures were in place when conducting Non-exempt Continuing Connected Transactions.

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the Non-exempt Continuing Connected Transactions are subject to the following annual review requirements:

- (a) the independent non-executive Directors must review the Non-exempt Continuing Connected Transactions 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 Non-exempt Continuing Connected Transactions:
 - (i) have not been approved by the Board;
 - (ii) were not, in all material respects, in accordance with the pricing policies of 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 caps;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (c) the Company must allow, and ensure that the counterparties to the Non-exempt Continuing Connected Transactions allow, the Company's auditors sufficient access to their records for the purpose of the reporting on the Non-exempt Continuing Connected Transactions; and
- (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 Non-exempt Continuing Connected Transactions, in particular, (i) the restriction of the transaction value by way of annual caps; and (ii) the ongoing review by the independent non-executive Directors and auditors of the Company of the terms of the relevant agreements in relation to the Non-exempt Continuing Connected Transactions and the respective proposed annual caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the Non-exempt Continuing Connected Transactions 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 Property Management and Related Services are conducted in the ordinary and usual course of business of the Group and on normal commercial terms, and together with the proposed annual caps thereof, are fair and reasonable so far as the Independent Shareholders are concerned 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 Master Dexin China Property Management and Related Services Agreement and the 2024 Master Mr. Hu Property Management and Related Services Agreement and their respective annual caps 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 Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURE

a) Interests and short positions of directors and chief executives in share, underlying shares and debentures of the Company

As at the Latest Practicable Date, the interests or short positions of each of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning in Part XV of the SFO), 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 and short positions which he was taken or deemed to have under such provisions of SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “**Model Code**”), were as follows:

Name of Director	Nature of interest	Number of Shares interested	Percentage of the Company's issued share capital
Mr. Hu Yiping (<i>Note 1</i>)	Interest in controlled corporation (<i>Note 1</i>) Interest of spouse (<i>Note 1</i>)	529,202,279	56.46%

Note:

- (1) Shengfu International Limited (“**Shengfu International**”) is owned as to 91.60% by Mr. Hu and 8.40% by Ms. Wei Peifen (“**Ms. Wei**”), the spouse of Mr. Hu. By virtue of the SFO, Mr. Hu and Ms. Wei are deemed to be interested in the Shares held by Shengfu International.

b) Interests in Shares of the Company's associated corporation

Director	Name of associated corporation	Nature of interest	Number of Shares interested	Approximate percentage of issued Shares as at the Latest Practicable Date
Executive Director Mr. Hu Yiping	Shengfu International	Beneficial owner	458	91.60%

Saved as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) of the Company which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; (ii) required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, save as disclosed below, so far as is known to the Directors, no Director was a director or employee of a company which has an interest or short position in the shares and underlying share of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO:

Name of the company	Name of the Director	Position held by the Director in the company
Shengfu International	Mr. Hu Yiping	executive director
Kaibang International	Ms. Zheng Peng	executive director

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to any of the Directors and based on the publicly available information as at the Latest Practicable Date, the following persons (other than a person who is a Director or chief executive of the Company) had interests or short positions in the Shares and 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, or who was, directly or indirectly, interested in 10% or more of the nominal

value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or which was recorded in the register required to be kept by the Company (the “**Register**”) under section 336 of the SFO:

Name of substantial shareholder	Capacity/Nature of interest	Number of shares	Percentage of the Company’s issued share capital (Note 1)
Shengfu International (Note 2)	Beneficial owner	529,202,279	56.46%
Ms. Wei Peifen (Note 2)	Interest of spouse	529,202,279	56.46%
Kaibang International (Note 3)	Beneficial owner	129,629,630	13.83%
HuaAn Fund — Huamei Investment QDII* (華安基金 — 華媒投資 QDII), HuaAn Fund — Nacity Property Service QDII* (華安基金 — 南都物業QDII), HuaAn Fund — Ruiyang QDII* (華安基金 — 瑞揚 QDII) and other asset management plans represented by HuaAn Fund Management Co., Ltd.* (華安基金管理有限公司) (Note 4)	Other (Note 4)	70,558,000	7.53%
HONG KONG MEI LUN INT’L CO., LIMITED (“ HK Mei Lun ”) (Note 5)	Beneficial owner	53,418,803	5.70%
Ms. Shen Yuehua (“ Ms. Shen ”)	Interest in controlled corporation	53,418,803	5.70%
Mr. Jin Liang (“ Mr. Jin ”)	Interest of spouse	53,418,803	5.70%

Notes:

- (1) As at the Latest Practicable Date, the total number of issued Shares of the Company was 937,308,000 Shares.
- (2) Shengfu International is owned as to 91.60% by Mr. Hu and 8.40% by Ms. Wei, the spouse of Mr. Hu. By virtue of the SFO, Mr. Hu and Ms. Wei are deemed to be interested in the Shares held by Shengfu International.

- (3) Kaibang International is owned by 16 individuals and is owned as to approximately 11.01% by Mr. Tang Junjie (唐俊杰) (an executive Director), 4.50% by Mr. Liu Yibing (劉義兵), 1.25% by Mr. Chen Xin (陳昕), 1.50% by Ms. Zhao Lixiang (趙麗湘) and 1.20% by Mr. Zheng Mingjun (鄭明軍) (each of them a member of the senior management of the Company), 30.12% by Ms. Zhu Hong (朱紅), 30.12% by Ms. Wei Yuefen (魏月芬), 7.94% by Mr. Fei Zhongmin (費忠敏), 1.92% by Mr. Shi Yonghua (石永華), 1.92% by Mr. Meng Jianping (孟建平), 1.92% by Mr. Shi Binbin (施斌斌), 1.92% by Mr. Ding Genming (丁根明), 1.37% by Mr. Feng Yu (馮宇), 0.6% by Mr. Chen Jiangqian (陳江錢), and 1.00% by Ms. Zhao Yuanyuan (趙園園) (each of them an employee of the Group) and 1.7% by Ms. Zhu Xiaoli (朱曉莉).
- (4) HuaAn Fund — Huamei Investment QDII* (華安基金 — 華媒投資QDII), HuaAn Fund — Nacity Property Service QDII* (華安基金 — 南都物業QDII) and HuaAn Fund — Ruiyang QDII* (華安基金 — 瑞揚QDII) single asset management plans held 31,045,000, 6,523,000 and 32,990,000 shares of the Company, respectively. Their respective trustors are Zhejiang Huamei Investment Co., Ltd.* (浙江華媒投資有限公司), Nacity Property Service Group Co., Ltd.* (南都物業服務集團股份有限公司) and Hangzhou Ruiyang Supply Chain Management Co., Ltd.* (杭州瑞揚供應鏈管理有限公司).
- (5) HK Mei Lun is owned as to approximately 93.9% by Ms. Shen and 6.1% by Mr. Jin, the spouse of Ms. Shen. By virtue of the SFO, Ms. Shen and Mr. Jin are deemed to be interested in the Shares held by HK Mei Lun.

Save as disclosed above, as at the Latest Practicable Date, so far as it was known by or otherwise notified to any Directors or the chief executive of the Company, other than a Director or the chief executive of the Company, none of the Shareholders had any interests or short positions in the Shares and underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes 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).

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group, excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. DIRECTORS INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective associates had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group pursuant to Rule 8.10 of the Listing Rules.

7. DIRECTORS' INTEREST IN ASSETS, CONTRACTS OR ARRANGEMENT

References are made to the announcements of the Company dated 24 August 2023 and the circular of the Company dated 23 February 2024 respectively, in relation to, among other things, the entering into of the Underground Parking Space Use Rights Transfer Agreements and the Equity Transfer Agreement, all of which shall take effect from the date on which the Company obtains the approval by the Independent Shareholders for each of the transactions contemplated under the Underground Parking Space Use Rights Transfer Agreements and the Equity Transfer Agreement.

a) Underground Parking Space Use Rights Transfer Agreements

On 24 August 2023 (after trading hours), Hangzhou Junde (an indirect wholly-owned subsidiary of the Company) entered into separate transfer agreements of underground parking space use rights with Hangzhou Desheng, Hangzhou Deyin, Hangzhou Kaishen and Hangzhou Konggang respectively. The subject matter and consideration of the transactions contemplated thereunder are set out below:

Underground Parking Space Use Rights Transfer Agreement A

Parties : (1) Hangzhou Junde, as the purchaser; and
(2) Hangzhou Desheng, as the vendor.

Hangzhou Desheng is a company established in the PRC with limited liability and is ultimately controlled by Dexin China as to 90.10%.

Subject matter : Hangzhou Junde has conditionally agreed to purchase and Hangzhou Desheng has conditionally agreed to sell the rights-of-use of the designated 250 underground car parking spaces in Heping Dexin Center (和平德信中心), which is situated at the intersection of Shaoxing Road and Desheng Road, Gongshu District, Hangzhou City, Zhejiang Province, the PRC (中國浙江省杭州市拱墅區紹興路與德勝路交匯處) upon the terms and conditions of the Underground Parking Space Use Rights Transfer Agreement A.

Consideration : The total contract amount of this agreement shall be RMB52,825,000.

Underground Parking Space Use Rights Transfer Agreement B

Parties : (1) Hangzhou Junde, as the purchaser; and
(2) Hangzhou Deyin, as the vendor.

Hangzhou Deyin is a company established in the PRC with limited liability and is ultimately controlled by Dexin China as to 90.10%.

Subject matter : Hangzhou Junde has conditionally agreed to purchase and Hangzhou Deyin has conditionally agreed to sell the rights-of-use of the designated 429 underground car parking spaces in Yinhu Technology Park (銀湖科技園), which is situated at West of the intersection of Fuxian Road and Chuangyi Road, Fuyang District, Hangzhou City, Zhejiang Province, the PRC (中國浙江省杭州市富陽區富閑路與創意路交匯處以西) upon the terms and conditions of the Underground Parking Space Use Rights Transfer Agreement B.

Consideration : The total contract amount of this agreement shall be RMB21,450,000.

Underground Parking Space Use Rights Transfer Agreement C

Parties : (1) Hangzhou Junde, as the purchaser; and
(2) Hangzhou Kaishen, as the vendor.

Hangzhou Kaishen is a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of Dexin China.

Subject matter : Hangzhou Junde has conditionally agreed to purchase and Hangzhou Kaishen has conditionally agreed to sell the rights-of-use of the designated 195 underground car parking spaces in Montnorth (嘉悅府), which is situated at the intersection of Xingguo Road and Xingchen Road, Linping District, Hangzhou City, Zhejiang Province, the PRC (中國浙江省杭州市臨平區興國路與星辰路交匯處) upon the terms and conditions of the Underground Parking Space Use Rights Transfer Agreement C.

Consideration : The total contract amount of this agreement shall be RMB17,160,000.

Underground Parking Space Use Rights Transfer Agreement D

- Parties : (1) Hangzhou Junde, as the purchaser; and
(2) Hangzhou Konggang, as the vendor.
- Hangzhou Konggang is a company established in the PRC with limited liability and is ultimately controlled by Dexin China as to 63.07%.
- Subject matter : Hangzhou Junde has conditionally agreed to purchase and Hangzhou Konggang has conditionally agreed to sell the rights-of-use of the designated 1,000 underground car parking spaces in Dexin Konggang City (德信空港城), which is situated at East of the intersection of Jichang Avenue and Kanhong Road, Xiaoshan District, Hangzhou City, Zhejiang Province, the PRC (中國浙江省杭州市蕭山區機場大道與坎紅路交匯處以東) upon the terms and conditions of the Underground Parking Space Use Rights Transfer Agreement D.
- Consideration : The total contract amount of this agreement shall be RMB120,000,000.

b) The Equity Transfer Agreement

On 24 August 2023 (after trading hours), Shengquan Property (an indirect wholly-owned subsidiary of the Company) entered into the Equity Transfer Agreement with Dexin Movie City and the Target Company. The subject matter and consideration of the transaction contemplated thereunder are set out below:

- Parties : (1) Shengquan Property, as the purchaser;
(2) Dexin Movie City, as the vendor, as the vendor;
and
(3) the Target Company, as the target company.

Hangzhou Konggang is a company established in the PRC with limited liability and is ultimately controlled by Dexin China as to 63.07%.

- Subject matter : Dexin Movie City has conditionally agreed to acquire and Dexin Movie City has conditionally agreed to sell the 100% equity interest in the Target Company upon the terms and conditions of the Equity Transfer Agreement. The principal asset of the Target Company is the Property, which is located at No. 66 Sanmo Line, Deqing County, Huzhou City, Zhejiang Province, the PRC. The site area and the total gross floor area of the Property is 17,819.66 square metres and 31,955.09 square metres respectively. The Property comprises the 4-storey building (including 1-storey basement) providing a total of 186 guest rooms with 3 restaurants, a wine bar and a range of facilities including a pillar-free ballroom, several meeting rooms, an indoor swimming pool, home party and gym. In August 2021, the Property commenced business.
- Consideration : The total contract amount of this agreement shall be RMB90,000,000.

As (i) Mr. Hu is a Director and holds directorship and/or senior management positions in Dexin China and/or certain of its subsidiaries, and is the controlling shareholders of both the Company and Dexin China; and (ii) Mr. Tang Junjie is a Director and is interested in Kaibang International, a substantial shareholder of the Company, they are deemed to have material interests in the transactions contemplated under the Underground Parking Space Use Rights Transfer Agreements and the Equity Transfer Agreement. In addition, as Dr. Wong serves as an independent non-executive director in Dexin China, he is deemed or may be perceived to have a material interest in the transactions contemplated under the Underground Parking Space Use Rights Transfer Agreements and the Equity Transfer Agreement.

As at the Latest Practicable Date, save as disclosed above and expect for the interest of Mr. Hu and Dr. Wong in the transactions contemplated under Non-exempt Continuing Connected Transaction Agreements as disclosed on pages 8 to 16 of this circular, none of the Directors had: (i) any direct or indirect interests in any asset which have been since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or lease to any member of the Group; or (ii) any subsisting material interest in any contract or arrangement at the date of this circular which is significant in relation to the business of the Group.

8. EXPERTS AND CONSENT

- a) The following is the qualification of the experts who have provided advice referred to or contained in this circular:

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

- b) As at the Latest Practicable Date, the Independent Financial adviser had no shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.
- c) The Independent Financial adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter of advice or report and reference to its name in the form and context in which it appears. The letter from the Independent Financial adviser was given as at the date of this circular for incorporation in this circular.
- d) As at the Latest Practicable Date, the Independent Financial adviser did not have any interest, direct or indirect, in any assets which has been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2022 (being the date to which the latest published audited financial statements of the Company were made up).

9. GENERAL

- a) This circular is in both English and Chinese. In the event of inconsistency, the English text shall prevail.

10. DOCUMENTS ON DISPLAY

Electronic copies of the following documents are published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.dexinfuwu.com) for a period of 14 days from the date of this circular (both days inclusive):

- a) the written consent referred to in the section headed “Experts and Consent” in this appendix;
- b) the 2024 Master Dexin China Property Management and Related Services Agreement; and
- c) the 2024 Master Mr. Hu Property Management and Related Services Agreement.



Dexin Services Group Limited

德信服务集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2215)

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the “EGM”) of Dexin Services Group Limited (the “Company”) will be held at 7/F, Dexin Group Building, No. 588, East Huanzhan Road, Shangcheng District, Hangzhou, Zhejiang, China on 13 March 2024 at 10:40 a.m. for considering and, if thought fit, passing, with or without amendments, the following resolution as an ordinary resolution of the Company.

ORDINARY RESOLUTION

1. **THAT** the Non-exempt Continuing Connected Transaction Agreements and the proposed annual caps in relation to the Non-exempt Continuing Connected Transactions be and are hereby approved, confirmed and ratified; and any one of the Directors be and is hereby authorised to do all such further acts and things and execute such further documents and take all such steps which in his/her opinion may be necessary, desirable or expedient to implement and/or give effect to the Non-exempt Continuing Connected Transaction Agreements and/or the transactions contemplated thereunder.

By order of the Board
Dexin Services Group Limited
Hu Yiping
Chairman

Hangzhou, PRC, 23 February 2024

Notes:

- (i) Details of the above resolution are set out in the circular of the Company dated 23 February 2024 (the “Circular”). Unless the context otherwise requires, terms used herein shall have the same meanings as defined in the Circular.
- (ii) A shareholder entitled to attend and vote at the EGM 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 EGM. On a poll, votes may be given either personally or by proxy.
- (iii) In the case of joint holders, any one of such joint holders may vote at the EGM, 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 EGM, the vote of the senior who tenders a vote, whether in person or by proxy,

NOTICE OF EXTRAORDINARY GENERAL MEETING

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.

- (iv) In order to be valid, a form of proxy must be deposited at 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 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 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.
- (v) The transfer books and register of members of the Company will be closed from Friday, 8 March 2024 to Wednesday, 13 March 2024, both days inclusive, during which period no share transfers can be registered. Shareholders of the Company whose names appear on the register of members of the Company at the close of business on Friday, 8 March 2024 are entitled to attend and vote at the EGM. In order to qualify for attending the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 7 March 2024.

As at the date of this notice, the Board of Directors of the Company comprises Mr. Hu Yiping (Chairman), Mr. Tang Junjie and Ms. Zheng Peng as executive Directors; and Dr. Wong Wing Kuen Albert, Mr. Rui Meng and Mr. Yang Xi as independent non-executive Directors.