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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisor.

If you have sold or transferred all your shares in Xingye Wulian Service Group Co. Ltd., you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker or licensed securities dealer or other agent through whom the sale or the transfer was effected for transmission to the purchaser(s) or transferee(s).

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XINGYE WULIAN SERVICE GROUP CO. LTD.**興業物聯服務集團有限公司***(incorporated in the Cayman Islands with limited liability)***(Stock Code: 9916)****CONTINUING CONNECTED TRANSACTIONS
SUPPLEMENTAL AGREEMENTS TO
THE MASTER PROPERTY MANAGEMENT
FRAMEWORK AGREEMENTS****AND****REVISION OF ANNUAL CAPS****AND****NOTICE OF EXTRAORDINARY GENERAL MEETING****Independent Financial Advisor****to the Independent Board Committee and the Independent Shareholders****建泉融資有限公司****VBG Capital Limited**

A letter from the board of directors of Xingye Wulian Service Group Co. Ltd. (the “**Company**”) is set out on pages 5 to 19 of this circular. A letter from the Independent Board Committee (as defined herein) is set out on page 20 of this circular. A letter from VBG Capital, the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders (as defined herein) of the Company, is set out on pages 21 to 36 of this circular.

A notice convening the EGM (as defined herein) to be held at Unit 406, Building B, Zensun International Plaza, 101 Hanghai East Road, Guancheng District, Zhengzhou City, Henan Province, China on Tuesday, 20 October 2020 at 10:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM of the Company is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.xingyewulian.com). Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the office of the Company’s share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM (i.e. not later than Sunday, 18 October 2020 at 10:00 a.m.). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so desire.

References to times and dates in this circular are referring to Hong Kong local times and dates.

28 September 2020

CONTENT

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	5
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	20
LETTER FROM VBG CAPITAL	21
APPENDIX I – GENERAL INFORMATION	I-1
NOTICE OF EXTRAORDINARY GENERAL MEETING	EGM-1

DEFINITIONS

In this circular, unless the context otherwise requires, the following terms and expressions have the following meaning:

“Announcement”	the announcement of the Company dated 28 August 2020 in relation to, among other things, the Supplemental Agreements, the Transactions and the Revised Annual Caps
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Company”	Xingye Wulian Service Group Co. Ltd. (興業物聯服務集團有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange (stock code: 9916)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held for the purposes of considering and, if thought fit, approving the Supplemental Agreements, the Transactions and the Revised Annual Caps
“Ever Diamond”	Ever Diamond Global Company Limited, a company incorporated in Hong Kong with limited liability
“Ever Diamond Group”	Ever Diamond and its subsidiaries
“Ever Diamond Master Property Management Framework Agreement”	the agreement entered into between the Company and Ever Diamond on 18 February 2020 in relation to the provision of the Property Management and Value-added Services by the Group to Ever Diamond Group
“Ever Diamond Supplemental Agreement”	the supplemental agreement dated 28 August 2020 entered into by the Company and Ever Diamond in relation to the Ever Diamond Master Property Management Framework Agreement

DEFINITIONS

“Foison Amber Development”	Foison Amber Development Limited, a company limited by shares incorporated under the laws of the British Virgin Islands
“GFA”	gross floor area
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, namely, Mr. Xu Chun, Mr. Feng Zhidong and Mr. Zhou Sheng formed to advise the Independent Shareholders in relation to the Supplemental Agreements, the Transactions and the Revised Annual Caps
“Independent Financial Advisor” or “VBG Capital”	VBG Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO being the independent financial advisor appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreements, the Transactions and the Revised Annual Caps
“Independent Shareholders”	Shareholder(s) other than Foison Amber Development
“Independent Third Party(ies)”	a person(s) or company(ies) who/which is or are independent of and not connected with the Company and connected persons of the Company
“Latest Practicable Date”	21 September 2020, being the latest practicable date for ascertaining certain information for inclusion in this circular
“Listing Date”	9 March 2020
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Property Management Framework Agreements”	the Ever Diamond Master Property Management Framework Agreement, the Zensun Development Master Property Management Framework Agreement and the Zensun Enterprises Master Property Management Framework Agreement

DEFINITIONS

“Ms. Huang”	Ms. Huang Yanping, the mother of Ms. Zhang
“Ms. Zhang”	Ms. Zhang Huiqi, a non-executive Director and a controlling shareholder of the Company
“Non-Residential Properties”	properties which are not Residential Properties
“PRC”	the People’s Republic of China, and for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Property Management and Value-added Services”	the provision of property management services which include, among others, security, cleaning, greening and gardening, parking space management, repair and maintenance for common areas and customer service, and value-added services which include repair and maintenance for exclusive use areas, renovation waste clearance, intermediary leasing services, etc. to the Zensun Group, which is amended as set out in the sub-paragraph headed “Principal terms” under the paragraph headed “The Supplemental Agreements” in this circular
“Residential Properties”	properties constructed on land designated as residential land use or residential with ancillary commercial land use only according to the certificate of property, whereby residential use constitutes 70% or more of the total GFA according to the construction project planning permit
“Revised Annual Caps”	the proposed revised maximum annual transaction amounts payable by Ever Diamond Group and Zensun Enterprises Group to the Group for the relevant Property Management and Value-added Services for each of the three financial years ending 31 December 2022
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance in Hong Kong
“Shareholder(s)”	the holder(s) of share(s) of the Company
“Share(s)”	Share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed thereto under the Listing Rules
“Supplemental Agreements”	the Ever Diamond Supplemental Agreement and the Zensun Enterprises Supplemental Agreement

DEFINITIONS

“Transactions”	the transactions contemplated under the Ever Diamond Master Property Management Framework Agreement and the Zensun Enterprises Master Property Management Framework Agreement as amended by the Supplemental Agreements
“Zensun Development”	Henan Zensun Enterprise Development Group Co., Ltd.* (河南正商企業發展集團有限責任公司) (formerly known as Henan Zensun Enterprise Development Co., Ltd.* (河南正商企業發展有限責任公司)), a company established in the PRC with limited liability
“Zensun Development Group”	Zensun Development and its subsidiaries
“Zensun Development Master Property Engineering Framework Agreement”	the agreement entered into between the Company and Zensun Development on 18 February 2020 in relation to the provision of property engineering services by the Group to Zensun Development Group
“Zensun Development Master Property Management Framework Agreement”	the agreement entered into between the Company and Zensun Development on 18 February 2020 in relation to the provision of the Property Management and Value-added Services by the Group to Zensun Development Group
“Zensun Enterprises”	Zensun Enterprises Limited (正商實業有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board (stock code: 185)
“Zensun Enterprises Group”	Zensun Enterprises and its subsidiaries
“Zensun Enterprises Master Property Management Framework Agreement”	the agreement entered into between the Company and Zensun Enterprises on 18 February 2020 in relation to the provision of the Property Management and Value-added Services by the Group to Zensun Enterprises Group
“Zensun Enterprises Supplemental Agreement”	the supplemental agreement dated 28 August 2020 entered into by the Company and Zensun Enterprises in relation to the Zensun Enterprises Master Property Management Framework Agreement
“Zensun Group”	Ever Diamond Group, Zensun Enterprises Group and Zensun Development Group
“%”	per cent.

English names marked with “*” are translations of their Chinese names and are included in this circular for identification purpose only, and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese name prevails.

LETTER FROM THE BOARD

XINGYE WULIAN SERVICE GROUP CO. LTD.

興業物聯服務集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 9916)

Executive Director:

Mr. Zhu Jie (*Chairman and Chief Executive Officer*)

Non-executive Directors:

Ms. Zhang Huiqi

Mr. Wang Jinhua

Mr. Liu Zhenqiang

Independent Non-executive Directors:

Mr. Xu Chun

Mr. Feng Zhidong

Mr. Zhou Sheng

Registered office in the Cayman Islands:

Cricket Square

Hutchins Drive

PO Box 2681, Grand Cayman

KY1-1111, Cayman Islands

Headquarters in the PRC:

Unit 407, Building B

Zensun International Plaza

101 Hanghai East Road

Guancheng District,

Zhengzhou City

Henan Province

China

Place of business in Hong Kong:

24th Floor, Wyndham Place

40-44 Wyndham Street

Central, Hong Kong

28 September 2020

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
SUPPLEMENTAL AGREEMENTS TO
THE MASTER PROPERTY MANAGEMENT
FRAMEWORK AGREEMENTS
AND
REVISION OF ANNUAL CAPS
AND**

NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement of the Company dated 28 August 2020 in relation to, among other things, the Supplemental Agreements, the Transactions and the Revised Annual Caps.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) details of the Supplemental Agreements, the Transactions and the Revised Annual Caps; (ii) the recommendation from the Independent Board Committee in respect of the Supplemental Agreements, the Transactions and the Revised Annual Caps; (iii) the letter of advice from VBG Capital, the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreements, the Transactions and the Revised Annual Caps; and (iv) the EGM notice.

THE SUPPLEMENTAL AGREEMENTS

Reference is made to the prospectus of the Company dated 25 February 2020 in relation to the Master Property Management Framework Agreements and the respective transactions contemplated thereunder and the annual caps.

As disclosed in the prospectus of the Company dated 25 February 2020, the Company entered into the Ever Diamond Master Property Management Framework Agreement with Ever Diamond, the Zensun Development Master Property Management Framework Agreement with Zensun Development and the Zensun Enterprises Master Property Management Framework Agreement with Zensun Enterprises on 18 February 2020 for a term commencing from the Listing Date to 31 December 2022 pursuant to which the Company agreed to provide the Property Management and Value-added Services to Ever Diamond Group, Zensun Development Group and Zensun Enterprises Group respectively. In respect of the continuing connected transactions under each of the Master Property Management Framework Agreements, the Stock Exchange has granted a waiver from strict compliance with the announcement, circular and independent shareholders' approval requirements subject to the condition that the aggregate amounts of each of the Master Property Management Framework Agreements for each of the three financial years ending 31 December 2022 will not exceed their respective annual caps. For the principal terms of the Master Property Management Framework Agreements, please refer to the prospectus of the Company dated 25 February 2020.

After considering the expected expansion in the scale and scope of the Property Management and Value-added Services to be provided to Ever Diamond Group and Zensun Enterprises Group to include the Property Management and Value-added Services for sales offices and show flats of Ever Diamond Group and Zensun Enterprises Group, on 28 August 2020, the Company entered into the Ever Diamond Supplemental Agreement with Ever Diamond and the Zensun Enterprises Supplemental Agreement with Zensun Enterprises to amend certain terms of the Ever Diamond Master Property Management Framework Agreement and the Zensun Enterprises Master Property Management Framework Agreement respectively. Further, the Board also proposed to revise the annual caps for the respective transactions contemplated under the Ever Diamond Master Property Management Framework Agreement and the Zensun Enterprises Master Property Management Framework Agreement for each of the three financial years ending 31 December 2022. The Supplemental Agreements are conditional upon approval by the Independent Shareholders at the EGM having been obtained.

LETTER FROM THE BOARD

The Company did not enter into any supplemental agreement with Zensun Development and the Board did not propose to revise the annual cap for the transactions contemplated under the Zensun Development Master Property Management Framework Agreement.

Principal terms

Principal terms of the Ever Diamond Master Property Management Framework Agreement and the Zensun Enterprises Master Property Management Framework Agreement as amended by the Supplemental Agreements are summarised as follows:

Date of the Supplemental Agreements:	28 August 2020
Parties:	<p>Under the Ever Diamond Supplemental Agreement:</p> <ol style="list-style-type: none">(1) The Company; and(2) Ever Diamond <p>Under the Zensun Enterprises Supplemental Agreement:</p> <ol style="list-style-type: none">(1) The Company; and(2) Zensun Enterprises
Term:	Each of the Supplemental Agreements shall commence on the date on which all condition precedent set out in the respective Supplemental Agreements are fulfilled. The term of the Ever Diamond Master Property Management Framework Agreement and the Zensun Enterprises Master Property Management Framework Agreement shall commence from the Listing Date and shall continue up to and including 31 December 2022, unless terminated earlier in accordance with the terms of the Ever Diamond Master Property Management Framework Agreement and the Zensun Enterprises Master Property Management Framework Agreement
Condition precedent:	The Supplemental Agreements and the Transactions contemplated thereunder are conditional on the approval by the Independent Shareholders at the EGM

LETTER FROM THE BOARD

Subject matter (as amended by the Supplemental Agreements):

Pursuant to the Ever Diamond Master Property Management Framework Agreement and the Zensun Enterprises Master Property Management Framework Agreement, the Group shall provide the following Property Management and Value-added Services to Ever Diamond Group and Zensun Enterprises Group:

- property management services which include, among others, security, cleaning, greening and gardening, parking space management, repair and maintenance for common areas and customer services; and
- value-added services which include repair and maintenance for exclusive use areas, renovation waste clearance, intermediary leasing services, etc.

Pursuant to the Supplemental Agreements, the Property Management and Value-added Services to be provided by the Group to Ever Diamond Group and Zensun Enterprises Group shall be amended to include:

- property management services which include, among others, security, cleaning, greening and gardening, parking space management, repair and maintenance and customer services for (i) common areas of properties under management; (ii) sales offices and show flats; and (iii) exclusive use areas designated by Ever Diamond or Zensun Enterprises (as the case may be); and
- value-added services which include repair and maintenance for exclusive use areas, renovation waste clearance, intermediary leasing services, etc.

LETTER FROM THE BOARD

Pricing policy (as amended by the Supplemental Agreements):

The basis for charging the fees depend on the nature of the Property Management and Value-added Services provided.

For property management services for (i) common areas of properties under management; and (ii) exclusive use areas designated by Ever Diamond or Zensun Enterprises (as the case may be), fees to be charged are based on a unit rate ranging from RMB3.0/month to RMB13.8/month for each square metre of GFA being managed by the Group. For property management services for greening and gardening services for sales offices and show flats, fees to be charged are based on a unit rate of approximately RMB0.4/month for each square metre of GFA being managed by the Group.

For property management services for sales offices and show flats (save for greening and gardening services), fees to be charged are based on a fixed sum per month determined by a mark-up of approximately 8% on cost incurred by the Group in providing the services.

For value-added services, fees to be charged are based on a unit rate or fixed sum determined by a mark-up of a minimum of 8% on cost incurred by the Group in providing the services.

For each property project requiring property management services in common areas, the Group shall receive tender invitations from Ever Diamond Group or Zensun Enterprises Group. For other Property Management and Value-added Services (including property management services to sales offices and show flats and exclusive use areas designated by Ever Diamond Group or Zensun Enterprises Group, and value-added services), the Group shall receive quotations invitations from Ever Diamond Group or Zensun Enterprises Group.

LETTER FROM THE BOARD

If the Group decides to submit a tender or quotation, the Group shall determine its tender sum or quotation either based on a unit rate or fixed sum as set out above after taking into account (i) the nature and location of the properties; (ii) scope and quality of the service required; (iii) expected operational costs (including staff costs, subcontracting costs, material costs and operational administrative expenses); (iv) standard fees or pricing guidance on property management fees designated by local government and/or relevant regulatory authorities (if any); (v) the 50% discount for the property management fees the Group usually offers for unsold properties; and (vi) potential competitors' pricing. The service fees and terms set out in the tender or quote shall be no less favourable to the Group than the standard fees to be offered and terms available to Independent Third Parties.

Proposed annual caps (as amended by the Supplemental Agreements):

Under the Ever Diamond Supplemental Agreement, the annual caps are to be revised as follows:

	For the year ending 31 December		
	2020	2021	2022
	<i>RMB'</i>	<i>RMB'</i>	<i>RMB'</i>
	<i>million</i>	<i>million</i>	<i>million</i>
Original annual caps	19.5	24.5	28.5
Revised annual caps	24.0	42.0	45.5

Under the Zensun Enterprises Supplemental Agreement, the annual caps are to be revised as follows:

	For the year ending 31 December		
	2020	2021	2022
	<i>RMB'</i>	<i>RMB'</i>	<i>RMB'</i>
	<i>million</i>	<i>million</i>	<i>million</i>
Original annual caps	9.5	19.5	23.0
Revised annual caps	21.0	66.0	66.0

LETTER FROM THE BOARD

Save as disclosed above, all existing terms and conditions under the Ever Diamond Master Property Management Framework Agreement and the Zensun Enterprises Master Property Management Framework Agreement shall remain unchanged.

There shall be no change to the terms of the Zensun Development Master Property Management Framework Agreement.

HISTORICAL TRANSACTION AMOUNT

For the three years ended 31 December 2019 and the six months ended 30 June 2020, the historical transaction amount for the Property Management and Value-added Services provided by the Group to Ever Diamond Group and Zensun Enterprises Group are set out as follows:

	For the year ended 31 December			For the six months ended
	2017	2018	2019	30 June 2020
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
	<i>Approximately</i>	<i>Approximately</i>	<i>Approximately</i>	<i>Approximately</i>
Ever Diamond Group	8.9	10.4	15.4	7.4
Zensun Enterprises Group	nil	5.3	8.6	3.3

REASONS FOR AND BENEFITS OF THE SUPPLEMENTAL AGREEMENTS AND REVISION OF THE ANNUAL CAPS

The Board conducted an internal review of the business strategy of the Group at the first Board meeting in end of March 2020 after the Company's listing on the Main Board of the Stock Exchange and explored various methods to expand the existing scale of operation to broaden the income stream of the Group. The Directors considered the possibility of expanding its existing scale of operations to provision of property management services to sales offices and show flats, and were of the view that the cost of development would be low given that the Group could utilise its expertise in property management and also existing resources including manpower, equipment and systems. The Board therefore expanded its property management services to provide among others, security, cleaning, greening and gardening, parking space management, repair and maintenance and customer services to sales offices and show flats developed by Ever Diamond Group and Zensun Enterprises Group. The sales offices and show flats of Ever Diamond Group and Zensun Enterprises Group at which Property Management and Value-added Services are provided are located at Non-Residential Properties, therefore the Group considered that the property management services provided to sales offices and show flats are of similar nature to its existing business.

LETTER FROM THE BOARD

The unaudited actual transaction amount for the Property Management and Value-added Services provided by the Group to Ever Diamond Group and Zensun Enterprises Group for the six months ended 30 June 2020 are as follows:

	For the six months ended 30 June 2020
	<i>RMB' million</i>
	<i>Approximately</i>
Ever Diamond Group	
– annual cap for the year ending 31 December 2020	19.5
– unaudited actual transaction amount	7.4
Zensun Enterprises Group	
– annual cap for the year ending 31 December 2020	9.5
– unaudited actual transaction amount	3.3

As at the date of the Announcement, the Group has been selected to provide property management services for the following number of sales offices and show flats for projects of Ever Diamond Group and Zensun Enterprises Group.

	Sales offices and show flats
Ever Diamond Group	5
Zensun Enterprises Group	16

In anticipation of the additional Property Management and Value-Added Services to be provided by the Group to sales offices and show flats for projects of Ever Diamond Group and Zensun Enterprises Group, being a new type of Non-Residential Properties to which the Group provide services to, the Board expected that the annual caps under the Master Property Management Framework Agreements would be exceeded and proposed to revise the annual caps.

The Revised Annual Caps were determined with reference to the following factors:

- (i) the unaudited actual transaction amounts incurred under the Ever Diamond Master Property Management Framework Agreement and the Zensun Enterprises Master Property Management Framework Agreement for the six months ended 30 June 2020;
- (ii) the number and scale of sales offices and show flats for which the Group has been invited to provide a fee quotation or has already been selected to provide property management services;

LETTER FROM THE BOARD

- (iii) the delivery date and sales timetable of the properties for which the Group has been invited to provide a fee quotation or has already been selected to provide property management services;
- (iv) the historical success rate in securing property management projects in sales offices and show flats of Ever Diamond Group and Zensun Enterprises Group through quotations; and
- (v) the expected delivery date, expected GFA to be delivered and expected proportion of unsold properties and carparks of other pipeline properties remaining unchanged.

The Revised Annual Caps are derived based on (a) the original annual caps which comprises (i) the total estimated contract sum for the pipeline properties and car parks for which the Group has already been selected to provide property management services; and (ii) the total estimated contract sum for value-added services for the pipeline properties; and (b) the total quoted amount and contract sum for the property management services (“**Additional Service Fees**”) for the sales offices and show flats for which the Group has been invited to provide a fee quotation or has already been selected (the “**Relevant Sales Offices and Show Flats**”) in respect of Ever Diamond Group and Zensun Enterprises Group. The historical transaction amounts set out in the paragraph headed “Historical Transaction Amount” refers to the actual transaction amounts for the (i) properties under management and car parks for which the Group has already been selected to provide properties management services and (ii) value-added services for the properties under management. The following table sets out the respective expected transaction amounts for each of the services for the three years ending 31 December 2022:

A. Ever Diamond Group

	For the year ending 31 December		
	2020	2021	2022
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
	<i>Approximately</i>	<i>Approximately</i>	<i>Approximately</i>
(a) Original annual caps	19.5	24.5	28.5
(b) Additional Service Fees for the Relevant Sales Offices and Show Flats	4.5	17.5	17.0
	4.5	17.5	17.0
Revised Annual Caps	24.0	42.0	45.5

LETTER FROM THE BOARD

B. Zensun Enterprises Group

	For the year ending 31 December		
	2020	2021	2022
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
	<i>Approximately</i>	<i>Approximately</i>	<i>Approximately</i>
(a) Original annual caps	9.5	19.5	23.0
(b) Additional Service Fees for the Relevant Sales Offices and Show Flats	11.5	46.5	43.0
Revised Annual Caps	21.0	66.0	66.0

As shown above, the increase in Revised Annual Caps is mainly due to the increase in the total quoted amount and contract sum for the Relevant Sales Offices and Show Flats for the three years ending 31 December 2022.

In the future, the Group may also provide similar property management services to sales offices and show flats of property projects developed by Independent Third Parties should suitable opportunities arise.

The Directors are of the view that despite the Group has been providing property management services to sales offices and show flats, the businesses of the Group continues to be clearly delineated from the business of Henan Zensun Property Management Co., Ltd.* (河南正商物業管理有限公司) (“**Zensun PM**”), a company indirectly wholly-owned by Zensun Development which focused primarily on providing property management services for Residential Properties after considering the following factors:

- (i) the Group will only provide property management services to sales offices and show flats located at Non-Residential Properties;
- (ii) the Group will continue to primarily cater for the needs of corporate entities as it aims to provide premium services to property developers to facilitate their sales at the sales offices and show flats; and
- (iii) Zensun PM does not provide property management services to sales offices and show flats.

LETTER FROM THE BOARD

Ms. Huang is the settlor and protector of the discretionary trust which ultimately owns the entire issued share capital in Ever Diamond and approximately 66.76% of the number of issued shares of Zensun Enterprises, and Ms. Zhang is the daughter of Ms. Huang. Therefore, Ms. Zhang, a non-executive Director of the Company, is considered to have material interests in the Supplemental Agreements, the Transactions and the Revised Annual Caps and had abstained from voting on the Board resolutions of the Company to approve the Supplemental Agreements, the Transactions and the Revised Annual Caps. Save for the aforementioned, no other Director has a material interest in any of the Supplemental Agreements and therefore is required to abstain from voting on the Board resolutions of the Company to approve any of the Supplemental Agreements, the Transactions and the Revised Annual Caps.

In view of the above, the Directors (excluding the independent non-executive Directors forming the Independent Board Committee whose view will be given after considering the advice of the Independent Financial Advisor, and Ms. Zhang who has abstained in this regard) are of the opinion that the terms of the Supplemental Agreements and the Transactions and the Revised Annual Caps are (i) on normal commercial terms or better and in the ordinary and usual course of the business of the Group; (ii) are fair and reasonable; and (iii) are in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL

The Company has established various internal control measures to monitor the transactions contemplated under the Master Property Management Services Framework Agreements (as amended by the Supplemental Agreements), including:

- (i) prior to providing the Property Management and Value-added Services, the marketing department shall obtain the standard fees or pricing guidance on property management fees (if any) designated by local government and/or relevant regulatory authorities and the prevailing market price of the relevant Property Management and Value-added Services. In addition, the marketing department checks the recent provision of the Property Management and Value-added Services by the Group to Independent Third Parties to ensure that the price and terms offered to Zensun Group shall be no less favourable to the Group than that offered to Independent Third Parties;
- (ii) the Company has appointed its chief financial officer, who is familiar with the finance and business operations of the Group, to monitor the aggregate amount of the transactions contemplated under the Master Property Management Framework Agreements (as amended by the Supplemental Agreements) and assesses on a monthly basis whether the annual cap thereunder may be exceeded;
- (iii) the independent non-executive Directors conduct annual reviews with respect to the transactions contemplated under the Master Property Management Framework Agreements (as amended by the Supplemental Agreements) and confirm in the annual report, pursuant to the requirements under the Listing Rules, whether such

LETTER FROM THE BOARD

continuing connected transactions have been entered into in the ordinary and usual course of business of the Group, are on normal commercial terms or better, and in accordance with the Master Property Management Framework Agreements (as amended by the Supplemental Agreements) on terms that are fair and reasonable and in the interests of the Company and its Shareholders as a whole; and

- (iv) the Company's external auditors conduct annual reviews of the Master Property Management Framework Agreements (as amended by the Supplemental Agreements) and the transactions contemplated thereunder in accordance to the Listing Rules.

INFORMATION OF THE GROUP, EVER DIAMOND GROUP AND ZENSUN ENTERPRISES GROUP

The Group is principally engaged in the provision of property management and value-added services and property engineering services.

To the best of the Directors' knowledge, Ever Diamond Group is principally engaged in property development business in the PRC and Zensun Enterprises Group is principally engaged in the businesses of property development, property investment, project management and sales services and securities trading and investment.

LISTING RULES IMPLICATIONS

Ms. Zhang is our non-executive Director and one of our controlling shareholders and therefore is a connected person of the Company. As at the Latest Practicable Date, the entire issued share capital in Ever Diamond and approximately 66.76% of the number of issued shares of Zensun Enterprises are ultimately owned by a discretionary trust established by Ms. Huang, who is the mother of Ms. Zhang, as settlor and protector, and Vistra Trust (Singapore) Pte. Limited as trustee and Ms. Huang and Ms. Zhang as beneficiaries under the discretionary trust. Accordingly, Ever Diamond Group and Zensun Enterprises Group are associates of Ms. Zhang and connected persons of the Company under Rule 14A.07(4) of the Listing Rules.

Other than Ever Diamond Group and Zensun Enterprises Group being associates of Ms. Zhang, as at the Latest Practicable Date, Zensun Development is a 30%-controlled company held indirectly by Ms. Zhang. Therefore, as disclosed in the prospectus of the Company dated 25 February 2020, the transactions have been aggregated under Rule 14A.81 of the Listing Rules, on the basis that the Master Property Management Framework Agreements were entered into by the Group with Ever Diamond, Zensun Development and Zensun Enterprises, which are parties connected with each other.

LETTER FROM THE BOARD

**Annual caps for Zensun Development
and Revised Annual Caps for Ever
Diamond and Zensun Enterprises
For the year ending 31 December**

	2020	2021	2022
	<i>RMB'</i>	<i>RMB'</i>	<i>RMB'</i>
	<i>million</i>	<i>million</i>	<i>million</i>
Ever Diamond Master Property Management Framework Agreement	24.0	42.0	45.5
Zensun Development Master Property Management Framework Agreement	3.0	3.0	3.5
Zensun Enterprises Master Property Management Framework Agreement	21.0	66.0	66.0
Aggregate revised annual caps	48.0	111.0	115.0

Given that one or more of the applicable percentage ratios based on the aggregate revised annual caps in relation to the Property Management and Value-added Services to be provided by the Group under the Master Property Management Framework Agreements (as amended by the Supplemental Agreements) exceed 25% and the aggregate revised annual caps exceed HK\$10,000,000, the Supplemental Agreements, the Transactions and the Revised Annual Caps constitute continuing connected transactions of the Company and are subject to re-compliance with the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE EGM

The EGM notice is set out on pages EGM-1 to EGM-2 of this circular.

Foison Amber Development, being the controlling shareholder and an associate of Ms. Zhang, holding 226,350,000 shares, representing approximately 56.59% of the entire issued share capital, of the Company as at the Latest Practicable Date, shall have a material interest in relation to the Supplemental Agreements, the Transactions and the Revised Annual Caps and shall be required to abstain from voting on the resolution of the Company in approving the Supplemental Agreements, the Transactions and the Revised Annual Caps at the EGM. Save for the aforementioned and to the best knowledge, information and belief of the Directors, no other Shareholder has a material interest in the Supplemental Agreements, the Transactions and the Revised Annual Caps and is required to abstain from voting on the resolution of the Company in approving the Supplemental Agreements, the Transactions and the Revised Annual Caps at the EGM.

A form of proxy for the EGM is enclosed. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company's share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon

LETTER FROM THE BOARD

as possible but in any event not less than 48 hours before the time appointed for holding the EGM (i.e. not later than Sunday, 18 October 2020 at 10:00 a.m.). Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM, or any adjournment thereof, should you so wish.

An Independent Board Committee comprising all independent non-executive Directors has been established to consider the Supplemental Agreements, the Transactions and the Revised Annual Caps and to advise the Independent Shareholders on whether or not the Supplemental Agreements, the Transactions and the Revised Annual Caps are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of the business of the Group, and in the interests of the Company and the Shareholders as a whole. VBG Capital has been appointed as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders in this regard.

VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all votes at the EGM will be taken by poll except where the chairman 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 chairman of the EGM will demand a poll for each and every resolution put forward at the EGM pursuant to Article 66(1) of the Articles of Association. An announcement of the results of the poll will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 15 October 2020 to Tuesday, 20 October 2020, both dates inclusive, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the EGM. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the office of the Company's share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than Wednesday, 14 October 2020 at 4:30 p.m.

RECOMMENDATION

The Directors (including the independent non-executive Directors after considering the advice of VBG Capital) consider that Supplemental Agreements, the Transactions and the Revised Annual Caps are (i) fair and reasonable so far as the Independent Shareholders are concerned; (ii) on normal commercial terms or better and in the ordinary and usual course of the business of the Group; and (iii) in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Supplemental Agreements, the Transactions and the Revised Annual Caps.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee as set out on page 20 of this circular which contains its recommendation to the Independent Shareholders in relation to the Supplemental Agreements, the Transactions and the Revised Annual Caps after taking into account the advice from VBG Capital, and the letter from VBG Capital as set out on pages 21 to 36 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders regarding the Supplemental Agreements, the Transactions and the Revised Annual Caps.

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

Yours faithfully,
By Order of the Board
Xingye Wulian Service Group Co. Ltd.
Zhu Jie
Chairman and Chief Executive Officer

XINGYE WULIAN SERVICE GROUP CO. LTD.

興業物聯服務集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 9916)

28 September 2020

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
SUPPLEMENTAL AGREEMENTS TO
THE MASTER PROPERTY MANAGEMENT
FRAMEWORK AGREEMENTS
AND
REVISION OF ANNUAL CAPS**

We refer to the circular of the Company dated 28 September 2020 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter, unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to give a recommendation to the Independent Shareholders as to whether the Supplemental Agreements, the Transactions and the Revised Annual Caps are (i) fair and reasonable; (ii) on normal commercial terms or better and in the ordinary and usual course of business of the Group; and (iii) in the interests of the Company and the Shareholders as a whole, and to give a recommendation as to voting at the EGM.

We wish to draw your attention to the letter from the Board and the letter of advice from VBG Capital as set out in the Circular. Having considered the terms of the Supplemental Agreements, the Transactions, the Revised Annual Caps and the advice given by VBG Capital, we are of the opinion that the Supplemental Agreements, the Transactions and the Revised Annual Caps are (i) fair and reasonable so far as the Independent Shareholders are concerned; (ii) on normal commercial terms or better and in the ordinary and usual course of the business of the Group; and (iii) in the interests of the Company and the Shareholders as a whole.

We therefore recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Supplemental Agreements, the Transactions and the Revised Annual Caps.

Yours faithfully,
For and on behalf of
Independent Board Committee

Mr. Xu Chun
Independent
non-executive Director

Mr. Feng Zhidong
Independent
non-executive Director

Mr. Zhou Sheng
Independent
non-executive Director

LETTER FROM VBG CAPITAL

Set out below is the text of a letter received from VBG Capital Limited, the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreements, the Transactions and the Revised Annual Caps for the purpose of inclusion in this circular.



建泉融資有限公司
VBG Capital Limited

18/F., Prosperity Tower
39 Queen's Road Central
Hong Kong

28 September 2020

To: *The independent board committee and the independent shareholders of Xingye Wulian Service Group Co., Ltd.*

Dear Sirs,

**CONTINUING CONNECTED TRANSACTIONS
SUPPLEMENTAL AGREEMENTS TO
THE MASTER PROPERTY MANAGEMENT
FRAMEWORK AGREEMENTS
AND
REVISION OF ANNUAL CAPS**

We refer to our appointment as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreements, the Transactions and the Revised Annual Caps, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 28 September 2020 issued by the Company to the Shareholders (the “**Circular**”), of which this letter of advice forms part. Capitalised terms used in this letter of advice shall have the same meanings as ascribed to them under the section headed “Definitions” in the Circular unless the context requires otherwise.

Reference is made to the listing prospectus of the Company dated 25 February 2020 (the “**Prospectus**”). As disclosed in the Prospectus, the Company entered into the Ever Diamond Master Property Management Framework Agreement with Ever Diamond, the Zensun Development Master Property Management Framework Agreement with Zensun Development and the Zensun Enterprises Master Property Management Framework Agreement with Zensun Enterprises on 18 February 2020 for a term commencing from the Listing Date to 31 December 2022. Pursuant to the Master Property Management Framework Agreements, the Company agreed to provide the Property Management and Value-added Services to Ever Diamond Group, Zensun Development Group and Zensun Enterprises Group, respectively. In respect of the continuing connected transactions under each of the Master Property Management Framework Agreements, the Stock Exchange has granted a waiver from strict compliance with the

LETTER FROM VBG CAPITAL

announcement, circular and independent shareholders' approval requirements subject to the condition that the aggregate amounts of each of the Master Property Management Framework Agreements for each of the three years ending 31 December 2022 will not exceed their respective annual caps.

After considering the expected expansion in the scale and scope of the Property Management and Value-added Services to be provided to Ever Diamond Group and Zensun Enterprises Group to include the Property Management and Value-added Services to sales offices and show flats for properties of Ever Diamond Group and Zensun Enterprises Group, on 28 August 2020, the Company entered into the Ever Diamond Supplemental Agreement with Ever Diamond and the Zensun Enterprises Supplemental Agreement with Zensun Enterprises to amend certain terms of the Ever Diamond Master Property Management Framework Agreement and the Zensun Enterprises Master Property Management Framework Agreement respectively. The Board also proposed to revise the annual caps for the respective transactions contemplated under the Ever Diamond Master Property Management Framework Agreement and the Zensun Enterprises Master Property Management Framework Agreement for each of the three years ending 31 December 2022.

According to the Letter from the Board, the Supplemental Agreements, the Transactions and the Revised Annual Caps constitute continuing connected transactions for the Company and are subject to re-compliance with the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Xu Chun, Mr. Feng Zhidong and Mr. Zhou Sheng (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of each of the Supplemental Agreements (including the Revised Annual Caps) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolutions to approve the Supplemental Agreements, the Transactions and the Revised Annual Caps at the EGM. We, VBG Capital Limited, have been appointed as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders in this regard.

BASIS OF OUR OPINION

In formulating our opinion with regard to the Supplemental Agreements, the Transactions and the Revised Annual Caps, we have relied on the information and facts supplied, opinions expressed and representations made to us by the management of the Group (including but not limited to those contained or referred to in the Prospectus and the Circular). We have assumed that the information and facts supplied, opinions expressed and representations made to us by the management of the Group were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material aspects until the date of the EGM. We have also assumed that all statements of belief, opinions, expectation and intention made

LETTER FROM VBG CAPITAL

by the management of the Group in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its management and/or advisors, which have been provided to us.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the 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 the Circular or the Circular misleading. We, as the Independent Financial Advisor, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business and affairs or future prospects of the Group, Ever Diamond Group, Zensun Enterprises Group or their respective shareholders, subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Master Property Management Framework Agreements and the Supplemental Agreements. Our opinion is necessarily based on the market, financial, economic and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter of advice should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Where information in this letter of advice has been extracted from published or otherwise publicly available sources, we have ensured that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources while we did not conduct any investigation into the accuracy and completeness of such information.

In addition, Shareholders should note that as the Revised Annual Caps are relating to future events and estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2022, and they do not represent forecasts of revenues or costs to be recorded from the Master Property Management Framework Agreements and the Supplemental Agreements. Consequently, we express no opinion as to how closely the actual revenues and costs to be recorded from the Master Property Management Framework Agreements and the Supplemental Agreements will correspond with the Revised Annual Caps.

LETTER FROM VBG CAPITAL

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Supplemental Agreements, the Transactions and the Revised Annual Caps, we have taken into consideration the following principal factors and reasons:

1. Background of the Supplemental Agreements

Principal business of the Group

Established in 1999, the Group is a reputable property management service provider in Henan Province, with a particular focus on offering property management and value-added services for Non-Residential Properties. The Group provides a wide range of property management services which include, amongst others, security, cleaning, greening and gardening, parking space management, repair and maintenance for common areas and customer services, and other value-added services.

The scope of property management services that are typically provided by the Group includes:

- *Security services* – access control into the building, patrolling within the building and its vicinity, video surveillance, carpark security, fire safety management, visitors registration and emergency response.
- *Cleaning, greening and gardening services* – general cleaning, garbage collection, greening and gardening services to common areas of the properties.
- *Parking space management services* – daily operation and maintenance of the car parks of properties under management by providing cleaning, security and facilities management services.
- *Repair, maintenance and management services* – repair, maintenance and management of (i) fire facilities and safety signs, such as fire alarm system, smoke sensors, fire extinguisher and conduct regular fire drills; (ii) utilities facilities such as lighting, drainage and sewage systems, water supply, water pump and tank systems; and (iii) security facilities such as entrance barrier and surveillance cameras, in common areas.
- *Customer services* – customer handling and feedback services in ensuring customers' satisfaction.

The scope of value-added services that are typically provided by the Group includes repair and maintenance for exclusive use areas, renovation waste clearance and intermediary leasing services, etc.

LETTER FROM VBG CAPITAL

The Group's portfolio of properties under management expanded rapidly in recent years, with the aggregate GFA of properties under management increasing by approximately 33.3% from approximately 1.2 million square metre ("sq.m.") as at 31 December 2017 to approximately 1.6 million sq.m. as at 31 December 2018, and further increasing by approximately 50.0% to approximately 2.4 million sq.m. as at 31 December 2019. As at 31 December 2019, the Group's portfolio of properties under management covered 17 commercial buildings, three governmental buildings and one industrial park, i.e. 21 properties in total (2018: 16 properties).

Starting from October 2017, the Group also provides its customers with property engineering services which include planning, design and installation of security and surveillance systems, access control systems, carpark management systems and construction site management systems. Alike the property management services, the property engineering services of the Group expanded rapidly during the year ended 31 December 2019. The Group entered into 58 property engineering contracts (2018: 15 contracts) with an aggregate original contract sum of approximately RMB54.8 million during the year ended 31 December 2019, increasing by approximately 34.6% as compared to that of approximately RMB40.7 million during the prior year.

Extracted from the annual report of the Company for the year ended 31 December 2019 and the Prospectus, the table below demonstrates the audited revenue of the Group as generated from the aforesaid two service segments for the three years ended 31 December 2019 and the respective year on year growth rates:

	For the year ended 31 December			Year on year growth rate	
	2019	2018	2017	2018 to	2017 to
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2019	2018
				%	%
Property management and value-added services	149,249	107,480	76,068	38.9	41.3
Property engineering services	34,143	18,297	N/A	86.6	N/A

Information on Ever Diamond Group and Zensun Enterprises Group

As extracted from the Letter from the Board, Ever Diamond Group is principally engaged in property development business in the PRC and Zensun Enterprises Group is principally engaged in the businesses of property development, property investment, project management and sales services, and securities trading and investment.

LETTER FROM VBG CAPITAL

Overview of the property management services industry of Henan Province and Zhengzhou City

We understand that the Company had commissioned Savills Valuation and Professional Services Limited (the “**Consultant**”), an independent industry consultant, to conduct an analysis of the property management services industry of Henan Province and Zhengzhou City, the report of which was included in the Prospectus (the “**Research Report**”). As disclosed in the Prospectus, the Research Report was prepared by the Consultant basing upon data collected from (i) primary sources from site visits, interviews and the proprietary database of the Consultant; and (ii) secondary sources from China Property Management Institute (中國物業管理協會) as well as the database of China Real Estate Index System (中指數據房地產數據信息系統) which was subscribed by the Consultant. The Consultant also gathered data from a multitude of other sources, such as data from property management companies (including data from reported statistics which the Consultant considered reliable, websites and marketing materials), surveys conducted by China Index Academy (中國指數研究院), and data gathered from government authorities.

With reference to the Research Report and our further independent research, it is noted that the Group is operating under the market environment as summarised below:

According to the Research Report, the real estate market of Henan Province is the largest amongst six provinces in central China in terms of total GFA of commodity properties completed in 2018. The Henan Province and Zhengzhou City’s property markets have been developing swiftly. Based on the statistics released by the National Bureau of Statistics, the total value and GFA of commodity properties sold in Henan Province was approximately RMB901.0 billion and 142.8 million sq.m., respectively, in 2019, increasing by approximately 11.9% and 2.1%, respectively, as compared to 2018. Whereas in Zhengzhou City, the total GFA of commodity properties under construction, newly commenced construction and completed was approximately 195.8 million sq.m., 46.7 million sq.m. and 21.1 million sq.m., respectively, in 2019, increasing by approximately 5.0%, 7.0% and 8.3%, respectively, as compared to 2018. It is expected that the development of the property management services industry of Henan Province and Zhengzhou City will be further enhanced by the sustainable advancement of their property markets.

At the same time, the urbanisation process in Henan Province made a good progress with urbanisation rate increasing from approximately 43.8% in 2013 to approximately 51.7% in 2018, whereas in Zhengzhou City the urbanisation rate reached approximately 73.4% in 2018. In addition, the per capita annual disposable income for urban population in Henan Province and Zhengzhou City has both been on the rise in line with the national average. It is expected that this will help to boost the development of the property management services industry, with demand for better and higher quality service surging along with improving livelihood.

According to the Research Report, in 2018, there were over 8,500 property management services companies in Henan Province, with a total GFA under management exceeding 1,500 million sq.m. The total number of property projects under management in 2017 reached 13,115,

LETTER FROM VBG CAPITAL

of which residential and non-residential property projects amounted to 9,031 and 4,084 respectively. The majority of the property projects under management by Henan-based companies are located within Henan Province. Whilst in Zhengzhou City, there were over 1,500 property management services companies in 2018, with a total GFA under management exceeding 260 million sq.m., of which residential and non-residential properties amounted to approximately 193 million sq.m. and 67 million sq.m. respectively.

In accordance with the Measures on the Charges of Property Management Enterprise in Zhengzhou City (《鄭州市物業服務收費管理辦法》) (Zheng Jia Gong [2014] No.4) (jointly issued by the Zhengzhou Price Bureau and the Zhengzhou Housing Security and Real Estate Administration Bureau on 1 August 2014 and came into effect on 1 September 2014) published at <http://gfwj.zhengzhou.gov.cn/u/cms/gfwj/201704/20165645e4xp.pdf>, non-residential property management service fees are subject to market regulation. As a result, non-residential property management service fees were allowed to be freely negotiated between property management services companies and property owners. According to the Research Report, since then, property management service fees of non-residential properties have been determined by factors including the quality of property projects, service level provided and the affordability level of owners in different regions and cities. Set out below are the historical and forecasted average property management service fees of non-residential properties in Henan Province and Zhengzhou City as extracted from the Research Report:

	<i>(in RMB/sq.m./month)</i>									
	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E
Henan Province	4.76	4.80	4.84	4.94	5.09	5.18	5.27	5.36	5.45	5.54
Zhengzhou City	5.67	5.70	5.77	5.88	6.07	6.18	6.28	6.39	6.50	6.62

Reasons for the Transactions

As aforesaid, the Group is principally engaged in the provision of property management and value-added services and property engineering services, and both service segments have been expanding rapidly in recent years in terms of service scope, scale of operation as well as revenue generating power.

As advised by the Directors, the Board conducted an internal review of the business strategy of the Group at the first Board meeting in end of March 2020 after the Company's listing on the Main Board of the Stock Exchange and explored various methods to expand the existing scale of operations of the Group to broaden its income stream. The Directors considered the possibility of expanding its existing scale of operations to provision of property management services to sales offices and show flats, and were of the view that the cost of development would be low given that the Group could utilise its expertise in property management and the existing resources including manpower, equipment and systems. The Board therefore expanded the property management services provided to Ever Diamond Group and Zensun Enterprises Group to include, amongst others, security, cleaning, greening and gardening, parking space management, repair and maintenance and customer services to sales offices and show flats for projects of Ever Diamond Group and Zensun Enterprises Group. As at the date of the Announcement, the Group had been selected to provide property management

LETTER FROM VBG CAPITAL

services for five and 16 sales offices and show flats for projects of Ever Diamond Group and Zensun Enterprises Group, respectively. In anticipation of the additional Property Management and Value-added Services to be provided by the Group to sales offices and show flats for projects of Ever Diamond Group and Zensun Enterprises Group which is a new type of Non-Residential Properties to which the Group would provide services, the Board expected that the original annual caps under the Master Property Management Framework Agreements would be exceeded and proposed to revise the annual caps.

Taking into account the rapid expansion of the Group's principal business and the expected increase in demand for Property Management and Value-added Services by Ever Diamond Group and Zensun Enterprises Group, we concur with the Directors that the Transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group.

2. Principal terms of the Supplemental Agreements

Principal terms of the Master Property Management Framework Agreements (as amended by the Supplemental Agreements dated 28 August 2020) are summarised as follows:

Parties:	Under the Ever Diamond Supplemental Agreement: (1) The Company; and (2) Ever Diamond. Under the Zensun Enterprises Supplemental Agreement: (1) The Company; and (2) Zensun Enterprises.
Term:	Commencing from the date on which all condition precedent set out in the respective Supplemental Agreements is fulfilled to 31 December 2022.
Subject matter (as amended by the Supplemental Agreements):	Pursuant to the Master Property Management Framework Agreements, the Group shall provide the following Property Management and Value-added Services to Ever Diamond Group and Zensun Enterprises Group: – property management services which include, amongst others, security, cleaning, greening and gardening, parking space management, repair and maintenance for common areas and customer services; and

LETTER FROM VBG CAPITAL

- value-added services which include repair and maintenance for exclusive use areas, renovation waste clearance, intermediary leasing services, etc.

Pursuant to the Supplemental Agreements, the Property Management and Value-added Services to be provided by the Group to Ever Diamond Group and Zensun Enterprises Group shall be amended to include:

- property management services which include, amongst others, security, cleaning, greening and gardening, parking space management, repair and maintenance and customer services for (i) common areas of properties under management; (ii) sales offices and show flats; and (iii) exclusive use areas designated by Ever Diamond or Zensun Enterprises (as the case may be); and
- value-added services which include repair and maintenance for exclusive use areas, renovation waste clearance, intermediary leasing services, etc.

Pricing policy (as amended by the Supplemental Agreements):

The basis for charging the service fees depend on the nature of the Property Management and Value-added Services provided.

For property management services for (i) common areas of properties under management; and (ii) exclusive use areas designated by Ever Diamond or Zensun Enterprises (as the case may be), service fees to be charged are based on a unit rate ranging from approximately RMB3.0/month to RMB13.8/month for each sq.m. of GFA being managed by the Group. For property management services for greening and gardening services to sales offices and show flats, fees to be charged are based on a unit rate of approximately RMB0.4/month for each sq.m. of GFA being managed by the Group.

For property management services to sales offices and show flats (save for greening and gardening services), fees to be charged are based on a fixed sum per month determined by a mark-up of approximately 8% on cost incurred by the Group in providing the services.

LETTER FROM VBG CAPITAL

For value-added services, fees to be charged are based on a unit rate or fixed sum determined by a mark-up of a minimum of 8% on cost incurred by the Group in providing the services.

For each property project requiring property management services in common areas, the Group shall receive tender invitations from Ever Diamond Group or Zensun Enterprises Group. For other Property Management and Value-added Services (including property management services to sales offices and show flats and exclusive use areas designated by Ever Diamond or Zensun Enterprises (as the case may be), and value-added services), the Group shall receive quotations invitations from Ever Diamond Group or Zensun Enterprises Group.

If the Group decides to submit a tender or quotation, the Group shall determine its tender sum or quotation either based on a unit rate or fixed sum as set out above after taking into account (i) the nature and location of the properties; (ii) scope and quality of the service required; (iii) expected operational costs (including staff costs, subcontracting costs, material costs and operational administrative expenses); (iv) standard fees or pricing guidance on property management service fees designated by local government and/or relevant regulatory authorities (if any); (v) the 50% discount for the property management service fees the Group usually offers for unsold properties; and (vi) potential competitors' pricing. The service fees and terms set out in the tender or quotation shall be no less favourable to the Group than the standard fees to be offered and terms available to Independent Third Parties.

LETTER FROM VBG CAPITAL

We have discussed with the Directors regarding the aforesaid pricing policy and requested the Company to provide us with (i) the individual property management agreements entered into between the Group (as service provider) and Ever Diamond Group or Zensun Enterprises Group (both as customers); (ii) the individual property management agreements entered into between the Group (as service provider) and other Independent Third Parties customers; and (iii) the tender documents that the Group submitted for properties developed by Independent Third Party developers.

As confirmed by the Directors, the unit rate of the service fees that the Group charged to Ever Diamond Group and Zensun Enterprises Group are determined in accordance with the standard pricing terms maintained by the Group, i.e. for common areas of properties under management and exclusive use areas, a unit rate ranging from approximately RMB3.0 per sq.m./month to RMB13.8 per sq.m./month, which are fairly applicable to all customers. In addition, as shown in the sub-section headed “Overview of the property management services industry of Henan Province and Zhengzhou City” of this letter of advice, according to the Research Report, the forecasted average property management service fees of non-residential properties in Henan Province and Zhengzhou City in 2020 are approximately RMB5.27 per sq.m./month and RMB6.28 per sq.m./month, respectively. Therefore, the unit rate of the service fees that the Group charged to Ever Diamond Group and Zensun Enterprises Group is acceptable as compared to the average market rates.

On the other hand, based on our independent research, the results of which to the best of our knowledge are fair, representative, sufficient and exhaustive and are shown in the table below, the mark-up of 8% on cost for providing the property management and value-added services adopted by the Group is within the range of and close to the median net profit margin of Hong Kong listed companies which are principally engaging in similar businesses as the Group, being the provision of property management and related services within the PRC. Although the mark-up of 8% is lower than the average net profit margin of those comparable companies, we consider it acceptable as the mark-up of 8% is higher than the net profit margins of three (i.e. around one-third) of the comparable companies.

Company name (Stock code)	Financial year end	Net profit margin
Redsun Services Group Limited (1971)	31 December 2019	11.3%
Sichuan Languang Justbon Services Group Co., Ltd. (2606)	31 December 2019	21.1%
Yincheng Life Service Co., Ltd. (1922)	31 December 2019	4.8%
Xinyuan Property Management Service (Cayman) Ltd. (1895)	31 December 2019	15.3%
Zhong Ao Home Group Limited (1538)	31 December 2019	8.8%
Financial Street Property Co., Limited (1502)	31 December 2019	11.4%
Hevol Services Group Co. Limited (6093)	31 December 2019	5.6%
Riverine China Holdings Limited (1417)	31 December 2019	4.3%
Ye Xing Group Holdings Limited (1941)	31 December 2019	9.5%
Times Neighborhood Holdings Limited (9928)	31 December 2019	8.8%
	Range	4.3% to 21.1%
	Median	9.2%
	Average	10.1%

Source: website of the Stock Exchange (www.hkex.com.hk)

LETTER FROM VBG CAPITAL

With reference to the Prospectus, the original annual caps under the Ever Diamond Master Property Management Framework Agreement and the Zensun Enterprises Master Property Management Framework Agreement were set at RMB19.5 million, RMB24.5 million and RMB28.5 million for each of the three years ending 31 December 2020, 2021 and 2022 and RMB9.5 million, RMB19.5 million and RMB23.0 million for each of the three years ending 31 December 2020, 2021 and 2022, respectively. As advised by the Directors, when determining the original annual caps and the Revised Annual Caps, they have taken into account, amongst others, the delivery date and sales timetable of the properties for which the Group has been invited to provide a fee quotation or has already been selected to provide the Property Management and Value-added Services, while the expected delivery date, expected GFA to be delivered and expected proportion of unsold properties of other pipeline properties are expected to remain unchanged. For our due diligence purpose, we have requested and obtained the lists of the properties held by Ever Diamond Group and Zensun Enterprises Group for which the Group has been invited to provide a fee quotation or has been selected to provide the Property Management and Value-added Services, with detailed information regarding the type and location, expected delivery date and sales timetable of each of those properties. We have also requested and obtained the list of other pipeline properties which are scheduled to be developed by Ever Diamond Group and Zensun Enterprises Group, with detailed information regarding the expected GFA to be delivered, the roll-out plan and expected proportion of unsold properties of those pipeline properties.

As referred to in the Prospectus, a waiver exempting the Company from strict compliance with the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the respective transactions contemplated under the Ever Diamond Master Property Management Framework Agreement and the Zensun Enterprises Master Property Management Framework Agreement has been granted by the Stock Exchange on the condition that the aggregate amounts of such continuing connected transactions for each of the years concerned shall not exceed the respective original annual caps as aforementioned.

Nevertheless, as a result of the Group adopting a strategy for further expansion of its property management business to include the Property Management and Value-added Services to sales offices and show flats for projects of Ever Diamond Group and Zensun Enterprises Group, the Board expected that the original annual caps under the Master Property Management Framework Agreements would be exceeded and proposed to revise the annual caps. To assess the fairness and reasonableness of the Revised Annual Caps, we have further requested and obtained detailed information regarding the number and scale of sales offices and show flats for properties of Ever Diamond Group and Zensun Enterprises Group of which the Group has been invited to provide a fee quotation or has already been selected to provide Property Management and Value-added Services. From the information provided by the Company, we understand that the Group has been selected to provide Property Management and Value-added Services for five and 16 sales offices and show flats for properties of Ever Diamond Group and Zensun Enterprises Group, respectively. The relevant total contract service fees payable by Ever Diamond Group and Zensun Enterprises Group to the Group amounted to approximately RMB4.5 million, RMB17.5 million and RMB17.0 million for 2020,

LETTER FROM VBG CAPITAL

2021 and 2022, and RMB11.5 million, RMB46.5 million and RMB43.0 million for 2020, 2021 and 2022, respectively. Attributable to such additional service fees to be received from Ever Diamond Group and Zensun Enterprises Group (the “**Additional Service Fees**”), the original annual caps under the Master Property Management Framework Agreements have to be increased in the following manner:

	Ever Diamond Group		
	2020	2021	2022
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Original annual caps under the Ever Diamond Master Property Management Framework Agreement	19.5	24.5	28.5
<i>Plus:</i>			
Additional Service Fees to be received by the Group	4.5	17.5	17.0
Revised Annual Caps	24.0	42.0	45.5
	Zensun Enterprises Group		
	2020	2021	2022
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Original annual caps under the Zensun Enterprises Master Property Management Framework Agreement	9.5	19.5	23.0
<i>Plus:</i>			
Additional Service Fees to be received by the Group	11.5	46.5	43.0
Revised Annual Caps	21.0	66.0	66.0

For our due diligence purpose, we have requested and reviewed all those individual property management agreements to be entered into between the Group and Ever Diamond Group or Zensun Enterprises Group for sales offices and show flats to check as if the contract service fees and expected term of services as stated in the Revised Annual Caps’ calculations match with the corresponding agreement terms. Given that the contract service fees and expected term of services as stated in the Revised Annual Caps’ calculations match with the corresponding agreement terms, and the increments from the Additional Service Fees fundamentally account for the differences between the original annual caps under the Master Property Management Framework Agreements and the Revised Annual Caps, we are of the opinion that the Revised Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

As we noted that Zensun Enterprises is a company listed on the Main Board of the Stock Exchange (stock code: 185), the information of which is publicly available, we have further researched for the recent development and business performance of Zensun Enterprises Group

LETTER FROM VBG CAPITAL

for Shareholders' ancillary reference. As referred to in the Prospectus, Zensun Enterprises is a leading property developer and a Class I Real Estate Development Enterprise in the PRC. It was recognised as a top 50 property developer in the PRC in 2018 and 2019 by China Real Estate Association (中國房地產協會) in terms of comprehensive property development ability, and has been ranked first among property developers in Zhengzhou City in terms of contracted sales and floor area sold for a consecutive seven years from 2012 to 2018. As referred to in the published annual reports and announcements of Zensun Enterprises, Zensun Enterprises has adopted a concrete strategy for further expansion in property development business in the PRC and persisted continuing effort to expand its land reserves. In 2018, Zensun Enterprises Group successfully completed 51 land acquisitions with total site area of approximately 2.3 million sq.m. Subsequently in 2019, Zensun Enterprises Group successfully completed ten land acquisitions in the PRC, with total site area of approximately 0.5 million sq.m. As at 31 December 2019, Zensun Enterprises Group had six completed property projects and 30 on-going complex property projects on hand with 79 land parcels under development and planning with total site area of approximately 3.5 million sq.m. From 1 January 2020 up to 31 August 2020, Zensun Enterprises Group further acquired more than 35 pieces of land with total site area of over 1.5 million sq.m. Leveraging on the satisfactory performance of its property development business, Zensun Enterprises Group enjoyed robust increases in revenue of approximately 582.4% during the first half of 2020 as compared to the corresponding period in 2019 and approximately 1,377.6% in 2019 as compared to 2018.

4. Internal control and compliance with the Listing Rules

As highlighted in the Letter from the Board, the Group has formulated a series of internal control measures to supervise the Transactions. In particular, prior to providing the Property Management and Value-added Services, the marketing department shall obtain the standard fees or pricing guidance on property management service fees (if any) designated by local government and/or relevant regulatory authorities, and the prevailing market price of the relevant Property Management and Value-added Services. In addition, the marketing department checks the recent provision of the Property Management and Value-added Services by the Group to Independent Third Parties to ensure that the price and terms offered to Zensun Group shall be no less favourable to the Group than those offered to Independent Third Parties. The Company has also appointed its chief financial officer, who is familiar with the finance and business operations of the Group, to monitor the aggregate amount of the Transactions and assess on a monthly basis whether the annual cap thereunder may be exceeded. We have requested and obtained the relevant internal control manuals from the Company and discussed with the Directors in this regard.

Moreover, the Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 and 14A.55 of the Listing Rules pursuant to which (i) the values of the Transactions must be restricted by the respective Revised Annual Caps for the years concerned under the Supplemental Agreements; (ii) the terms of the Master Property Management Framework Agreements (as amended by the Supplemental Agreements) (together with the Revised Annual Caps) must be reviewed by the independent non-executive Directors annually; and (iii) details of independent non-executive Directors' annual review on the terms of the

LETTER FROM VBG CAPITAL

Master Property Management Framework Agreements (as amended by the Supplemental Agreements) (together with the Revised Annual Caps) must be included in the Company's subsequent published annual reports and financial accounts. Moreover, as stipulated under Rule 14A.56 of the Listing Rules, auditors of the Company must provide a letter to the Board confirming, among other things, that the Transactions are carried out in accordance with the pricing policies of the Company, and the Revised Annual Caps are not being exceeded. In the event that the total amounts of the Transactions exceed their respective Revised Annual Caps, or that there is any material amendment to the terms of the Master Property Management Framework Agreements (as amended by the Supplemental Agreements), the Company, as confirmed by the Directors, shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

With (i) the internal control measures of the Group which set forth the clear steps that the Group has to follow to ensure that the price and terms offered to Zensun Group shall be no less favourable to the Group than those offered to Independent Third Parties; as well as (ii) the aforesaid stipulated requirements for continuing connected transactions of the Listing Rules in place, the Transactions will be monitored and thus the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Supplemental Agreements (including the Revised Annual Caps) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) the Transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Supplemental Agreements, the Transactions and the Revised Annual Caps, and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard.

Yours faithfully,
For and on behalf of
VBG Capital Limited
Doris Sing
Deputy Managing Director

Ms. Doris Sing is a licensed person and responsible officer of VBG Capital Limited registered with the Securities and Futures Commission to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and has over 15 years of experience in corporate finance industry.

1. RESPONSIBILITY STATEMENT

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

2. INTERESTS OF DIRECTORS

(a) Interests in the Shares, underlying Shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company 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 they were taken or deemed to have under such provision of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long positions

(i) *Interests in Shares*

Name of Director	Capacity in which the interests are held	Number of Share held	Approximate percentage of the issued share capital (%)
Ms. Zhang Huiqi	Interest of controlled corporation (<i>Note</i>)	226,350,000	56.59

Note: 226,350,000 Shares are directly held by Foison Amber Development, which is indirectly wholly-owned by Vistra Trust (BVI) Limited, the trustee of the family trust (the “**Blossom Trust**”). The Blossom Trust is a discretionary trust established by Ms. Huang Yanping as the settlor, with Ms. Zhang acting as the protector and Ms. Zhang and her descendants being the discretionary beneficiaries. Foison Amber Development is wholly-owned by Fast Achieve Global Limited (“**Fast Achieve**”). Fast Achieve is a wholly-owned subsidiary of Glory Reach Enterprises Limited (“**Glory Reach**”), which in turn is wholly-owned by Vistra Trust (BVI) Limited, as the trustee of the Blossom Trust. Foison Amber Development, Fast Achieve and Glory Reach are holding companies of the Company, each of them is an associated corporation of the Company under the SFO. Pursuant to the trust instrument governing the Blossom Trust, Ms. Zhang as the protector of the Blossom Trust has the control over the Blossom Trust. Accordingly, Ms. Zhang as protector of the Blossom Trust is considered to be interested in the Shares held by Foison Amber Development.

(ii) *Interests in ordinary shares of associated corporations of the Company*

Name of Director	Name of associated corporation	Capacity in which the interests are held	Number of share held	Approximate percentage of the issued share capital (%)
Ms. Zhang Huiqi	Glory Reach	Interest of controlled corporation (<i>Note 1</i>)	100	100
Ms. Zhang Huiqi	Fast Achieve	Interest of controlled corporation (<i>Note 1</i>)	100	100
Ms. Zhang Huiqi	Foison Amber Development	Beneficial owner (<i>Note 1</i>)	50,000	100

Notes:

- (1) 226,350,000 Shares are directly held by Foison Amber Development, which is indirectly wholly-owned by Vistra Trust (BVI) Limited, the trustee of the Blossom Trust. The Blossom Trust is a discretionary trust established by Ms. Huang Yanping as the settlor, with Ms. Zhang acting as the protector and Ms. Zhang and her descendants being the discretionary beneficiaries. Foison Amber Development is wholly-owned by Fast Achieve. Fast Achieve is a wholly-owned subsidiary of Glory Reach, which in turn is wholly-owned by Vistra Trust (BVI) Limited, as the trustee of the Blossom Trust. Foison Amber Development, Fast Achieve and Glory Reach are holding companies of the Company, each of them is an associated corporation of the Company under the SFO. Pursuant to the trust instrument governing the Blossom Trust, Ms. Zhang as the protector of the Blossom Trust has the control over the Blossom Trust. Accordingly, Ms. Zhang as protector of the Blossom Trust is considered to be interested in the Shares held by Foison Amber Development.
- (2) Ms. Zhang Huiqi is a director of both Fast Achieve and Foison Amber Development.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in the Shares, underlying Shares or 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 they were taken or deemed to have under such provision of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register of the Company referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Interests in assets

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which has been, since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or was proposed to be acquired or disposed of by or leased to any member of the Group.

(c) Interests in contracts

On 18 February 2020, the Group entered into the Zensun Development Master Property Management Framework Agreement pursuant to which the Group would provide Property Management and Value-added Services to Zensun Development Group and the Zensun Development Master Property Engineering Framework Agreement pursuant to which the Group would provide property engineering services to Zensun Development Group, both for a term commencing from 9 March 2020 to 31 December 2022.

Zensun Development Group is a 30%-controlled company held indirectly by Ms. Zhang, and therefore, Ms. Zhang is considered to have a material interest in the Zensun Development Master Property Management Framework Agreement and the Zensun Development Master Property Engineering Framework Agreement.

Save for the above, as at the Latest Practicable Date, no contracts or arrangements were subsisting in which a Director was materially interested and which were significant in relation to the business of the Group.

(d) Interests in competing business

As at the Latest Practicable Date, Ms. Zhang Huiqi, the non-executive Director and one of the controlling shareholders, and her close associates have been conducting other business or holding interest in Zensun PM, a company established in the PRC and indirectly wholly-owned by Zensun Development, which focused primarily on property management services for Residential Properties. The Directors are of the view that there are clear business delineations between the Group and Zensun PM due to the differences in business scope, customer base, and as well as segregated management and employees. Therefore, the Directors consider that the business operation of Zensun PM does not compete, and is not likely to compete, either directly or indirectly, with the business of our Group.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and his/her close associates was interested in any business apart from the Group's business, which competed or was likely to compete, either directly or indirectly, with the Group's businesses.

(e) Directors' service contracts

As at the Latest Practicable Date, none of the Directors has any existing or proposed service contract with any member of the Group which is not expiring or terminable by the Group within one year without payment of compensation (other than statutory compensation).

3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, the persons (other than the Directors and chief executive of the Company) who had an interest or short position 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, or who were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of Shareholder	Nature of interests	Number of Shares held	Approximate percentage of the issued share capital of the Company (%)
Vistra Trust (BVI) Limited	Trustee of a trust (<i>Note</i>)	226,350,000	56.59
Glory Reach	Interest in controlled corporation (<i>Note</i>)	226,350,000	56.59
Fast Achieve	Interest in controlled corporation (<i>Note</i>)	226,350,000	56.59
Foison Amber Development	Beneficial owner (<i>Note</i>)	226,350,000	56.59
Eco-Victory Limited	Beneficial owner	73,650,000	18.41

Note: 226,350,000 Shares are directly held by Foison Amber Development, which is indirectly wholly-owned by Vistra Trust (BVI) Limited, the trustee of the Blossom Trust. The Blossom Trust is a discretionary trust established by Ms. Huang Yanping as the settlor, with Ms. Zhang acting as the protector and Ms. Zhang and her descendants being the discretionary beneficiaries. Foison Amber Development is wholly-owned by Fast Achieve. Fast Achieve is a wholly-owned subsidiary of Glory Reach, which in turn is wholly-owned by Vistra Trust (BVI) Limited, as the trustee of the Blossom Trust. Pursuant to the trust instrument governing the Blossom Trust, Ms. Zhang as the protector of the Blossom Trust has the control over the Blossom Trust. Accordingly, Ms. Zhang as protector of the Blossom Trust is deemed to be interested in the Shares held by Foison Amber Development.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the Directors and chief executives of the Company were not aware of any person (other than the Directors and chief executives of the Company) who had an interest or short position 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, or who were recorded in the register required to be kept by the Company under section 336 of the SFO or, who is, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group.

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

4. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Company were made up.

6. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

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

VBG Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, VBG Capital did not have any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2019 (being the date to which the latest published audited financial statements of the Group were made up).

As at the Latest Practicable Date, VBG Capital did not have any shareholding in any member of the Group nor had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

7. GENERAL

- (a) The registered office of the Company in the Cayman Islands is situated at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (b) The headquarters and registered office of the Company in the PRC is situated at Unit 407, Building B, Zensun International Plaza, 101 Hanghai East Road, Guancheng District, Zhengzhou City, Henan Province, China.
- (c) The place of business in Hong Kong is situated at 24th Floor, Wyndham Place, 40-44 Wyndham Street, Central, Hong Kong.
- (d) The share registrar of the Company is Tricor Investor Services Limited, which is situated at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) The company secretary of the Company is Leung Ka Ying, who is a member of the Hong Kong Institute of Certified Public Accountants.
- (f) The English text of this circular shall prevail over the Chinese text in case of inconsistency.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. (save for Saturdays and public holidays) at the place of business of the Company in Hong Kong at 24th Floor, Wyndham Place, 40-44 Wyndham Street, Central, Hong Kong from the date of this circular, up to and including the date of the EGM:

- (a) the Supplemental Agreements;
- (b) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 20 of this circular;
- (c) the letter from VBG Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 21 to 36 of this circular; and
- (d) the letter of consent referred to under the section headed "Expert and Consent" in this appendix.

NOTICE OF EXTRAORDINARY GENERAL MEETING

XINGYE WULIAN SERVICE GROUP CO. LTD.

興業物聯服務集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 9916)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of Xingye Wulian Service Group Co. Ltd. (the “**Company**”) will be held at Unit 406, Building B, Zensun International Plaza, 101 Hanghai East Road, Guancheng District, Zhengzhou City, Henan Province, China on Tuesday, 20 October 2020 at 10:00 a.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT

- (a) the Supplemental Agreements as defined and described in the circular of the Company dated 28 September 2020 (the “**Circular**”), a copy of the Circular marked “A” together with copies of the Supplemental Agreements marked “B” are tabled before the Meeting and initialled by the chairman of the Meeting for identification purpose and the transactions contemplated thereunder as described in the Circular and the implementation thereof be and are hereby approved, ratified and confirmed;
- (b) the Revised Annual Caps as defined and described in the Circular in respect of the property management and value-added services to be provided by the Company and its subsidiaries under the transactions contemplated under the Master Property Management Framework Agreements as amended by the Supplemental Agreements for each of the financial years ending 31 December 2020, 2021 and 2022 be and are hereby approved; and
- (c) any one director of the Company, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to execute all such other documents and agreements and do all such acts and things as he/she or they may in his/her or their absolute discretion consider to be necessary, desirable, appropriate or expedient to implement and/or give effect to the Supplemental Agreements, the transactions contemplated thereunder and the Revised Annual Caps and all matters incidental or ancillary thereto.”

By Order of the Board
Xingye Wulian Service Group Co. Ltd.
Zhu Jie
Chairman and Chief Executive Officer

Hong Kong, 28 September 2020

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint another person as his/her proxy to attend and vote in his/her stead. A member who is the holder of two or more shares in the Company (the “**Shares**”) may appoint more than one proxy to represent him and vote on his behalf at the Meeting. A proxy need not be a member of the Company.
2. In the case of joint holders of Shares, any one of such joint holders may vote, either in person or by proxy, in respect of such Shares as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the above meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
3. In order to be valid, the form of proxy must be in writing under the hand of the appointer or of his/her attorney duly authorised in writing, or if the appointer is a corporation, either under seal, or under the hand of an officer or attorney duly authorised, and must be deposited with the share registrar of the Company, Tricor Investor Services Limited, which is situated at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) not less than 48 hours before the time fixed for holding of the Meeting (i.e. not later than Sunday, 18 October 2020 on 10:00 a.m.) (or any adjournment thereof).
4. For the purpose of determining members who are qualified for attending the Meeting, the register of members of the Company will be closed from Thursday, 15 October 2020 to Tuesday, 20 October 2020 (both days inclusive), during which no transfer of the Shares will be effected. In order to qualify for attending the Meeting, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong by no later than 4:30 p.m. on Wednesday, 14 October 2020.
5. Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the Meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. Members and proxies attending the Meeting shall bear their own travel and accommodation expenses.
7. All times and dates specified herein refer to Hong Kong local times and date.
8. The Meeting will be conducted in Chinese and no translation will be provided.

As at the date of this notice, the Board comprises one executive Director namely, Mr. Zhu Jie, three non-executive Directors, namely, Ms. Zhang Huiqi, Mr. Wang Jinhu and Mr. Liu Zhenqiang, and three independent non-executive Directors, namely, Mr. Xu Chun, Mr. Feng Zhidong and Mr. Zhou Sheng.