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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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### **S-Enjoy Service Group Co., Limited**

**新城悅服務集團有限公司**

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

**(Stock Code: 1755)**

#### **(1) MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS IN RELATION TO ENTERING INTO LOAN FRAMEWORK AGREEMENT; AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



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A letter from the Board is set out on pages 4 to 19 of this circular. A letter from the Independent Board Committee is set out on pages 20 to 21 of this circular. A letter from China Sunrise Capital, the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 22 to 51 of this circular.

A notice convening the EGM of the Company to be held at Beijing Room, 42/F, The Center, 99 Queen's Road Central, Hong Kong on Monday, 9 December 2024 at 10:30 a.m. is set out on pages EGM-1 to EGM-4 of this circular. If you intend to attend the EGM by proxy, you are required to duly complete the form of proxy according to the instructions printed thereon and return it to the Hong Kong branch share registrar of the Company, Link Market Services (Hong Kong) Pty Limited at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. before 10:30 a.m. on Saturday, 7 December 2024) or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM or any adjourned meeting thereof if they so wish. Such form of proxy is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.xinchengyue.com](http://www.xinchengyue.com).

22 November 2024

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## DEFINITIONS

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

“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Company”	S-Enjoy Service Group Co., Limited (新城悅服務集團有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at Beijing Room, 42/F, The Center, 99 Queen’s Road Central, Hong Kong on Monday, 9 December 2024 at 10:30 a.m. for the Independent Shareholders to consider and, if thought fit, to approve, among others, the ordinary resolution in relation to the Loan Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps)
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee (which comprises Ms. Zhang Yan, Mr. Zhu Wei and Mr. Xu Xinmin, all of them being independent non-executive Directors) established to advise the Independent Shareholders in respect of the continuing connected transactions contemplated under the Loan Framework Agreement and the proposed annual caps

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## DEFINITIONS

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“Independent Financial Adviser” or “China Sunrise Capital”	China Sunrise Capital Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions contemplated under the Loan Framework Agreement and the proposed annual caps
“Independent Shareholders”	the Shareholders, other than Mr. Wang and his associates and all other Shareholders interested in the Loan Framework Agreement
“Latest Practicable Date”	18 November 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Loan”	the loan in the aggregate principal amount of RMB1,000.0 million under the Loan Framework Agreement
“Loan Agreement”	the loan agreement dated 30 September 2024 entered into between the Company and Seazen Holdings in relation to the provision of the New Loan
“Loan Framework Agreement”	the loan framework agreement dated 30 September 2024 entered into between the Company and Seazen Holdings in relation to the provision of the Loan
“Mr. Wang”	Mr. Wang Zhenhua, the founder and a controlling shareholder of the Company
“New Loan”	the loan in the principal amount of RMB120.0 million under the Loan Agreement

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## DEFINITIONS

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“Notice of EGM”	the notice convening the EGM as set out on pages EGM-1 to EGM-4 of this circular
“PRC”	the People’s Republic of China
“Property”	a portion of the composite commercial building held by Seazen Holdings Group in the PRC with total gross floor area of approximately 82,077.41 square meters
“RMB”	Renminbi, the lawful currency of the PRC
“Seazen”	Seazen Group Limited (新城發展控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 1030)
“Seazen Holdings”	Seazen Holdings Co., Ltd. (新城控股集團股份有限公司), a subsidiary of Seazen and whose shares are listed on the Shanghai Stock Exchange (stock code: 601155)
“Seazen Holdings Group”	Seazen Holdings and its subsidiaries
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of US\$0.01 each
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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LETTER FROM THE BOARD

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**S-Enjoy Service Group Co., Limited**

**新城悅服務集團有限公司**

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

**(Stock Code: 1755)**

***Directors:***

*Executive Directors:*

Mr. Qi Xiaoming (*Chairman and  
Chief Executive Officer*)  
Mr. Yang Bo  
Ms. Wu Qianqian

*Registered office:*

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

*Non-Executive Directors:*

Mr. Wang Xiaosong  
Mr. Lv Xiaoping  
Mr. Lu Zhongming

*Headquarters in the PRC:*

8th Floor, Seazen Holdings Tower A  
No. 6, Lane 388, Zhongjiang Road  
Putuo, Shanghai  
PRC

*Independent Non-Executive Directors:*

Ms. Zhang Yan  
Mr. Zhu Wei  
Mr. Xu Xinmin

*Principal place of business in Hong Kong:*

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

22 November 2024

*To the Shareholders*

Dear Sir or Madam,

**(1) MAJOR TRANSACTION AND CONTINUING CONNECTED  
TRANSACTIONS IN RELATION TO ENTERING INTO  
LOAN FRAMEWORK AGREEMENT; AND  
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 30 September 2024 in relation to, among others, the continuing connected transactions in relation to entering into the Loan Framework Agreement.

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## LETTER FROM THE BOARD

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

1. details in relation to the Loan Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps);
2. the opinion and recommendation of the Independent Board Committee on the Loan Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps); and
3. a letter of advice from China Sunrise Capital to the Independent Board Committee and the Independent Shareholders containing its opinion and recommendation on the Loan Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps).

### THE LOAN FRAMEWORK AGREEMENT

#### Background

On 30 September 2024 (after trading hours), the Company and Seazen Holdings entered into the Loan Framework Agreement in relation to the provision of the Loan in the aggregate principal amount of RMB1,000.0 million during the period commencing from the effective date of the Loan Framework Agreement and ending on 29 September 2027.

#### Particulars of the Loan Framework Agreement

The principal terms of the Loan Framework Agreement are summarised as follows:

Date: 30 September 2024

Parties: (i) The Company; and  
(ii) Seazen Holdings

Principal amount: The Group (collectively referred to as the “**Lender**”) shall provide the Loan in the aggregate principal amount of RMB1,000.0 million to Seazen Holdings Group (collectively referred to as the “**Borrower**”).

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## LETTER FROM THE BOARD

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Subject to the terms of the Loan Framework Agreement, and upon fulfilment of the underlying conditions for drawdown thereunder, the Borrower may drawdown the Loan in several tranches within the term of the Loan Framework Agreement. The Lender and the Borrower shall separately enter into specific agreements and security documents for the relevant drawdowns. The Loan is a one-time line of credit, and any repaid principal amount of the Loan under the relevant specific agreements to be entered into pursuant to the Loan Framework Agreement shall not refresh the total amount available for drawdown within the term of the Loan Framework Agreement.

**Purpose of the Loan:** Unless otherwise consented by the Lender in writing in advance, the Loan shall be used for the construction of the projects of the Borrower and replenishment of their working capital.

**Term:** The term of the Loan Framework Agreement shall commence from the effective date of the Loan Framework Agreement and ending on 29 September 2027 (the “**Final Maturity Date**”). The term of each drawdown of the Loan shall commence from the date of the relevant remittance and be determined in the specific agreement to be entered into between the Lender and the Borrower, provided that all outstanding principal amount of the Loan and the interest accrued thereon shall be repaid in full on or before the Final Maturity Date.

**Interest rate:** The interest rate for the Loan shall be the higher of: (i) the Loan Prime Rate (“**LPR**”) for loans of more than one year (inclusive) and less than five years (if any) published by the People’s Bank of China (“**PBOC**”) applicable on the date of drawdown; and (ii) the fixed lending rate of 6.05% per annum.

The interest shall be accrued daily based on a 360-day year commencing from the relevant drawdown date, and shall be paid on an annual basis.

The interest rate was agreed upon between the Company and Seazen Holdings after arm’s length negotiation, after taken into consideration, among others, the LPR published by PBOC from time to time and the average finance costs of Seazen Holdings recorded by the end of June 2024.

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## LETTER FROM THE BOARD

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- Repayment: Subject to the terms of the Loan Framework Agreement, the Borrower shall repay the outstanding drawdown amount under the relevant specific agreements together with the unpaid interest accrued thereon in full on or before the maturity dates as provided in the specific agreements, and in any event, the Borrower shall repay all outstanding drawdown amount together with unpaid interest accrued thereon under the Loan Framework Agreement on or before the Final Maturity Date.
- Conditions precedent for drawdown: Each drawdown shall be subject to the fulfilment of the following conditions:
- (1) The Borrower having provided an account for the drawdown and repayment of the Loan in accordance with the requirements of the Lender;
  - (2) The Borrower and the Lender having validly executed the relevant specific agreement in relation to the Loan;
  - (3) The Borrower and the Lender having validly executed relevant agreements in relation to the credit enhancement measures (including but not limited to mortgages and pledges) approved by the Lender (including but not limited to mortgage/pledge agreements);
  - (4) The Borrower and the Lender (and their direct or indirect controlling shareholders, if applicable) having obtained all applicable approvals and complied with disclosure procedures as required by applicable stock exchange listing rules (if any) with respect to the execution of the specific agreements and documents of the relevant credit enhancement measures;
  - (5) The Borrower and the Lender (and their direct or indirect controlling shareholders, if applicable) having complied with the applicable requirements of the Listing Rules;
  - (6) There having been no event of default by the Borrower or any circumstances as set out under the Loan Framework Agreement that would adversely affect the Lender's claim on the Loan or the credit enhancement measures; and

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## LETTER FROM THE BOARD

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(7) There having no laws, regulations, rules, or competent authorities prohibiting or restricting the Lender from providing the Loan under the Loan Framework Agreement.

The Lender shall have the right to set additional conditions precedent for drawdown in the specific agreements to be entered into with the Borrower.

Credit enhancement measures: The Borrower shall provide its assets as approved by the Lender (the “**Charged Assets**”) as credit enhancement measures of the Loan. The Borrower is entitled to, subject to prior consent from the Lender, sell or entrust the Lender (including a third party designated by the Lender or an associate of the Lender) to sell the Charged Assets for repayment purpose, or for the Borrower’s self-use purpose on the condition that assets of equivalent value for substitution having been charged to the Lender by the Borrower.

In any event, the total value of the Charged Assets from time to time shall be no less than the unpaid principal amount of the Loan divided by the loan-to-value ratio of 60%. Subject to the actual circumstances regarding the processing of the mortgage or pledge of the Charged Assets, the Borrower and the Lender may proceed to replace the Charged Assets or provide additional Charged Assets for the purpose of maintaining the loan-to-value ratio of no higher than 60%. In addition, prior to each drawdown, the assets provided as the Charged Assets by the Borrower is subject to the prior approval by the Lender and the Lender shall have the full discretion to assess whether the market value of the assets to be charged exceeds or equals to the value of the unpaid principal for the purpose of maintaining the loan-to-value ratio of no higher than 60%.

In the event that the Borrower defaults in repaying any overdue amount under the Loan Framework Agreement or the specific agreements, the Lender shall be entitled to exercise its rights to realise the Charged Assets and the proceeds from such realisation shall be applied to repay the overdue amount.

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## LETTER FROM THE BOARD

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The loan-to-value ratio of no higher than 60% was determined after arm's length negotiation between the Company and Seazen Holdings with reference to the loan-to-value ratio of the operational property loan obtained by Seazen Holdings Group for the nine months ended 30 September 2024 and the loan-to-value ratio of previous financing activities conducted by Seazen Holdings Group such as the medium term notes issued by Seazen Holdings Group which are largely within the range of approximately 50% to 65%.

The Board has also considered (i) the loan-to-value ratio applied on pledged operating property assets for bank borrowings of the major commercial banks in the PRC generally ranges from approximately 50% to 60%; and (ii) the recommended loan limits stated in the “Notice on Effectively Managing Commercial Property Loans”\* (關於做好經營性物業貸款管理的通知) (the “**Notice**”) jointly issued by the General Administration Department of the PBOC and the General Office of the National Financial Regulatory Administration, which states that commercial property loans should not exceed 70% of the appraised value of the underlying property.

The Directors consider that the credit enhancement measures are able to provide adequate protection to safeguard the interests of the Company and its Shareholders as a whole for the following reasons:

- (i) the loan-to-value ratio of no higher than 60% under the Loan Framework Agreement is (a) within the range of loan-to-value ratio for the borrowings and financial activities conducted by Seazen Holdings Group, with a buffer against potential declines in values of the Charged Assets; (b) within the range of loan-to-value ratio for loans offered by the major commercial banks in the PRC; and (c) more stringent than the loan-to-value ratio stated under the Notice;

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## LETTER FROM THE BOARD

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- (ii) prior to each drawdown, the Lender and the Borrower shall separately enter into specific agreement and security documents for the relevant drawdowns. The Borrower shall provide the Lender with the Charged Assets as collateral for each drawdown, which are subject to prior approval from the Lender. Prior to the approval, the Company will review the valuation report of the proposed Charged Assets and make assessment on the situation of the Charged Assets, with an aim to ensure the value of the Charged Assets is sufficient to cover the amount of each drawdown;
- (iii) the Group will also engage an independent valuer to assess the value of the Charged Assets on a half-yearly basis to ensure that the loan-to-value ratio of no higher than 60% has been complied with; and
- (iv) pursuant to the Loan Framework Agreement, the Group shall be entitled to exercise its rights to realise the Charged Assets and the proceeds from such realisation shall be applied to repay the overdue amount by the Borrower in case the Borrower defaults in repayment.

In light of the above and the measures adopted by the Group to ensure the value of the Charged Assets, the Directors are of the view that the loan-to-value ratio of no higher than 60% is reasonable and in the interests of the Company and its Shareholders as a whole.

Others:

The Loan Framework Agreement shall become effective upon the satisfaction of the following conditions:

- (1) the legal representative or authorised agent of each party to the Loan Framework Agreement having executed the Loan Framework Agreement and affixed the seal thereto;
- (2) the Company having duly convened the EGM and obtained its approval for the Loan Framework Agreement and the transactions contemplated thereunder in accordance with the Listing Rules; and

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## LETTER FROM THE BOARD

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- (3) Seazen having duly convened a general meeting and obtained its approval for the Loan Framework Agreement and the transactions contemplated thereunder in accordance with the Listing Rules.

The Loan will be financed by the internal resources of the Group.

### **Proposed Annual Caps and Basis for Determination**

The proposed annual caps in respect of the Loan will be the maximum aggregate principal amount available for drawdown under the Loan Framework Agreement which, for the entire term of the Loan Framework Agreement (i.e. over the two years ended 31 December 2026, and the period from 30 September 2024 to 31 December 2024 and the period from 1 January 2027 to 29 September 2027) shall not exceed RMB1,000.0 million. For clarity, pursuant to the Loan Framework Agreement, the Loan is a one-time line of credit, and any repaid principal amount of the Loan under the relevant specific agreement to be entered into pursuant to the Loan Framework Agreement shall not refresh the total amount available for drawdown within the term of the Loan Framework Agreement.

The proposed annual caps were determined with reference to (i) the total principal amount of the Loan available for drawdown under the Loan Framework Agreement; (ii) the Group's internal financial resources currently available; (iii) the potential financial needs of Seazen Holdings Group; and (iv) the benefits of entering into the Loan Framework Agreement as set out below in the paragraph headed "Reasons for and Benefits of Entering into the Loan Framework Agreement".

On 30 September 2024, the Company and Seazen Holdings entered into the Loan Agreement, pursuant to which it is agreed that the Group shall extend to Seazen Holdings Group the New Loan in the principal amount of RMB120.0 million, which is secured by the Property. For details, please refer to the paragraph headed "2. THE LOAN AGREEMENT" in the announcement of the Company dated 30 September 2024. Save as disclosed above, there was no historical transaction in relation to the provision of any loan between the Group and Seazen Holdings Group which was secured by assets of Seazen Holdings Group.

### **Financial Effects of the Loan Framework Agreement**

As at 30 June 2024, the unaudited total assets and total liabilities of the Group were RMB6,970.5 million and RMB3,572.1 million, respectively, and the unaudited total current assets and total current liabilities of the Group were RMB5,896.7 million and RMB3,420.0 million, respectively. As at 30 June 2024, the cash and cash equivalents of the Group were RMB2,107.3 million.

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## LETTER FROM THE BOARD

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After the Loan Framework Agreement has become effective, the provision of the Loan to Seazen Holdings Group will be financed entirely by the Group's internal resources. Once the Loan is drawdown, the Loan will be recorded as loan receivables and classified under non-current assets and, at the same time, the cash and cash equivalents under current assets of the Group will be reduced by the same amount such that the total assets of the Group will remain unchanged. The Group will also be entitled to earn interest income each year at the rate of 6.05% per annum during the term of the Loan, which will have a positive impact on the Group's earnings.

Save as disclosed above, the Directors are of the view that the provision of the Loan contemplated under the Loan Framework Agreement is not expected to have any material impact on earnings, assets and liabilities of the Group.

### **Reasons for and Benefits of Entering into the Loan Framework Agreement**

The Group is an experienced property management services provider in the PRC engaging in the provision of property management services, such as property and equipment maintenance, security services, cleaning services, gardening services and public area maintenance, whereas Seazen Holdings Group primarily engages in property development and property investment in the PRC. The Group has fostered a long and stable cooperative relationship with Seazen Holdings Group, through providing property management services to Seazen Holdings Group since 1996. Such services had provided a steady stream of income to the Group.

The Directors consider the Loan Framework Agreement as an opportunity to reinforce the relationship between the Group and Seazen Holdings Group. The Loan could serve to strengthen the financial health of Seazen Holdings Group, and allow additional flexibility in the deployment of its working capital to facilitate construction and timely delivery of its projects under development, which the Group may in turn be engaged to provide property management services after those properties are delivered. This is beneficial to the long-term development of the Group.

Meanwhile, the interest rate of the Loan is determined to be the higher of (i) the LPR for loans of more than one year (inclusive) and less than five years (if any) published by PBOC applicable on the date of drawdown; and (ii) the fixed lending rate of 6.05% per annum. Such arrangement could safeguard the Group's interests by ensuring that the interest rates would at least commensurate with the market LPR. Further, the fixed interest rate of 6.05% was determined after arm's length negotiation with reference to the average finance costs of Seazen Holdings Group recorded by the end of June 2024, and was higher and more favourable than the one-year and five-year LPR of 3.35% and 3.85% per annum, respectively, as announced by the PBOC with effect from 20 September 2024. In connection to the above, the interest income from the Loan

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## LETTER FROM THE BOARD

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would provide additional income to the Group, and generate higher rate of return for the Group than from depositing the idle fund into the Group's bank deposit account (with interest rates of approximately 1.5% per annum so far in 2024).

To further safeguard the Group's interests, before each drawdown, Seazen Holdings Group is required to provide Charged Assets approved by the Group as securities with a value not less than the unpaid principal amount of the Loan divided by the loan-to-value ratio of 60% (for details of the basis of determination of the loan-to-value ratio, please refer to the paragraph headed "Particulars of the Loan Framework Agreement — Credit enhancement measures" above). As a result, the value of the Charged Assets would be much higher than the outstanding principal amount of the Loan. Taking into account the above, and considering the Charged Assets shall be subject to the approval by the Group before they are accepted as securities, and that the Group is entitled to sell the Charged Assets and apply the proceeds onto the repayment of any outstanding amounts in the case of default by Seazen Holdings Group, the Directors believe the risk of default of the Loan is adequately mitigated by the above measures.

The Directors has also assessed the financial viability of the Group before entering into the Loan Framework Agreement, by considering the Group's future cashflow requirements. As the Company is a property management services provider, there is generally fewer capital requirement and commitment given property management is an asset-light industry. In addition, the Directors noted that the Group has no outstanding bank loans as at 30 September 2024, and has been maintaining a positive cash inflow generated from operating activities for the six months ended 30 June 2024 and for the years ended 31 December 2022 and 2023.

In order to ensure the Company maintains a sufficient level of working capital and a sound financial position, the finance department shall continue to monitor and prudently manage its operating cash inflows and outflows as well as its overall working capital requirements and report to the senior management of the Company on a regular monthly basis to ensure that the Company has sufficient working capital to fund its operation after the provision of the Loan. In particular, the Board has assessed the level of cashflow of the Group in the next twelve months by taking into account, among others, the expected income to be generated, the expected expenses to be incurred (such as selling and marketing expenses, administrative expenses and staff costs), and is satisfied that even if the entire amount of the Loan is drawdown by Seazen Holdings Group, the Group would still have a positive cash balance and sufficient working capital to sustain its ordinary course of business.

The Board also conducted due diligence and credit risk assessment on the Borrower to assess the repayment ability and creditworthiness of the Borrower before entering into the Loan Framework Agreement. In particular, the Board has reviewed the financial statements of Seazen Holdings, including its 2024 interim report and 2023 annual report, and noted that Seazen

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## LETTER FROM THE BOARD

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Holdings generated net cash from operating activities of approximately RMB10,157.8 million for the year ended 31 December 2023, and recorded net assets of approximately RMB85,154.6 million and cash equivalents of approximately RMB15,782.3 million as at 30 June 2024. In addition, the Board also reviewed the credit report issued by China Chengxin International Credit Rating Co. Ltd.\* (中誠信國際信用評級有限責任公司) (which is an independent credit rating company engaged by Seazen Holdings to conduct ratings for the medium term note issued by Seazen Holdings and on Seazen Holdings itself as the issuer) in May 2024, which indicated that the credit rating of Seazen Holdings has been maintained at AAA since its last assessment in May 2023. As at the Latest Practicable Date, the Directors are not aware of any material adverse matters in relation to Seazen Holdings Group which would materially impair its ability to fulfil its repayment obligations under the Loan Framework Agreement.

Considering further that (i) the Loan is secured by the Charged Assets provided by the Borrower as collateral, which shall be subject to the prior approval by the Lender; (ii) the loan-to-value ratio of no higher than 60% and the measures implemented by the Group would ensure that the value of the Charged Assets is sufficiently higher than the amount of the Loan; (iii) the Group is entitled to exercise its rights pursuant to the Loan Framework Agreement to realise the Charged Assets for repayment of any overdue amount by the Borrower; and (iv) the Group is entitled to replace the Charged Assets or demand the Borrower to provide additional Charged Assets to maintain the loan-to-value ratio of no higher than 60%, the Directors are of the view that the above measures in place in connection with the provision of the Loan are sufficient to prevent any loss of the Company and its Shareholders and are able to safeguard and secure the interests of the Group and its Shareholders.

Taking into account the above, and after further considering that (i) the Group would ensure to have sufficient working capital and maintain sound financial position after the provision of the Loan under the Loan Framework Agreement pursuant to the measures set out above; (ii) the due diligence and credit risk assessment conducted; and (iii) the internal control measures adopted by the Group to safeguard the interests of itself and the Shareholders, the Directors (including the independent non-executive Directors whose views are set out in the section headed “Letter from Independent Board Committee” in this circular, after considering the advice from China Sunrise Capital, and excluding the Directors who had abstained from voting on the Board resolution (as set out below) to approve the Loan Framework Agreement) are of the view that the terms of the Loan Framework Agreement and the proposed annual caps are fair and reasonable, and the Loan and transactions contemplated under the Loan Framework Agreement, although are not in the ordinary and usual course of business, are entered into on normal commercial terms, and in the interests of the Company and its Shareholders as a whole.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, (i) Mr. Wang Xiaosong, a non-executive Director and the son of Mr. Wang; and (ii) Mr. Lv Xiaoping and Mr. Lu Zhongming, being the non-executive Directors and the executive directors of Seazen, were considered to have material interests in the transactions under the Loan Framework Agreement. As such, they had abstained from voting on the Board resolution approving the relevant agreements and the transactions contemplated thereunder (including the proposed annual caps). Save as mentioned above, none of the other Directors has a material interest in the transactions contemplated under the Loan Framework Agreement, and therefore, no other Director had abstained from voting on approval of the relevant resolution.

### INTERNAL CONTROL MEASURES

In connection with the relevant drawdown of the Loan and in order to monitor the performance of the relevant specific agreements and security documents, and to mitigate the default risk associated with the Loan, the Company has taken the following internal control measures, and considers that such measures are adequate and sufficient to safeguard its interests:

- (i) the senior management of the Company will conduct continuous monitoring of the operations of Seazen Holdings Group through fostering and maintaining regular communication and active interaction between the parties, and to ensure the Loan is used in accordance with the purpose permitted under the Loan Framework Agreement;
- (ii) the finance department of the Company will regularly keep track of the income status of Seazen Holdings Group to continuously assess the risk of the Loan Framework Agreement;
- (iii) the finance and legal departments of the Company will review each application for drawdown and closely monitor the aggregated outstanding drawdown balances and report the latest status to the chief financial officer of the Company at least on a monthly basis to ensure that it does not exceed the proposed annual caps. In the event the aggregated principal amount of the Loan is expected to exceed the proposed annual caps, the responsible staff would escalate the issue to the Board forthwith, and the Company would timely re-comply with the requirements under Chapter 14A of the Listing Rules;
- (iv) the finance department of the Company will, before the signing of each specific agreement under the Loan Framework Agreement: (a) check the LPR published by PBOC; and (b) compare the interest rate of the Loan with at least two major commercial

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## LETTER FROM THE BOARD

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banks or financial institutions to confirm the interest rate charged is in line with or better than the market rates and the specific agreements are entered into on normal commercial terms;

- (v) the finance department of the Company will review the valuation of the Charged Assets before each drawdown with reference to the then market value of the Charged Assets and any other factors that might affect the value of the Charged Assets and continue to monitor the value of the Charged Assets afterwards to ensure the value of the Charged Assets is not less than the unpaid principal amount of the Loan divided by the loan-to-value ratio of 60%. The responsible staff shall inform the Board forthwith if further securities from Seazen Holdings Group would be necessary to maintain such loan-to-value ratio;
- (vi) the Company's external auditor will conduct an annual review of the transactions entered into under the Loan Framework Agreement to ensure that the transaction amount is within the proposed annual caps and the transactions are in accordance with the terms set out in the Loan Framework Agreement; and
- (vii) the independent non-executive Directors will conduct an annual review of the status of the transactions contemplated under the Loan Framework Agreement to ensure that the Company has complied with its internal approval process and the relevant requirements under the Listing Rules.

### INFORMATION OF THE PARTIES INVOLVED

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

Seazen Holdings is a company established in the PRC with limited liability whose shares are listed on the Shanghai Stock Exchange (stock code: 601155). It is a subsidiary of Seazen (a company incorporated in the Cayman Islands whose shares are listed on the Stock Exchange (stock code: 1030)). Mr. Wang is the controlling shareholder of Seazen.

### LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Mr. Wang, the controlling shareholder of the Company, and his associates indirectly hold approximately 64.76% of the issued shares of Seazen, which is in turn the holding company of Seazen Holdings. Accordingly, Seazen Holdings is an associate of Mr.

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## LETTER FROM THE BOARD

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Wang and a connected person of the Company, and the entering into of the Loan Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest percentage ratio (as defined in the Listing Rules) in respect of the proposed annual caps for the transactions contemplated under the Loan Framework Agreement exceeds 5%, the provision of the Loan under the Loan Framework Agreement and the proposed annual caps are subject to the reporting, announcement, annual review, circular (including independent financial advice) and independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Further, as the highest percentage ratio (as defined in the Listing Rules) in respect of the transactions contemplated under the Loan Framework Agreement exceeds 25% but is less than 100%, the provision of the Loan under the Loan Framework Agreement constitutes a major transaction of the Company and therefore is subject to the reporting, announcement, circular and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

### EGM AND PROXY ARRANGEMENT

An EGM will be convened for the Independent Shareholders to consider and, if thought fit, to approve, among others, the Loan Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps).

All Shareholders who have a material interest in any of the transactions contemplated under the Loan Framework Agreement, together with their associates, will be required to abstain from voting on the relevant resolution to be proposed at the EGM. Accordingly, Mr. Wang and Mr. Wang's associated companies, which are deemed to be interested in 600,000,000 Shares, representing an aggregate of approximately 68.86% of the issued share capital of the Company as at the Latest Practicable Date, will be required to abstain from voting at the EGM on the ordinary resolution in relation to the Loan Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps). Save as disclosed above, there is no other Shareholder who has any material interest in the transactions contemplated under the Loan Framework Agreement. As such, no other Shareholder is required to abstain from voting at the EGM on the ordinary resolution in relation to the Loan Framework Agreement and the transactions contemplated thereunder.

The Independent Board Committee has been formed in accordance with the Listing Rules to advise the Independent Shareholders on the Loan Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps). In this connection, China Sunrise

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## LETTER FROM THE BOARD

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Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Loan Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps).

Whether or not you are able to attend the EGM, you are required to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Link Market Services (Hong Kong) Pty Limited at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish and in such event, the form of proxy shall be deemed to be revoked. Such form of proxy is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.xinchengyue.com](http://www.xinchengyue.com)).

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 6 December 2024 to Monday, 9 December 2024 (both dates inclusive), during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Link Market Services (Hong Kong) Pty Limited at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong for registration not later than 4:30 p.m. on Thursday, 5 December 2024.

### **VOTING BY WAY OF POLL**

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

### **RECOMMENDATIONS**

The Independent Board Committee after considering the advice from the Independent Financial Adviser, is of the view that the terms of the Loan Framework Agreement and the proposed annual caps are fair and reasonable, and the Loan and transactions contemplated under the Loan Framework Agreement, although are not in the ordinary and usual course of business, are entered into on normal commercial terms, and in the interests of the Company and its Shareholders as a whole.

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## LETTER FROM THE BOARD

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The Board recommends the Independent Shareholders to vote in favour of the ordinary resolution in respect of the Loan Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps) at the EGM.

### **ADDITIONAL INFORMATION**

Your attention is drawn to the letter from the Independent Board Committee set out on pages 20 to 21 of this circular containing the recommendations from the Independent Board Committee to the Independent Shareholders in respect of the Loan Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps). The advice from China Sunrise Capital to the Independent Board Committee and the Independent Shareholders, on the fairness and reasonableness of the terms of the Loan Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps) is set out on pages 22 to 51 of this circular.

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

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

\* *For identification purposes only*

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**LETTER FROM INDEPENDENT BOARD COMMITTEE**

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**S-Enjoy Service Group Co., Limited**

**新城悅服務集團有限公司**

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

**(Stock Code: 1755)**

22 November 2024

*To the Independent Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO ENTERING INTO LOAN FRAMEWORK AGREEMENT**

We refer to the circular of the Company dated 22 November 2024 (the “**Circular**”), of which this letter forms a part. Terms defined therein shall have the same meanings as those defined in the Circular unless the context otherwise requires.

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

China Sunrise Capital has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee on the fairness and reasonableness of the terms of the continuing connected transactions contemplated under the Loan Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps). Details of the advice from China Sunrise Capital, together with the principal factors taken into consideration in arriving at such advice, are set out in its letter on pages 22 to 51 of the Circular.

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## LETTER FROM INDEPENDENT BOARD COMMITTEE

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We wish to draw your attention to the letter from the Board set out on pages 4 to 19 of the Circular. Having considered the information contained in the letter from the Board, the interests of the Independent Shareholders and the advice and recommendation given by China Sunrise Capital, we consider that the terms of the Loan Framework Agreement and the proposed annual caps are fair and reasonable, and the Loan and transactions contemplated under the Loan Framework Agreement, although are not in the ordinary and usual course of business, are entered into on normal commercial terms, and in the interests of the Company and its Shareholders as a whole.

Accordingly, we recommend that the Independent Shareholders vote in favour of the ordinary resolution regarding the Loan Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps) to be proposed at the EGM.

Yours faithfully

**Zhang Yan**  
*Independent*  
*non-executive Director*

**Zhu Wei**  
*Independent*  
*non-executive Director*

**Xu Xinmin**  
*Independent*  
*non-executive Director*

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

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## LETTER FROM CHINA SUNRISE CAPITAL

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*Set out below is the text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Loan Framework Agreement and the transactions contemplated thereunder (including the proposed annual cap), which has been prepared for the purpose of inclusion in this Circular.*



**CHINA SUNRISE CAPITAL LIMITED**

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

22 November 2024

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

Dear Sirs or Madams,

### **MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS IN RELATION TO ENTERING INTO LOAN FRAMEWORK AGREEMENT**

#### **INTRODUCTION**

We refer to our appointment by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Loan Framework Agreement and the transactions contemplated thereunder (collectively, the “**Continuing Connected Transactions**”), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 22 November 2024 (the “**Circular**”), of which this letter (the “**Letter**”) forms part. Capitalised terms used in this Letter shall have the same meanings as those defined in this Circular unless otherwise defined or the context requires otherwise.

On 30 September 2024 (after trading hours), the Company and Seazen Holdings entered into the Loan Framework Agreement in relation to the provision of the Loan in the aggregate amount of RMB1,000.0 million during the period commencing from the effective date of the Loan Framework Agreement and ending on 29 September 2027.

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## LETTER FROM CHINA SUNRISE CAPITAL

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### LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Mr. Wang, the controlling shareholder of the Company, and his associates indirectly hold approximately 64.76% of the issued shares of Seazen, which is in turn the holding company of Seazen Holdings. Accordingly, Seazen Holdings is an associate of Mr. Wang and a connected person of the Company, and the entering into of the Loan Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest percentage ratio (as defined in the Listing Rules) in respect of the proposed annual caps for the transactions contemplated under the Loan Framework Agreement exceeds 5%, the provision of the Loan under the Loan Framework Agreement and the proposed annual caps are subject to the reporting, announcement, annual review, circular (including independent financial advice) and independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Further, as the highest percentage ratio (as defined in the Listing Rules) in respect of the transactions contemplated under the Loan Framework Agreement exceeds 25% but is less than 100%, the provision of the Loan under the Loan Framework Agreement constitutes a major transaction of the Company and therefore is subject to the reporting, announcement, circular and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this circular, (i) Mr. Wang Xiaosong, a non-executive Director and the son of Mr. Wang; and (ii) Mr. Lv Xiaoping and Mr. Lu Zhongming, being the non-executive Directors and the executive directors of Seazen, were considered to have material interests in the transactions under the Loan Framework Agreement. As such, they had abstained from voting on the Board resolutions approving the relevant agreements and the transactions contemplated thereunder (including the proposed annual caps). Save as mentioned above, none of the other Directors has a material interest in the transactions contemplated under the Loan Framework Agreement, and therefore, no other Director had abstained from voting on approval of the relevant resolutions.

The Company will convene an EGM to seek Independent Shareholders' approval on the Loan Framework Agreement and the transactions (including the proposed annual caps) contemplated thereunder.

All Shareholders who have a material interest in any of the transactions contemplated under the Loan Framework Agreement, together with their associates, will be required to abstain from voting on the relevant resolution(s) to be proposed at the EGM. Accordingly, Mr. Wang and Mr. Wang's Associated Companies, which are deemed to be interested in 600,000,000 Shares,

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## LETTER FROM CHINA SUNRISE CAPITAL

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representing an aggregate of approximately 68.86% of the issued share capital of the Company as at the Latest Practicable Date, will be required to abstain from voting at the EGM on the resolutions in relation to the Loan Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps). Save as disclosed above, there is no other Shareholder who has any material interest in the transactions contemplated under the Loan Framework Agreement. As such, no other Shareholder is required to abstain from voting at the EGM on the resolutions in relation to the Loan Framework Agreement and the transactions contemplated thereunder.

### THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Zhang Yan, Mr. Zhu Wei and Mr. Xu Xinmin, has been established to consider and make a recommendation to the Independent Shareholders on:

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

We, China Sunrise Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee pursuant to Rule 13.84 of the Listing Rules.

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

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## LETTER FROM CHINA SUNRISE CAPITAL

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### OUR INDEPENDENCE

During the past two years immediately prior to the Latest Practicable Date, we were appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of certain continuing connected transactions. Details of which are set out in the circular of the Company dated 4 December 2023 (the “**Past Appointment**”). The Past Appointment is independent to our current appointment in relation to the Continuing Connected Transactions. We are of the view that the Past Appointment would not render our current appointment becoming not independent based on the fact that the Past Appointment and the current appointment in connection with the Continuing Connected Transactions are two different sets of continuing connected transactions which are different in nature and our professional fees in connection with the Past Appointment have been fully settled and we are not aware of the existence of or change in any circumstances that could affect our independence. Accordingly, we do not consider the Past Appointment gives rise to any conflict of interest for China Sunrise Capital in respect of the Continuing Connected Transactions.

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

Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangement exists whereby we have received or will receive any fees or benefits from the Group, or the Directors, chief executive or substantial Shareholders of the Company or any of their respective associates, Seazen Holdings or any other parties that could reasonably be regarded as relevant to our independence and we are not aware of the existence of or change in any circumstances that would affect our independence. Accordingly, we consider that we are eligible to give independent advice on the Continuing Connected Transactions and the transactions contemplated thereunder under Rule 13.84 of the Listing Rules.

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## LETTER FROM CHINA SUNRISE CAPITAL

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### BASIS OF OUR ADVICE

In formulating our advice, we have relied on the truth, accuracy and completeness of the statements, information, facts, representations and opinions contained or referred to in this Circular, provided and made to us by the Directors and the management of the Group (collectively, the “**Management**”), the Company, and its advisers. We have reviewed, amongst other things:

- (i) the Loan Framework Agreement;
- (ii) the Company’s interim report for the six months ended 30 June 2024 (the “**2024 Interim Report**”);
- (iii) the Company’s annual report for the year ended 31 December 2023 (the “**2023 Annual Report**”);
- (iv) the Company’s annual report for the year ended 31 December 2022 (the “**2022 Annual Report**”); and
- (v) other information as set out in the Circular.

This Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this Circular or this Circular misleading. We have also sought and received confirmation from the Directors that no material information or facts have been omitted from the information and facts provided to us and the representations made and opinions expressed by them are not misleading or deceptive in any material respect. We have no reason to suspect that any material information or facts have been omitted or withheld nor to doubt the truth, accuracy or completeness of the information and facts contained in this Circular or provided to us, or the reasonableness of the opinions expressed by the Management, the Company, and its advisers, which have been provided to us.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for us to formulate our advice as set out in this Letter. We have assumed that all statements, information, facts, representations and opinions contained or referred to in this Circular and/or those provided to us by the Management, the Company and its advisers, for which they are solely and wholly responsible, have been reasonably made after due

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## LETTER FROM CHINA SUNRISE CAPITAL

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enquiries and careful consideration and are true, accurate and complete in all material respects and not misleading or deceptive at the time when they were provided or made and will continue to be so in all material respect up to the date of the EGM.

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

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

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

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

### **PRINCIPAL FACTORS TAKEN INTO CONSIDERATION**

In formulating our opinion and recommendations in respect of the Continuing Connected Transactions to the Independent Board Committee and the Independent Shareholders, we have taken into consideration the following principal factors and reasons. Our conclusions are based on the results of all analyses taken as a whole.

#### **1. Background information of the Group**

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

## LETTER FROM CHINA SUNRISE CAPITAL

The following is the highlights of the financial results of the Group for each of the year ended 31 December 2022 (“**FY2022**”) and 2023 (“**FY2023**”), and the six months ended 30 June 2023 (“**1H2023**”) and 2024 (“**1H2024**”), as extracted from the 2022 Annual Report, the 2023 Annual Report and the 2024 Interim Report, respectively:

**Table 1: Highlights of the financial results of the Group**

	Unaudited		Audited	
	1H2024 (RMB'000)	1H2023 (RMB'000)	FY2023 (RMB'000)	FY2022 (RMB'000)
Revenue	2,770,369	2,681,101	5,424,284	5,179,553
— Property management services	1,907,903	1,694,125	3,555,106	3,024,934
— Value-added services	862,466	986,976	1,869,178	2,154,619
Gross profit	753,209	717,574	1,438,478	1,338,140
Profit for the period/year attributable to the owners of the Company	301,599	293,789	445,045	423,476

Sources: the 2022 Annual Report, the 2023 Annual Report and the 2024 Interim Report

### **FY2023 vs FY2022**

For FY2023, the Group recorded revenue of approximately RMB5,424.3 million, representing an increase of approximately 4.7% from approximately RMB5,179.6 million for FY2022. Such increase in revenue was mainly attributable to: (i) the increase in property management services segment by approximately 17.5% from approximately RMB3,024.9 million for FY2022 to approximately RMB3,555.1 million for FY2023; and (ii) offset by the decrease in value-added services segment by approximately 13.2% from approximately RMB2,154.6 million for FY2022 to approximately RMB1,869.2 million for FY2023. Under the value-added segment, the community-related value-added services recorded a growth of approximately 2.3% from approximately RMB1,284.5 million for FY2022 to approximately RMB1,314.3 million for FY2023, which was offset by the decrease in developer-related value-added services from approximately RMB870.1 million for FY2022 to RMB554.9 million for FY2023.

The Group recorded profit attributable to the owners of the Company of approximately RMB445.0 million for FY2023, representing an increase of approximately 5.1% from approximately RMB423.4 million for FY2022 which was mainly due to the slightly growth of the revenue from the Group’s property management services.

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## LETTER FROM CHINA SUNRISE CAPITAL

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### **1H2024 vs 1H2023**

The revenue of the Group increased by approximately 3.3% from approximately RMB2,681.1 million for 1H2023 to approximately RMB2,770.3 million for 1H2024. The revenue increase was primarily attributable to the increase in property management services segment by approximately 12.6% from approximately RMB1,694.1 million for 1H2023 to approximately RMB1,907.9 million for 1H2024.

Based on the above, the net profit attributable to equity shareholders of the Company reached approximately RMB301.6 million for 1H2024, representing an increase of approximately 2.7% from approximately RMB293.8 million for 1H2023.

The following is the highlights of the financial positions of the Group as at 30 June 2024 and as at 31 December 2023, as extracted from the 2024 Interim Report:

**Table 2: Highlights of the financial positions of the Group**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2024</b>	<b>2023</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Non-current assets	1,073,764	1,130,362
Current assets	5,896,717	5,552,281
— <i>Cash and cash equivalents</i>	<i>2,107,341</i>	<i>1,927,283</i>
Total assets	6,970,481	6,682,643
Non-current liabilities	152,144	236,043
Current liabilities	3,419,957	3,155,392
Total liabilities	3,572,101	3,391,435
Net asset value (“NAV”) attributable to owners of the Company	3,029,866	2,903,765

*Source: the 2024 Interim Report*

The current assets mainly consisted of inventories, contract assets, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, trade receivables, prepayments, deposits and other receivables and cash and cash equivalents. The total current assets increased from approximately RMB5,552.3 million as at 31 December 2023 to approximately RMB5,896.7 million as at 30 June 2024, representing a slight increase of

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## LETTER FROM CHINA SUNRISE CAPITAL

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approximately 6.2%. The rise was mainly attributable to combined factors consisting of, among others: (i) drop in financial assets at fair value through profit or loss by approximately RMB203.2 million; (ii) additional trade receivables by approximately RMB489.7 million; and (iii) a surge in cash and cash equivalents by approximately RMB180.1 million.

As at 30 June 2024, the total assets and liabilities of the Group were approximately RMB6,970.5 million and RMB3,572.1 million respectively, as compared to the respective total assets and liabilities of approximately RMB6,682.6 million and RMB3,391.4 million as at 31 December 2023 respectively, registering a slight increase of approximately 4.3% and 5.3% respectively. Given the movement of the total assets and total liabilities of the Group highlighted above, the NAV attributable to owners of the Company increased from approximately RMB2,903.8 million as at 31 December 2023 to approximately RMB3,029.9 million as at 30 June 2024, representing a moderate increase of approximately 4.3%.

During the course of our review on the financial position and operational performance of the Group, as stated in the 2024 Interim Report and 2023 Annual Report, the Group demonstrated a solid financial position, the NAV attributable to owners of the Company stood at approximately RMB3,029.9 million and RMB2,903.8 million as at 30 June 2024 and 31 December 2023 respectively. The Group also registered a cash and cash equivalents of approximately RMB2,107.3 million and RMB1,972.3 million as at 30 June 2024 and 31 December 2023 respectively. Furthermore, the Group generated net cash from operating activities of approximately RMB423.7 million for FY2023. All of which indicated that the Group has maintained a steady growth and solid financial performance. Additionally, it should be noted that no borrowings have been recorded for the Group as at 30 June 2024 and 31 December 2023 respectively, which also indicates the Group possesses the financial flexibility to generate additional interest income through the provision of the Loan to a long term business partner. In addition, we have also obtained and reviewed from the Management on the Group's cash flow forecast for the next twelve months. It indicates that the Group will generate sufficient working capital to meet its operational needs while providing the Loan. As discussed with the Management, the finance department of the Company would also monitor its cash flow trends regularly and the Group will be able to adjust its operational strategies based on market fluctuations. We are of a view that the Group is capable to provide the Loan whereas maintaining sufficient working capital and a sound financial position after the provision of the Loan under the Loan Framework Agreement.

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## LETTER FROM CHINA SUNRISE CAPITAL

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### **2. Background information of Seazen Holdings**

As stated in the Letter from the Board, Seazen Holdings is a company established in the PRC with limited liability whose shares are listed on the Shanghai Stock Exchange (stock code: 601155). It is a subsidiary of Seazen (a company incorporated in the Cayman Islands whose shares are listed on the Stock Exchange (stock code: 1030). Mr. Wang is the controlling shareholder of Seazen.

### **3. Reasons for and benefits of the Continuing Connected Transactions**

As disclosed in the Letter from the Board, the Group is an experienced property management services provider in the PRC engaging in the provision of property management services, such as property and equipment maintenance, security services, cleaning services, gardening services and public area maintenance, whereas Seazen Holdings Group primarily engages in property development and property investment in the PRC. The Group has fostered a long and stable cooperative relationship with Seazen Holdings Group, through providing property management services to Seazen Holdings Group since 1996. Such services had provided a steady stream of income to the Group.

The Directors consider the Loan Framework Agreement as an opportunity to reinforce the relationship between the Group and Seazen Holdings Group. The Loan could serve to strengthen the financial health of Seazen Holdings Group, and allow additional flexibility in the deployment of its working capital to facilitate construction and timely delivery of its projects under development, which the Group may in turn be engaged to provide property management services after those properties are delivered. This is beneficial to the long-term development of the Group.

Meanwhile, the interest rate of the Loan is determined to be the higher of (i) the LPR for loans of more than one year (inclusive) and less than five years (if any) published by PBOC applicable on the date of drawdown; and (ii) the fixed lending rate of 6.05% per annum. Such arrangement could safeguard the Group's interests by ensuring that the interest rates would at least commensurate with the market LPR. Further, the fixed interest rate of 6.05% was determined after arm's length negotiation with reference to the average finance costs of Seazen Holdings Group recorded by the end of June 2024, and was higher and more favourable than the one-year and five-year LPR of 3.35% and 3.85% per annum, respectively, as announced by the PBOC with effect from 20 September 2024. In connection to the above, the interest income from the Loan would provide additional income to the Group, and generate higher rate of return for the Group than from depositing the idle fund into the Group's bank deposit account.

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## LETTER FROM CHINA SUNRISE CAPITAL

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To further safeguard the Group’s interests, before each drawdown, Seazen Holdings Group is required to provide Charged Assets approved by the Group as securities with a value not less than the unpaid principal amount of the Loan divided by the loan-to-value (“LTV”) ratio of 60% (for details of the basis of determination of the LTV ratio, please refer to the paragraph headed “Particulars of the Loan Framework Agreement — Credit enhancement measures” as set out in the Letter from the Board). As a result, the value of the Charged Assets would be much higher than the outstanding principal amount of the Loan. Taking into account the above, and considering the Charged Assets shall be subject to the approval by the Group before they are accepted as securities, and that the Group is entitled to sell the Charged Assets and apply the proceeds onto the repayment of any outstanding amounts in the case of default by Seazen Holdings Group, the Directors believe the risk of default of the Loan is adequately mitigated by the above measures.

As stated in the Letter from the Board, the Directors has also assessed the financial viability of the Group before entering into the Loan Framework Agreement, by considering the Group’s future cashflow requirements. As the Company is a property management services provider, there is generally fewer capital requirement and commitment given property management is an asset-light industry. In addition, the Directors noted that the Group has no outstanding bank loans as at 30 September 2024, and has been maintaining a positive cash inflow generated from operating activities for 1H2024, FY2022 and FY2023.

In order to ensure the Company maintains a sufficient level of working capital and a sound financial position, the finance department shall continue to monitor and prudently manage its operating cash inflows and outflows as well as its overall working capital requirements and report to the senior management of the Company on a regular monthly basis to ensure that the Company has sufficient working capital to fund its operation after the provision of the Loan. In particular, the Board has assessed the level of cashflow of the Group in the next twelve months by taking into account, among others, the expected income to be generated, the expected expenses to be incurred (such as selling and marketing expenses, administrative expenses and staff costs), and is satisfied that even if the entire amount of the Loan is drawdown by Seazen Holdings Group, the Group would still have a positive cash balance and sufficient working capital to sustain its ordinary course of business.

The Board also conducted due diligence and credit risk assessment on the Borrower to assess the repayment ability and creditworthiness of the Borrower before entering into the Loan Framework Agreement. In particular, the Board has reviewed the financial statements of Seazen Holdings, including its 2024 interim report and 2023 annual report, and noted that Seazen Holdings generated net cash from operating activities of approximately RMB10,157.8 million for FY2023, and recorded net assets of approximately RMB85,154.6 million and cash equivalents of approximately RMB15,782.3 million as at 30 June 2024. In addition, the Board also reviewed the credit report issued by China Chengxin International Credit Rating Co. Ltd.\* (中誠信國際信用評

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級有限責任公司) (which is an independent credit rating company engaged by Seazen Holdings to conduct ratings for the medium term note issued by Seazen Holdings) in May 2024, which indicated that the credit rating of Seazen Holdings has been maintained at AAA since its last assessment in May 2023. As at the Latest Practicable Date, the Directors are not aware of any material adverse matters in relation to Seazen Holdings Group which would materially impair its ability to fulfil its repayment obligations under the Loan Framework Agreement.

Considering further that (i) the Loan is secured by the Charged Assets provided by the Borrower as collateral of the Loan, which shall be subject to the prior approval by the Lender; (ii) the LTV ratio of no higher than 60% and the measures implemented by the Group would ensure that the value of the Charged Assets is sufficiently higher than the amount of the Loan; (iii) the Group is entitled to exercise its rights pursuant to the Loan Framework Agreement to realise the Charged Assets for repayment of any overdue amount by the Borrower; and (iv) the Group is entitled to replace the Charged Assets or demand the Borrower to provide additional Charged Assets to maintain the LTV ratio of no higher than 60%, the Directors are of the view that the above measures in place in connection with the provision of the Loan are sufficient to prevent any loss of the Company and its Shareholders and are able to safeguard and secure the interests of the Group and its Shareholders.

Having considered the above, given that the Loan Framework Agreement would allow the Group to seize higher returns for the Shareholders from its abundant cash with manageable credit risk, we concur with the Directors that the entering into of the Loan Framework Agreement although are not in the ordinary and usual course of business of the Group, nevertheless are on normal commercial terms, and in the interests of the Company and its Shareholders as whole.

#### **4. Principal terms of the Loan Framework Agreement**

On 30 September 2024 (after trading hours), the Company and Seazen Holdings entered into the Loan Framework Agreement in relation to the provision of the Loan in the aggregate principal amount of RMB1,000.0 million during the period commencing from the effective date of the Loan Framework Agreement and ending on 29 September 2027. As extracted from the Letter from the Board, the principal terms of the Loan Framework Agreement are summarised as follows:

Date:	30 September 2024
Parties:	(i) The Company; and (ii) Seazen Holdings

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## LETTER FROM CHINA SUNRISE CAPITAL

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Principal Amount: The Group (collectively referred to as the “**Lender**“) shall provide the Loan in the aggregate principal amount of RMB1,000.0 million to Seazen Holdings Group (collectively referred to as the “**Borrower**“).

Subject to the terms of the Loan Framework Agreement, and upon fulfilment of the underlying conditions for drawdown thereunder, the Borrower may drawdown the Loan in several tranches within the term of the Loan Framework Agreement. The Lender and the Borrower shall separately enter into specific agreements and security documents for the relevant drawdowns. The Loan is a one-time line of credit, and any repaid principal amount of the Loan under the relevant specific agreements to be entered into pursuant to the Loan Framework Agreement shall not refresh the total amount available for drawdown within the term of the Loan Framework Agreement.

Purpose of the Loan: Unless otherwise consented by the Lender in writing in advance, the Loan shall be used for the construction of the projects of the Borrower and replenishment of their working capital.

Term: The term of the Loan Framework Agreement shall commence from the effective date of the Loan Framework Agreement and ending on 29 September 2027 (the “**Final Maturity Date**“). The term of each drawdown of the Loan shall commence from the date of the relevant remittance and be determined in the specific agreement to be entered into between the Lender and the Borrower, provided that all outstanding principal amount of the Loan and the interest accrued thereon shall be repaid in full on or before the Final Maturity Date.

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## LETTER FROM CHINA SUNRISE CAPITAL

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Interest rate: The interest rate for the Loan shall be the higher of: (i) the Loan Prime Rate (“LPR”) for loans of more than one year (inclusive) and less than five years (if any) published by the People’s Bank of China (“PBOC”) applicable on the date of drawdown; and (ii) the fixed lending rate of 6.05% per annum.

The interest shall be accrued daily based on a 360-day year commencing from the relevant drawdown date, and shall be paid on an annual basis.

The interest rate was agreed upon between the Company and Seazen Holdings after arm’s length negotiation, after taken into consideration, among others, the LPR published by PBOC from time to time and the average finance costs of Seazen Holdings recorded by the end of June 2024.

Repayment: Subject to the terms of the Loan Framework Agreement, the Borrower shall repay the outstanding drawdown amount under the relevant specific agreements together with the unpaid interest accrued thereon in full on or before the maturity dates as provided in the specific agreements, and in any event, the Borrower shall repay all outstanding drawdown amount together with unpaid interest accrued thereon under the Loan Framework Agreement on or before the Final Maturity Date.

Conditions precedent for drawdown: Each drawdown shall be subject to the fulfilment of the following conditions:

- (1) The Borrower having provided an account for the drawdown and repayment of the Loan in accordance with the requirements of the Lender;
- (2) The Borrower and the Lender having validly executed the relevant specific agreement in relation to the Loan;

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- (3) The Borrower and the Lender having validly executed relevant agreements in relation to the credit enhancement measures (including but not limited to mortgages and pledges) approved by the Lender (including but not limited to mortgage/pledge agreements);
- (4) The Borrower and the Lender (and their direct or indirect controlling shareholders, if applicable) having obtained all applicable approvals and complied with disclosure procedures as required by applicable stock exchange listing rules (if any) with respect to the execution of the specific agreements and documents of the relevant credit enhancement measures;
- (5) The Borrower and the Lender (and their direct or indirect controlling shareholders, if applicable) having complied with the applicable requirements of the Listing Rules;
- (6) There having been no event of default by the Borrower or any circumstances as set out under the Loan Framework Agreement that would adversely affect the Lender's claim on the Loan or the credit enhancement measures; and
- (7) There having no laws, regulations, rules, or competent authorities prohibiting or restricting the Lender from providing the Loan under the Loan Framework Agreement.

The Lender shall have the right to set additional conditions precedent for drawdown in the specific agreements to be entered into with the Borrower.

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## LETTER FROM CHINA SUNRISE CAPITAL

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Credit enhancement  
measures:

The Borrower shall provide its assets as approved by the Lender (the “**Charged Assets**”) as credit enhancement measures of the Loan. The Borrower is entitled to, subject to prior consent from the Lender, sell or entrust the Lender (including a third party designated by the Lender or an associate of the Lender) to sell the Charged Assets for repayment purpose, or for its the Borrower’s self-use purpose on the condition that assets of equivalent value for substitution having been charged to the Lender by the Borrower.

In any event, the total value of the Charged Assets from time to time shall be no less than the unpaid principal amount of the Loan divided by the LTV ratio of 60%. Subject to the actual circumstances regarding the processing of the mortgage or pledge of the Charged Assets, the Borrower and the Lender may proceed to replace the Charged Assets or provide additional Charged Assets for the purpose of maintaining the LTV ratio of no higher than 60%. In addition, prior to each drawdown, the assets provided as Charged Assets by the Borrower is subject to the prior approval by the Lender and that the Lender shall have the full discretion to assess whether the market value of the assets to be charged exceed or equal to the value of the unpaid principal for the purpose of maintaining the LTV ratio of no higher than 60%.

In the event that the Borrower defaults in repaying any overdue amount under the Loan Framework Agreement or the specific agreements, the Lender shall be entitled to exercise its rights to realise the Charged Assets and the proceeds from such realisation shall be applied to repay the overdue amount.

The LTV ratio of no higher than 60% was determined after arm’s length negotiation between the Company and Seazen Holdings with reference to the LTV ratio of the operational property loan obtained by Seazen Holdings Group for the nine months ended 30 September 2024 and LTV ratio of previous financing activities conducted by Seazen Holdings Group such as the medium term notes issued by Seazen Holdings Group which are largely within the range of approximately 50% to 65%.

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The Board has also considered (i) the LTV ratio applied on pledged operating property assets for bank borrowings of the major commercial banks in the PRC generally ranged from approximately 50% to 60%; and (ii) the recommended loan limits stated in the Notice (as defined below) jointly issued by the General Administration Department of the People's Bank of China and the General Office of the National Financial Regulatory Administration, which states that commercial property loans should not exceed 70% of the appraised value of the underlying property.

The Directors considers that the credit enhancement measures are able to provide adequate protection to safeguard the interests of the Company and its Shareholders as a whole for the following reasons:

- (i) the LTV ratio of no higher than 60% under the Loan Framework Agreement is (a) within the range of LTV ratios for the borrowings and financial activities conducted by Seazen Holdings Group, with a buffer against potential declines in asset values of the Charged Assets; (b) within the range of LTV ratio for loans offered by the major commercial banks in the PRC; and (c) more stringent than the LTV ratio stated under the Notice;
- (ii) prior to each drawdown, the Lender and Borrower shall separately enter into specific agreement and security documents for the relevant drawdowns. The Borrower shall provide the Lender with Charged Assets as collateral for each drawdown, which is subject to prior approval from the Lender. Prior to the approval, the Company will review the valuation report of the proposed Charged Assets and make assessment on the situation of the Charged Assets, with an aim to ensure the value of the Charged Assets is sufficient to cover the amount of each drawdown;

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- (iii) the Group will also engage an independent valuer to assess the value of the Charged assets on a half-yearly basis to ensure that the LTV ratio of no higher than 60% has been complied with; and
- (iv) pursuant to the Loan Framework Agreement, the Group shall be entitled to exercise its rights to realise the Charged Assets and the proceeds from such realisation shall be applied to repay the overdue amount by the Borrower in case the Borrower defaults in repayment.

In light of the above and the measures adopted by the Group to ensure the value of the Charged Assets, the Directors are of the view that the LTV ratio of no higher than 60% is reasonable and in the interests of the Company and its Shareholders as a whole.

Others:

The Loan Framework Agreement shall become effective upon the satisfaction of the following conditions:

- (1) The legal representative or authorised agent of each party to the Loan Framework Agreement having executed the Loan Framework Agreement and affixed the seal thereto;
- (2) The Company having duly convened a general meeting and obtained its approval for the Loan Framework Agreement and the transactions contemplated thereunder in accordance with the Listing Rules; and
- (3) Seazen having duly convened a general meeting and obtained its approval for the Loan Framework Agreement and the transactions contemplated thereunder in accordance with the Listing Rules.

The Loan will be financed by the internal resources of the Group.

For further details of the principal terms of the Loan Framework Agreement, please refer to section headed “Particulars of the Loan Framework Agreement” in the Letter from the Board.

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## LETTER FROM CHINA SUNRISE CAPITAL

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### *Security for the Loan*

Pursuant to the Loan Framework Agreement, the Loan shall be secured by the Charged Assets to be executed by the Borrower in favour of the Lender (i.e. the Company) as security for the due and punctual repayment obligations of the Loan. In the event that the Borrower failed to repay any overdue amount under the Loan Framework Agreement or the specific agreements, the Lender is entitled to sell the Charged Assets and the proceeds of which will be allocated for repayment purpose. The total value of the Charged Assets shall not be less than the unpaid principal amount of the Loan divided by the LTV ratio of 60%. As discussed with the Management, based on the preliminary proposal brought forward by the management of Seazen Holdings, the potential Charged Assets are proposed to be a composite commercial building located in PRC. We have assessed the fairness and reasonableness of the LTV ratio and performed independent desktop research and noted from the websites of five sizeable commercial banks in PRC that the LTV ratio applied on pledged operating property assets for bank borrowings generally ranged from approximately 50% to 60%, which is in line with the LTV ratio of 60% as stipulated under the Loan Framework Agreement. In addition, on 24 January 2024, the General Administration Department of the PBOC and the General Office of the National Financial Regulatory Administration jointly issued the “Notice on Effectively Managing Commercial Property Loans”\* (關於做好經營性物業貸款管理的通知) (the “**Notice**”) in order to implement the decisions on promoting the stable and sound development of the real estate market, make full use of commercial property loans, and meet the reasonable financing needs of real estate enterprises. The Notice sets out detailed requirements on the issuance of commercial property loans by commercial banks in terms of the regulatory scope as well as loan tenures, amounts and uses. The Notice further stated that, among others, commercial banks should set limits reasonably on the amounts of commercial property loans based on factors, such as the business performance and valuation of the underlying property, in principle, such loan limits should not exceed 70% of the appraised value of the underlying property.

We have assessed the fairness and reasonableness of the LTV ratio (i.e. no higher than 60%) based on our independent research on the market practice and regulatory requirement. The LTV ratio is in line with the industry practice observed among five sizeable commercial banks in PRC, which generally apply LTV ratio between the range of approximately 50% and 60% for pledged operating properties. Additionally, after our discussions with the Management, we then compared the LTV ratio of previous financing activities conducted by Seazen Holdings Group such as the medium term notes issued by Seazen Holdings Group which generally fall within the range of approximately 50% to 65%. As abovementioned, the relevant regulatory guidelines as set out under the Notice stipulated that loan limits should not exceed 70% of the appraised value of the underlying property. The Management is therefore of the view that the LTV ratio of no higher than 60% should be regarded as a prudent manner to safeguard the Company and its Shareholders against any potential declines in the asset values of Charged Assets, whereby offering a buffer

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between the LTV ratio as stipulated under the Loan Framework Agreement and the regulatory guidelines as set out under the Notice. According to the internal control measures as mentioned below under the section headed “6. Internal control measures and review of the Continuing Connected Transactions”, the finance department of the Company will review the valuation report of the Charged Assets before each drawdown and continue to monitor their valuation thereafter so as to ensure the relevant Charged Assets remains not less than the unpaid principal amount of the Loan divided by the LTV ratio of 60%. The responsible staff shall inform the Board forthwith if further securities from Seazen Holdings Group are necessary to maintain such LTV ratio.

Based on the above, we are of the view that maintaining the LTV ratio is in the interest of the Company and its shareholders as a whole. This approach not only promotes prudent risk management but also enhances the Company’s ability to navigate market fluctuations effectively.

As stated in the section headed “INTERNAL CONTROL MEASURES” in the Letter from the Board, the finance department of the Company will review the valuation of the Charged Assets before each drawdown and continue to monitor the value of the Charged Assets afterwards to ensure the value of the Charged Assets is not less than the unpaid principal amount of the Loan divided by the LTV ratio of 60%. Based on the above, we concur with the Management that the potential credit risk of the Loan is manageable. We have further performed a thorough analysis on the financial statements of Seazen Holdings by making referencing to its 2024 interim report and the 2023 annual report. This analysis includes assessments of liquidity, profitability, net current assets, and cash flows. We noted that Seazen Holdings generated net cash from operating activities of approximately RMB10,157.8 million for FY2023. As at 30 June 2024, Seazen Holdings recorded NAV of approximately RMB85,154.6 million and cash equivalents of approximately RMB15,782.3 million, which indicate Seazen Holdings possess substantial liquid assets and its strong liquidity position. As stated in the 2024 interim report of Seazen Holdings, the loan and interest repayment ratio\* (貸款償還率及利息償付率) of Seazen Holdings stood at 100% as at 30 June 2024, demonstrated the reliability of Seazen Holdings in servicing its loans and honouring its debt repayment obligation. Furthermore, we have also obtained and reviewed the credit rating report of Seazen Holdings from the Company, we noted that Seazen Holdings has engaged China Chengxin International Credit Rating Co., Ltd.\* (中誠信國際信用評級有限責任公司), an independent credit rating company, to conduct a rating for the medium term note issued by Seazen Holdings. The credit rating report indicated that the credit rating of Seazen Holdings has maintained at AAA rating in 2023, indicated a stable outlook on Seazen Holdings and the credit rating in 2024 also stood at AAA, remain unchanged from the previous assessments, the consistency of which would suggest Seazen Holdings Group possesses a sound financial stability and repayment capacity. Nevertheless, in addition to reviewing the credit rating report produced by an independent third-party, as stated in the section headed “6. Internal control measures and review

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of the Continuing Connected Transactions” below, the finance department of the Company will also regularly keep track of the income status of Seazen Holdings Group to continuously assess the underlying risk associated with the Loan Framework Agreement.

In addition, we have discussed with the Management in relation to the measures adopted by the Company to ensure that the Charged Assets would maintain a sufficient value to cover the unpaid principal amount of the Loan. We understand that a systematic procedure has been established for monitoring the market conditions and asset valuations continuously which would allow the Company to respond in a timely manner for any market fluctuations should they arise. Primarily, the Group will engage an independent valuer to prepare a valuation report to assess the value of Charged Assets on a half-yearly basis. The valuation report will then be reviewed by the finance department of the Company so as to ensure the appraised value of the relevant Charged Assets would not render the LTV ratio to be higher than the threshold of 60%. As abovementioned, the Group is entitled to sell the Charged Assets and apply the proceeds onto the repayment of any outstanding amounts in the case of default by Seazen Holdings Group, we are of the view that this contingency mechanism, coupled with the valuation to be appraised by the independent valuer should be sufficient to ensure the recovery of Loan and prevents any loss in the event of property market distress in the PRC.

Furthermore, we have obtained and reviewed a list of potential Charged Assets provided by the Management and their respective valuation reports as at 30 June 2024 issued by the independent valuer. The valuation reports set out the methodology of, and basis and assumptions adopted for the potential Charged Assets by the independent valuer. We have discussed with Management and understand that the preference of the Group is to accept a diversified portfolio of Charged Assets, namely with various geographical location across the PRC, which would reduce exposure to localised market downturns and offer stability for the asset base. We are of the view that against the backdrop of the overall challenging property market, with the risk management measures undertaken by the Company as abovementioned, the risk for the Charged Assets becoming not sufficient to cover the unpaid principal amount of the Loan should be remote.

Based on the above, in particular (i) the LTV ratio is set at a level of not higher than 60% is in line with the industry practice and complies with the Notice with a buffer should be treated as a prudent manner of the Company; (ii) the solid financial and liquidity position demonstrated by the Seazen Holdings and the Company; (iii) the internal control measures adopted by the Company would facilitate an ongoing assessment on the Seazen Holdings Group so as to mitigate any underlying default risk associate with the Loan; and (iv) the interest income to be generated from the Loan can incur an additional revenue stream for the Company and the Loan at the same time, could serve the purpose of strengthening the financial flexibility of Seazen Holdings Group in the deployment of its working capital to facilitate its construction project, which the Group may in turn be engaged for the provision of property management services after those properties are

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delivered. We are therefore of a view that the entering into of the Loan Framework Agreement not only aligns with the business development of the Company and is also in the interest of the Company and its Shareholders as a whole.

### 5. Interest rate and proposed annual caps of the Loan Framework Agreement

#### (i) *Interest rate of the Loan Framework Agreement*

Pursuant to the Loan Framework Agreement, the interest rate for the Loan shall be the higher of: (i) the LPR for loans of more than one year (inclusive) and less than five years (if any) published by the PBOC applicable on the date of drawdown; and (ii) the fixed lending rate of 6.05% per annum. As abovementioned in the table headed “Table 2: Highlights of the financial positions of the Group”, the Group had abundant total cash and bank balances of approximately RMB\$2,107.3 million as at 30 June 2024, the majority of which is currently placed as fixed deposits in banks with effective interest rate of approximately 1.5% per annum. In addition, as at the Latest Practicable Date, according to the website of the PBOC (<http://www.pbc.gov.cn/en/3688229/3688335/3883798/5464547/index.html>), the one-year LPR and over-five-year LPR are stood at approximately 3.35% and 3.85% respectively. Under this current scenario, the effective interest rate for the Loan would be approximately 6.05% per annum, which is higher than the interest rates incurred from the Company’s fixed deposits placed in its principal banks (with interest rates of approximately 1.5% per annum so far in 2024).

To further assess the fairness and reasonableness of the interest rate as stipulated under the Loan Framework Agreement, we have conducted independent research by searching on the website of the Stock Exchange, using our best endeavours, regarding the provision of financial assistance to connected party(ies) by companies listed on the Main Board of the Stock Exchange. Based on our best endeavour and as far as we are aware, we have identified a list of nine (9) comparable transactions (the “**Comparable Transactions**”) published during the period from 15 April 2024 to 30 September 2024 (the “**Comparison Period**”), being approximately six (6) months prior to the date of the Loan Framework Agreement. We consider that the Comparison Period is appropriate since it provided, in our opinion, a reasonable and meaningful number of samples for our analysis purpose and the Comparable Transactions are a fair and representative sample.

Shareholders should note that the principal businesses, market capitalisations, profitability and financial positions of the companies undertaking the Comparable Transactions may not be the same as those of the Company, and we have not conducted any in-depth investigation into their businesses and operations. As the Comparable Transactions can provide a general reference of the key terms for similar transactions under the current

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## LETTER FROM CHINA SUNRISE CAPITAL

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market conditions, we consider, to the best of our knowledge and ability, that the Comparable Transactions are exhaustive, fair and indicative in assessing the fairness and reasonableness of the key terms of the Loan Framework Agreement. Details of the Comparable Transactions are set out in the table below.

**Table 3: Analysis of the Comparable Transactions**

Announcement date	Company name (Stock code)	Principal amount of the financial assistance	Approximate duration	Interest rate per annum
26-Sep-2024	TCL Electronics Holdings Limited (1070.HK) (“TCL“)	2025: HK\$4,328.3 million 2026: HK\$4,761.1 million 2027: HK\$5,237.2 million	3 years	N/A <i>(Note 1)</i>
30-Aug-2024	Yankuang Energy Group Company Limited (1171.HK) (“Yankuang Energy“)	RMB5.0 billion	3 years	N/A <i>(Note 2)</i>
16-Aug-2024	Henan Jinyuan Hydrogenated Chemicals Co., Ltd (2502.HK)	RMB30.0 million	6 months	5.0%
16-Jul-2024	Capital Environment Holdings Limited (3989.HK)	RMB7.0 million	1 month	6.5%
17-Jun-2024	JH Educational Technology INC (1935.HK)	RMB55.0 million	2 years	3.1%
11-Jun-2024	China East Education Holdings Limited (667.HK)	RMB150 million	Up to and inclusive of 31-Dec-2025	7.0%
27-May-2024	Global Bio-chem Technology Group Company Limited (809.HK)	RMB200.0 million	8 years	4.0%

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Announcement date	Company name (Stock code)	Principal amount of the financial assistance	Approximate duration	Interest rate per annum
9-May-2024	United Strength Power Holdings Limited (2337.HK)	Not more than HK\$130.0 million	1 year	Hong Kong Interbank Offered Rate plus 0.7% <i>(Note 3)</i>
15-Apr-2024	Ingdan, Inc (400.HK)	RMB90.0 million	3 years	3.8%
		<b>Maximum interest rate</b>		7.0%
		<b>Minimum interest rate</b>		3.8%
		<b>Average interest rate</b>		4.8%

*Source: the website of the Stock Exchange*

*Notes:*

- As disclosed in the announcement, (a) for loans made within the PRC, be within the range of or higher than: (i) the interest rates for loans of the same type offered by major commercial banks of the PRC to the relevant member of TCL Industries Holdings Co., Ltd.\* (TCL實業控股股份有限公司) (“**TCL Industries**”) and its subsidiaries and/or TCL Finance (Hong Kong) Co., Limited (“**TCL Finance**”), and (ii) the interest rates for loans of the same type offered by the TCL group to any independent third party; and (b) for loans made outside the PRC, be within the range of or higher than: (i) the interest rates for loans of the same type offered by major commercial banks located in the place where the relevant member of TCL Industries and its subsidiaries and/or TCL Finance is located to the relevant member of TCL Industries and its subsidiaries and/or TCL Finance.
- As disclosed in the announcement, the average interest rate of external bank loans of Yankuang Xinjiang Energy & Chemical Co., Ltd over the same period shall be adjusted annually and shall not be lower than the cost of funds of Yankuang Energy. The interest rate is determined by Yankuang Energy after taking into account (i) the prevailing interest rate of similar commercial loans currently available to the Yankuang Energy and its subsidiaries are lower than those of Yankuang Xinjiang Energy & Chemical Co., Ltd; and (ii) the prevailing interest rate of similar commercial loans currently offered by commercial banks and in arm’s length negotiation with Yankuang Xinjiang Energy & Chemical Co., Ltd.
- We have adopted the Hong Kong Interbank Offered Rate of 3.72607% as recorded on 9 May 2024 (being the same date as the relevant announcement date) for calculating the average interest rate of the Comparable Transactions.

As demonstrated in table 3 above, we note that the interest rate of the Comparable Transactions ranged from approximately 3.8% to 7.0%, with the average being approximately 4.8%. Under the current situation where the interest rate for one-year LPR and over-five-year LPR stood at approximately 3.35% and 3.85% respectively in the PRC, the 6.05% per annum

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## LETTER FROM CHINA SUNRISE CAPITAL

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under the Loan Framework Agreement is within the range and above the average of the Comparable Transactions. As a result, the interest rate of the Loan is fair and reasonable based on the market comparison during the Comparison Period.

***(ii) Proposed annual caps of the Loan Framework Agreement***

According to the Letter from the Board, the aggregate principal loan amount of RMB1,000.0 million are determined based on (i) the total principal amount of Loan available for drawdown under the Loan Framework Agreement; (ii) the Group's internal financial resources currently available; (iii) the potential financial needs of Seazen Holdings Group; and (iv) the benefits of entering into the Loan Framework Agreement as set out in the paragraph headed "Reasons for and Benefits of Entering into the Loan Framework Agreement" in the Letter from the Board.

To assess the fairness and reasonableness of the maximum aggregate principal amount available for drawdown under the Loan Framework Agreement, we have obtained and reviewed (i) the summary of the intended use of loan proceeds under the Loan Framework Agreement (the "**Proceeds Summary**"); and (ii) the financial performance of Seazen Holdings Group. We have further held discussion with the Management and understand that Seazen Holdings has clearly identified and allocated approximately 58.0% of the Loan with designated purposes, and the remaining tranche will be allocated to the Planned Projects (as defined below). During the course of review on the Proceeds Summary, we are not aware of any notable items which are not in line with the stated purpose of the Loan as set out in the Loan Framework Agreement.

Set out below is the key financial information of Seazen Holdings for each of the FY2022 and FY2023, and 1H2023 and 1H2024:

**Table 4: Highlights of the financial results of Seazen Holdings**

	Unaudited		Audited	
	1H2024 (RMB'000)	1H2023 (RMB'000)	FY2023 (RMB'000)	FY2022 (RMB'000)
Revenue	33,904,407	41,768,384	119,174,278	115,456,683
Profit for the period/year attributable to the owners of the company	1,318,104	2,278,827	737,103	1,393,834

Source: the 2024 interim report and 2023 annual report of Seazen Holdings

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**Table 5: Highlights of the financial positions of Seazen Holdings**

	<b>Unaudited</b>	<b>Audited</b>	
	<b>As at 30 June</b>	<b>As at 31 December</b>	
	<b>2024</b>	<b>2023</b>	<b>2022</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
NAV attributable to owners of the company	61,427,029	60,077,890	59,481,287
Total NAV	85,154,602	86,403,409	89,460,911
Total assets	355,649,345	374,108,790	457,907,015

*Source: the 2024 interim report and 2023 annual report of Seazen Holdings*

The revenue of Seazen Holdings has increased by approximately 3.2% in FY2023 when compared with FY2022 and its revenue has decreased by approximately 18.8% for 1H2024 when compared with the corresponding period in the previous year. As at 30 June 2024, the total assets of the Seazen Holdings were approximately RMB355,649 million as compared to the respective total assets approximately RMB374,109 million as at 31 December 2023, registering a slight decrease of approximately 4.9%. The NAV attributable to owners of the Seazen Holdings increased from approximately RMB60,078 million as at 31 December 2023 to approximately RMB61,427 million as at 30 June 2024, representing an increase of approximately 2.2%.

As stated in the 2024 interim report of Seazen Holdings, during the 30 June 2024, Seazen Holdings has completed a total of 61 projects, with a completed area of approximately 6.9 million square meters (including joint venture projects). As of the end of 30 June 2024, Seazen Holdings had 194 projects under construction, with a total construction area of approximately 30.7 million square meters (including joint venture projects).

We further understand from the 2024 interim report of Seazen Holdings that the planned projects of Seazen Holdings (“**Planned Projects**”) in the second half of 2024, are including but not limited to commence 22 new projects, with a construction area of approximately 1.3 million square meters, this includes approximately 531,200 square meters for residential projects and approximately 806,200 square meters for commercial integrated projects. Seazen Holdings also targets to complete 115 projects during the second half of 2024, thereby achieving a total completed area of approximately 7.0 million square meters, including approximately 3.5 million square meters for residential projects and approximately 3.5 million square meters for commercial integrated projects.

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## LETTER FROM CHINA SUNRISE CAPITAL

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As the Loan will generally be utilised specifically for the construction of the abovementioned projects, enabling Seazen Holdings to enhance its operational capacity, meet market demand, and continue its growth in the property construction industry. The Directors considered that the Loan could serve to strengthen the financial health of Seazen Holdings Group, at the same time would allow additional flexibility in the deployment of its working capital to facilitate construction and timely delivery of its projects under development, which the Group may in turn be engaged to provide property management services after those properties are delivered.

Based on the above, in particular (i) the Proceeds Summary coupled with the Planned Projects are in line with the stated purpose of the Loan as set out in the Loan Framework Agreement; (ii) the NAV of Seazen Holdings Group maintained at a relatively stable level of approximately RMB59,481.3 million, RMB60,077.9 million and RMB61,427.0 million as at 31 December 2022, 31 December 2023 and 30 June 2024; and (iii) the Loan is a one-time line of credit, and any repaid principal amount of the Loan under the relevant specific agreements to be entered into pursuant to the Loan Framework Agreement shall not refresh the total amount available for drawdown within the term of the Loan Framework Agreement, we consider the proposed annual caps contemplated under the Loan Framework Agreement is fair and reasonable.

### **6. Internal control measures and review of the Continuing Connected Transactions**

The Company has established certain internal control measures over the conduct of the Continuing Connected Transactions. Details of the internal control system are set out in the section headed “INTERNAL CONTROL MEASURES” in the Letter from the Board. With reference to the Letter from the Board, in connection with the relevant drawdown of the Loan and in order to monitor the performance of the relevant specific agreements and security documents, and to mitigate the default risk associated with the Loan, the Company has taken the following internal control measures, and considers that such measures are adequate and sufficient to safeguard the interests:

- (i) the senior management of the Company will conduct continuous monitoring of the operations of Seazen Holdings Group through fostering and maintaining regular communication and active interaction between the parties, and to ensure the Loan is used in accordance with the purpose permitted under the Loan Framework Agreement;
- (ii) the finance department of the Company will regularly keep track of the income status of Seazen Holdings Group to continuously assess the risk of the Loan Framework Agreement;

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## LETTER FROM CHINA SUNRISE CAPITAL

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- (iii) the finance and legal departments of the Company will review each application for drawdown and closely monitor the aggregated outstanding drawdown balances and report the latest status to the chief financial officer of the Company at least on a monthly basis to ensure that it does not exceed the proposed annual caps. In the event the aggregated principal amount of the Loan is expected to exceed the proposed annual caps, the responsible staff would escalate the issue to the Board forthwith, and the Company would timely re-comply with the requirements under Chapter 14A of the Listing Rules;
- (iv) the finance department of the Company will, before the signing of each specific agreement under the Loan Framework Agreement: (a) check the LPR published by PBOC; and (b) compare the interest rate of the Loan with at least two major commercial banks or financial institutions to confirm the interest rate charged is in line with or better than the market rates and the specific agreements are entered into on normal commercial terms;
- (v) the finance department of the Company will review the valuation of the Charged Assets before each drawdown and continue to monitor the value of the Charged Assets afterwards to ensure the value of the Charged Assets is not less than the unpaid principal amount of the Loan divided by the LTV ratio of 60%. The responsible staff shall inform the Board forthwith if further securities from Seazen Holdings Group would be necessary to maintain such LTV ratio;
- (vi) the Company's external auditor will conduct an annual review of the transactions entered into under the Loan Framework Agreement to ensure that the transaction amount is within the proposed annual caps and the transactions are in accordance with the terms set out in the Loan Framework Agreement; and
- (vii) the independent non-executive Directors will conduct an annual review of the status of the transactions contemplated under the Loan Framework Agreement to ensure that the Company has complied with its internal approval process and the relevant requirements under the Listing Rules.

Based on the above, we have understood from the internal control procedures of the Group and noted that there are stringent controls in the transaction approval and implementation process. We have understood from the Management that, including but not limited to: (a) regular monitoring of the Continuing Connected Transactions contemplated under the Loan Framework Agreement by the finance and legal departments of the Group; (b) monthly internal review each application for drawdown and closely monitor the aggregated drawdown balances; (c) review of the specific terms and prevailing interest rate prior to entering into each of the specific agreement

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## LETTER FROM CHINA SUNRISE CAPITAL

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under the Loan Framework Agreement by the finance department of the Company to ensure those specific agreement is entered into on normal commercial terms; and (d) the valuation report of the Charged Assets will be reviewed by the finance department of the Company so as to ensure the LTV ratio of 60%.

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

Pursuant to Rule 14A.56 of the Listing Rules, the Company must engage its external auditors to review the continuing connected transactions annually to check and confirm, among others, whether the terms have been adhered to and whether the relevant caps have been exceeded. With reference to the 2023 Annual Report and the independent auditor's assurance report on continuing connected transactions which we obtained from the Company, the Company had engaged PricewaterhouseCoopers, the independent auditors of the Company (the "**Auditors**") to report on the continuing connected transactions in relation to certain property related services framework agreements as set out in the circular of the Company dated 4 December 2023 (the "**Historical Transactions**") in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. We have obtained and reviewed the reports issued by the Auditors for FY2023 and note that the Auditors have concluded that nothing had come to their attention that caused them to believe that:

- (i) the Historical Transactions have not been approved by the Board;
- (ii) the Historical Transactions were not, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services by the Group;
- (iii) the Historical Transactions were not entered into, in all material respects, in accordance with the relevant agreements governing the Historical Transactions; and
- (iv) the Historical Transactions have exceeded the relevant cap amounts during FY2023.

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

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## LETTER FROM CHINA SUNRISE CAPITAL

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reasonable and in the interests of the Shareholders as a whole. We note that the independent non-executive Directors have issued such confirmation in respect of the Historical Transactions in the 2023 Annual Report.

In view of the above, we consider that the internal control procedures including credit risk control procedures contained in the internal control manual of the Group are sufficient and effective to implement the Continuing Connected Transactions and can be conducted as agreed in the Loan Framework Agreement and in compliance with Chapter 14A of the Listing Rules.

### OPINION AND RECOMMENDATION

Having taken into account the abovementioned principal factors and reasons, we are of the view that although the entering into of the Continuing Connected Transactions are not conducted in the ordinary and usual course of business of the Group, nevertheless the terms of the Continuing Connected Transactions are on normal commercial terms and fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Continuing Connected Transactions and the transactions contemplated thereunder.

Yours faithfully,  
for and on behalf of  
**CHINA SUNRISE CAPITAL LIMITED**  
**Lenny Li**  
*Executive Director*

*Mr. Lenny Li is a licensed person registered with the SFC and a responsible officer of China Sunrise Capital Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO who has over 18 years of experience in corporate finance industry in Hong Kong.*

\* *For identification purposes only*

**1. FINANCIAL INFORMATION OF THE GROUP**

Details of the audited financial statements of the Group for each of the financial years ended 31 December 2021, 2022 and 2023 and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024 are disclosed in the following documents which have been published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.xinchengyue.com](http://www.xinchengyue.com)).

- Annual report of the Company for the year ended 31 December 2021 (pages 109 to 252):  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0429/2022042900181.pdf>
- Annual report of the Company for the year ended 31 December 2022 (pages 110 to 244):  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0425/2023042502775.pdf>
- Annual report of the Company for the year ended 31 December 2023 (pages 105 to 240):  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0426/2024042601226.pdf>
- Interim report of the Company for the six months ended 30 June 2024 (pages 39 to 84):  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0926/2024092600451.pdf>

**2. INDEBTEDNESS STATEMENT**

As at the close of business on 30 September 2024, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had no outstanding bank and other borrowings.

**Lease liabilities**

As at 30 September 2024, the Group had lease liabilities of approximately RMB8.5 million, of which approximately RMB4.8 million was due within one year and approximately RMB3.7 million was due after one year.

**Contingent liabilities**

As at 30 September 2024, the Group did not have any significant contingent liabilities or outstanding guarantees in respect of payment obligations to third parties.

**Capital commitment**

As at 30 September 2024, the Group had not incurred any capital commitments which were contracted but not provided for.

**General**

Save as aforesaid, and apart from intra-group liabilities and normal trade payables, bills payable and retention monies payable in the ordinary course of the business of the Group, at the close of business on 30 September 2024, the Group did not have any (i) other outstanding debt securities, whether issued and outstanding, authorised or otherwise created but unissued; (ii) other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal bills payable) or acceptance credits, whether guaranteed, unguaranteed, secured or unsecured borrowings or debt; (iii) other recognised lease liabilities, outstanding mortgages and charges; or (iv) other material contingent liabilities or guarantees. As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the Group's indebtedness position and contingent liabilities since 30 September 2024.

**3. WORKING CAPITAL SUFFICIENCY**

Taking into account the financial effects of the Loan Framework Agreement and the financial resources available to the Group, including internally generated funds and the existing cash and bank balances, in the absence of any unforeseen circumstances, the Directors, after due and careful enquiry, are of the opinion that the Group will have sufficient working capital for its present requirements for at least the next 12 months from the date of this circular. The Company has obtained the relevant confirmations as required under Rule 14.66(12) of the Listing Rules.

**4. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors confirmed that there had not been any material change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated accounts of the Company were made up.

**5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

The Company is an experienced property management services provider in the PRC engaged primarily in (i) property management services; (ii) community-related value-added services; and (iii) developer-related value-added services.

For the six months ended 30 June 2024, the Group recorded revenue of approximately RMB2,770 million and the profits attributable to the owners of the Company were approximately RMB302 million. Overall, although the current macro environment is complex and volatile, the Group is cautiously optimistic about its prospects given its good past service experience and client resources.

### **Property management services**

In the first half of 2024, the Group's property management service revenue reached approximately RMB1,907.9 million, representing a year-on-year increase of approximately 12.6%. If compared with the second half of 2023, the revenue from property management services increased by 2.5% year-on-year. In the future, with more contracted projects being delivered and market-oriented bidding projects being obtained by the Group, the scale of the Group's property management services will continue to expand.

### **Community-related value-added services**

The Group's revenue from community-related value-added services reached approximately RMB645.9 million in the first half of 2024, representing a year-on-year decrease of approximately 8.8%. The Group will continue to make adjustments to the Group's community-related value-added services, demanding higher requirements for profitability and the professionalism of its teams, particularly in sustainable services such as catering services and elevator maintenance. The Group has embarked on the re-engineering of its operation processes and organizational structures, and the Group has also strengthened the building of the Group's professional team, with the hope that such potential businesses will have the opportunity to reach new heights of scale.

### **Developer-related value-added services**

The relatively weak property market in the PRC over the past few years has resulted in a continuing decline in the Group's developer-related value-added services revenue. However, there has been a series of recent government policies promulgated that have laid a good foundation for the long-term healthy development of the property market. The Group believes that the relevant demand for developer-related value-added services will continue, instead of disappearing entirely, in the future.

## 1. RESPONSIBILITY STATEMENT

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

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

## 2. DISCLOSURE OF INTERESTS

### (i) Directors' and chief executive's interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations

As at the Latest Practicable Date, the Directors and chief executive of the Company had the following interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (i) 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 were taken or deemed to have under such provisions of SFO); (ii) were recorded in the register required to be kept under section 352 of the SFO; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”), to be notified to the Company and the Stock Exchange, were as follows:

Name of Directors	Capacity/Nature of interest	Number of Shares held	Appropriate percentage of the issued Shares
Mr. Qi Xiaoming	Beneficial owner and trust beneficiary	4,650,000 (L) <sup>2</sup>	0.53%
Mr. Yang Bo	Beneficial owner and trust beneficiary	399,000 (L) <sup>3</sup>	0.05%

Name of Directors	Capacity/Nature of interest	Number of Shares held	Appropriate percentage of the issued Shares
Ms. Wu Qianqian	Beneficial owner and trust beneficiary	138,022 (L) <sup>4</sup>	0.02%

*Notes:*

1. The letter “L” indicates a long position in the Shares.
2. These include Mr. Qi Xiaoming’s interests in 350,000 underlying award shares (“**Award Shares**”) upon full vesting of the awards granted by the Company under the share award scheme adopted by the Company on 15 November 2019 (the “**Share Award Scheme**”).
3. These include Mr. Yang Bo’s interests in 175,000 underlying Award Shares upon full vesting of the awards granted by the Company under the Share Award Scheme.
4. These include Ms. Wu Qianqian’s interests in 70,000 underlying Award Shares upon full vesting of the awards granted by the Company under the Share Award Scheme.

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

**(ii) Substantial Shareholders’ and other persons’ interests and short positions in the Shares and underlying Shares**

As at the Latest Practicable Date, to the best knowledge of the Directors, the following persons (other than Directors and chief executive of the Company) had interests or short positions in the Shares and underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO and are recorded in the register kept by the Company under section 336 of the SFO:

Name of Shareholders	Capacity/Nature of interest	Number of Shares held	Approximate percentage of the issued Shares
Mr. Wang	Founder of a discretionary trust <sup>2</sup>	600,000,000 (L)	68.86%
Chen Ting Sen (PTC) Limited	Trustee <sup>3</sup>	600,000,000 (L)	68.86%
Infinity Fortune Development Limited	Interest in a controlled corporation <sup>3</sup>	600,000,000 (L)	68.86%
First Priority Group Limited	Interest in a controlled corporation <sup>3</sup>	600,000,000 (L)	68.86%
Wealth Zone Hong Kong Investments Limited	Interest in a controlled corporation <sup>4</sup>	600,000,000 (L)	68.86%
Innovative Hero Limited	Beneficial owner <sup>5</sup>	600,000,000 (L)	68.86%

*Notes:*

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

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

### 3. COMPETING INTERESTS

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

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

As at the Latest Practicable Date:

- (i) none of the Directors had any interest in any assets which have been, since 31 December 2023 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (ii) Mr. Wang Xiaosong, a non-executive Director and the son of Mr. Wang, and Mr. Lv Xiaoping and Mr. Lu Zhongming, the non-executive Directors and the executive directors of Seazen, were considered to have material interests in the transactions under the Loan Framework Agreement, the Loan Agreement, the services framework agreement dated 30 October 2024 entered into between the Company and Seazen Holdings in relation to the provision of certain property related services to Seazen Holdings (the "**2025 Seazen Framework Agreement**"), the services framework agreement dated 30 October 2024 entered into between the Company and Mr. Wang in relation to the provision of certain property related services to Mr. Wang's associated companies (excluding Seazen Holdings) (the "**2025 Services Framework Agreement**"), the supplemental agreement to the 2025 Seazen Framework Agreement dated 30 October 2024 entered into between the Company and Seazen Holdings in relation to, among others, the payment arrangement of certain parking lot refundable deposits payable by the Group to Seazen Holdings and the supplemental agreement to the 2025 Services Framework Agreement dated 30 October 2024 entered into between the Company and Mr. Wang in relation to, among others, the payment arrangement of certain parking lot refundable deposits payable by the Group to Mr. Wang's associated companies (excluding Seazen Holdings). Save as the aforesaid, none of the Directors is materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting as at the Latest Practicable Date and which is significant in relation to the business of the Group.

**5. DIRECTORS' SERVICE CONTRACTS**

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

**6. MATERIAL CONTRACTS**

The following contracts (not being contracts entered into in the ordinary course of business of the Group) had been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date and are or may be material or of significance:

- (a) the Loan Framework Agreement; and
- (b) the Loan Agreement.

**7. LITIGATION**

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

**8. MATERIAL ADVERSE CHANGE**

The Directors confirm that as at the Latest Practicable Date, there has been no material adverse change in the Group's financial or trading position since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**9. QUALIFICATION AND CONSENT OF EXPERT**

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

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

As at the Latest Practicable Date, China Sunrise Capital did not have any interest, direct or indirect, in any assets which since 31 December 2023, the date to which the latest published audited consolidated financial statements of the Group were made up, have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

#### 10. CORPORATE INFORMATION OF THE COMPANY

Registered office	PO Box 309 Ugland House Grand Cayman KY1-1104 Cayman Islands
Headquarters in the PRC	8th Floor, Seazen Holdings Tower A No. 6, Lane 388, Zhongjiang Road Putuo, Shanghai PRC
Principal place of business in Hong Kong	31/F, Tower Two Times Square 1 Matheson Street Causeway Bay, Hong Kong
Cayman Islands share registrar and transfer office	Maples Fund Services (Cayman) Limited PO Box 1093, Boundary Hall Cricket Square Grand Cayman KY1-1102 Cayman Islands
Hong Kong branch share registrar	Link Market Services (Hong Kong) Pty Limited Suite 1601, 16/F, Central Tower 28 Queen's Road Central Hong Kong

Joint company secretaries

Mr. Chen Peng  
Ms. Ng Sau Mei

## **11. MISCELLANEOUS**

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

## **12. DOCUMENTS ON DISPLAY**

Copies of the following documents are published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.xinchengyue.com](http://www.xinchengyue.com)) for a period of not less than 14 days from the date of this circular:

- (a) the Loan Framework Agreement.; and
- (b) the written consent referred to in the section headed “Qualification and Consent of Expert” in this appendix.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### **S-Enjoy Service Group Co., Limited**

### **新城悅服務集團有限公司**

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

**(Stock Code: 1755)**

## **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** an extraordinary general meeting (the “**EGM**”) of S-Enjoy Service Group Co., Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) will be held at Beijing Room, 42/F, The Center, 99 Queen’s Road Central, Hong Kong on Monday, 9 December 2024 at 10:30 a.m. for the purpose of considering and, if thought fit, with or without amendment, passing the following resolutions:

### **ORDINARY RESOLUTIONS**

1. **“THAT:**

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

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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2. **“THAT:**

- (a) the 2025 Services Framework Supplemental Agreement, a copy of which is tabled at the meeting and marked “B” and initialed by the chairman of the meeting for identification purpose, and the transactions contemplated thereunder, be and are hereby confirmed and approved;
- (b) the proposed New Parking Lot Refundable Deposit Annual Caps be and are hereby approved; and
- (c) any one director of the Company be and is hereby authorised for and on behalf of the Company to sign, execute, perfect and deliver all such documents and to affix the common seal of the Company on any such document as and when necessary and do all such deeds, acts, matters and things as he may in his discretion consider necessary or desirable for the purposes of or in connection with the 2025 Services Framework Supplemental Agreement.”

3. **“THAT:**

- (a) the 2025 Seazen Framework Supplemental Agreement, a copy of which is tabled at the meeting and marked “C” and initialed by the chairman of the meeting for identification purpose, and the transactions contemplated thereunder, be and are hereby confirmed and approved;
- (b) the proposed New Seazen Parking Lot Refundable Deposit Annual Caps be and are hereby approved; and
- (c) any one director of the Company be and is hereby authorised for and on behalf of the Company to sign, execute, perfect and deliver all such documents and to affix the common seal of the Company on any such document as and when necessary and do all such deeds, acts, matters and things as he may in his discretion consider necessary or desirable for the purposes of or in connection with the 2025 Seazen Framework Supplemental Agreement.”

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

The PRC, 22 November 2024

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Notes:*

1. For details regarding Resolution No. 1, please refer to the circular of the Company dated 22 November 2024 regarding “(1) Major Transaction and Continuing Connected Transactions in relation to Entering into Loan Framework Agreement; and (2) Notice of Extraordinary General Meeting”. For details regarding Resolutions No. 2 – No. 3, please refer to the circular of the Company dated 22 November 2024 regarding “Continuing Connected Transactions (1) 2025 Services Framework Supplemental Agreement; (2) 2025 Seazen Framework Supplemental Agreement; and (3) Notice of Extraordinary General Meeting”. Unless indicated otherwise, capitalised terms used in this notice shall have the same meanings as those defined in the aforesaid circulars.
2. A member entitled to attend and vote at the EGM is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the Memorandum of Association and Articles of Association of the Company, to vote on his/her behalf. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed.
3. Where there are joint holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
4. The ordinary resolutions at the EGM will be taken by poll pursuant to the Listing Rules. The results of the poll will be published on the designated website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.xinchengyue.com](http://www.xinchengyue.com)) in accordance with the Listing Rules.
5. A form of proxy for use at the EGM is published on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.xinchengyue.com](http://www.xinchengyue.com)).
6. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hands of any officer or attorney duly authorised.
7. Any shareholder entitled to attend and vote at the meeting convened by the above notice is entitled to appoint more than one proxy to attend and vote on behalf of him. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed.
8. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof, must be lodged with the Hong Kong branch share registrar of the Company, Link Market Services (Hong Kong) Pty Limited at Suite 1601, 16/F, Central Tower, 28 Queen’s Road Central, Hong Kong not less than 48 hours before the time for holding the EGM (i.e. before 10:30 a.m. on Saturday, 7 December 2024) or any adjournment thereof failing which the form of proxy will not be valid.
9. Completion and return of the form of proxy will not preclude a member from attending the EGM and voting in person if he/she so wishes. In the event that a member attends and votes at the EGM after having lodged his/her form of proxy, his/her form of proxy shall be deemed to be revoked.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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10. For determining the entitlement to attend and vote at the above meeting, the register of members of the Company will be closed from Friday, 6 December 2024 to Monday, 9 December 2024 (both days inclusive) and during such period no transfer of shares will be registered. In order to be entitled to attend and vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Link Market Services (Hong Kong) Pty Limited, at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong not later than 4:30 p.m. on Thursday, 5 December 2024.
11. Pursuant to Rule 13.39(4) of the Listing Rules, voting for the resolutions set out in this notice will be taken by poll at the above meeting.

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