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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)****RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
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 7 to 27 of this circular. A letter from the Independent Board Committee (as defined herein) is set out on page 28 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 29 to 48 of this circular.

A notice convening the EGM (as defined herein) to be held at Unit 3715, Zensun International Building, intersection of Pu Tian Xi Road and Qi Li He Nan Road, Jinshui District, Zhengzhou City, Henan Province, the People’s Republic of China on Thursday, 15 December 2022 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 17/F, Far East Finance Centre, 16 Harcourt Road, 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 Tuesday, 13 December 2022 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.

25 November 2022

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DEFINITIONS

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

“2022 Ever Diamond Master Property Engineering Framework Agreement”	the agreement entered into between the Company and Ever Diamond on 20 October 2022 in relation to the provision of the Property Engineering Services by the Group to Ever Diamond Group
“2022 Ever Diamond Master Property Management Framework Agreement”	the agreement entered into between the Company and Ever Diamond on 20 October 2022 in relation to the provision of the Property Management and Value-added Services by the Group to Ever Diamond Group
“2022 Master Property Engineering Framework Agreements”	the 2022 Ever Diamond Master Property Engineering Framework Agreement, the 2022 Zensun Development Master Property Engineering Framework Agreement and the 2022 Zensun Enterprises Master Property Engineering Framework Agreement
“2022 Master Property Management Framework Agreements”	the 2022 Ever Diamond Master Property Management Framework Agreement, the 2022 Zensun Development Master Property Management Framework Agreement and the 2022 Zensun Enterprises Master Property Management Framework Agreement
“2022 Zensun Development Master Property Engineering Framework Agreement”	the agreement entered into between the Company and Zensun Development on 20 October 2022 in relation to the provision of the Property Engineering Services by the Group to Zensun Development Group
“2022 Zensun Development Master Property Management Framework Agreement”	the agreement entered into between the Company and Zensun Development on 20 October 2022 in relation to the provision of the Property Management and Value-added Services by the Group to Zensun Development Group
“2022 Zensun Enterprises Master Property Engineering Framework Agreement”	the agreement entered into between the Company and Zensun Enterprises on 20 October 2022 in relation to the provision of the Property Engineering Services by the Group to Zensun Enterprises Group

DEFINITIONS

“2022 Zensun Enterprises Master Property Management Framework Agreement”	the agreement entered into between the Company and Zensun Enterprises on 20 October 2022 in relation to the provision of the Property Management and Value-added Services by the Group to Zensun Enterprises Group
“Announcement”	the announcement of the Company dated 20 October 2022 in relation to, among other things, the 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework Agreements, the Transactions and the Revised Annual Caps
“Annual Caps”	the proposed revised maximum annual transaction amounts payable by Ever Diamond Group, Zensun Development Group and Zensun Enterprises Group to the Group for the relevant Property Engineering Services and Property Management and Value-added Services for each of the three financial years ending 31 December 2025 respectively
“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
“Effective Date”	20 October 2022

DEFINITIONS

“EGM”	an extraordinary general meeting of the Company to be held for the purposes of considering and, if thought fit, approving the 2022 Master Property Management Framework Agreements, the 2022 Master Property Engineering Framework Agreements, the Transactions and the 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 Engineering Framework Agreement”	the agreement entered into between the Company and Ever Diamond on 18 February 2020 in relation to the provision of the Property Engineering Services by the Group to Ever Diamond Group
“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
“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 2022 Master Property Engineering Framework Agreements, the 2022 Master Property Management Framework Agreements, the Transactions and the Annual Caps

DEFINITIONS

“Independent Financial Advisor” or “VBG Capital”	VBG Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance in Hong Kong and the independent financial advisor to the Independent Board Committee and the Independent Shareholders in respect of the 2022 Master Property Engineering Framework Agreements, the 2022 Master Property Management Framework Agreements, the Transactions and the Annual Caps
“Independent Shareholders”	Shareholder(s) other than Foison Amber Development Limited
“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”	18 November 2022, being the latest practicable date for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Property Engineering Framework Agreements”	the Ever Diamond Master Property Engineering Framework Agreement, the Zensun Development Master Property Engineering Framework Agreement and the Zensun Enterprises Master Property Engineering Framework Agreement
“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
“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

DEFINITIONS

“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 Engineering Services”	the provision of property engineering services including but not limited to planning, design and installation of security and surveillance systems, access control systems, carpark management systems and construction site management systems by the Group
“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.
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Shareholder(s)”	the holder(s) of 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
“Transactions”	the transactions contemplated under the 2022 Master Property Engineering Framework Agreements and 2022 Master Property Management Framework 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

DEFINITIONS

“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 the 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 Engineering Framework Agreement”	the agreement entered into between the Company and Zensun Enterprises on 18 February 2020 in relation to the provision of the Property Engineering Services by the Group to Zensun Enterprises Group
“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

25 November 2022

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
THE 2022 MASTER PROPERTY MANAGEMENT
FRAMEWORK AGREEMENTS
AND
2022 MASTER PROPERTY ENGINEERING
FRAMEWORK AGREEMENTS
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the prospectus of the Company dated 25 February 2020, the announcement dated 28 August 2020 and the Announcement of the Company dated 20 October 2022 in relation to, among other things, the 2022 Master Property Engineering Framework Agreements, the 2022 Master Property Management Framework Agreements, the Transactions and the Annual Caps.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) details of the 2022 Master Property Engineering Framework Agreements, the 2022 Master Property Management Framework Agreements, the Transactions and the Annual Caps; (ii) the recommendation from the Independent Board Committee in respect of the 2022 Master Property Engineering Framework Agreements, the 2022 Master Property Management Framework Agreements, the Transactions and the 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 2022 Master Property Engineering Framework Agreements, the 2022 Master Property Management Framework Agreements, the Transactions and the Annual Caps; and (iv) the notice of EGM.

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 9 March 2020 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 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.

LETTER FROM THE BOARD

The Company intends to continue with the Master Property Management Framework Agreements (as amended by the Supplemental Agreements) and the Master Property Engineering Framework Agreements and to renew the relevant agreements on or before their expiry of term on 31 December 2022. Accordingly, the Board announces that on 20 October 2022 (after trading hours), the Company entered into (a) the 2022 Master Property Management Framework Agreements and (b) the 2022 Master Property Engineering Framework Agreements with each of Ever Diamond, Zensun Enterprises and Zensun Development respectively. The 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework Agreements are conditional upon approval by the Independent Shareholders at the EGM having been obtained.

The principal terms of the 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework Agreements are set out below respectively.

PRINCIPAL TERMS

A. 2022 Ever Diamond Master Property Management Framework Agreement and the 2022 Zensun Enterprises Master Property Management Framework Agreement

Principal terms of the 2022 Ever Diamond Master Property Management Framework Agreement and the 2022 Zensun Enterprises Master Property Management Framework Agreement are summarised as follows:

Date of the 2022 Ever Diamond Master Property Management Framework Agreement and the 2022 Zensun Enterprises Master Property Management Framework Agreement: 20 October 2022

Parties: Under the 2022 Ever Diamond Master Property Management Framework Agreement:

- (1) The Company; and
- (2) Ever Diamond

Under the 2022 Zensun Enterprises Master Property Management Framework Agreement:

- (1) The Company; and
- (2) Zensun Enterprises

LETTER FROM THE BOARD

- Term:** Each of the 2022 Ever Diamond Master Property Management Framework Agreement and the 2022 Zensun Enterprises Master Agreement shall commence on the date on which all condition precedent set out in the respective 2022 Ever Diamond Master Property Management Framework Agreement and the 2022 Zensun Enterprises Master Property Management Framework Agreement are fulfilled. The term of the 2022 Ever Diamond Master Property Management Framework Agreement and the 2022 Zensun Enterprises Master Property Management Framework Agreement shall commence from the Effective Date and shall continue up to and including 31 December 2025, unless terminated earlier in accordance with the terms of the 2022 Ever Diamond Master Property Management Framework Agreement and the 2022 Zensun Enterprises Master Property Management Framework Agreement
- Condition precedent:** The 2022 Ever Diamond Master Property Management Framework Agreement and the 2022 Zensun Enterprises Master Property Management Framework Agreement and the Transactions contemplated thereunder are conditional on the approval by the Independent Shareholders at the EGM
- Subject matter:** Pursuant to the 2022 Ever Diamond Master Property Management Framework Agreement and the 2022 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 (i) common areas and customer services; (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:

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/month to RMB12.4/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 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, 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 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 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 THE BOARD

Proposed annual caps:

Under the 2022 Ever Diamond Master Property Management Framework Agreement, the proposed annual caps are as follows:

For the year ending		
31 December		
2023	2024	2025
<i>RMB'</i>	<i>RMB'</i>	<i>RMB'</i>
<i>million</i>	<i>million</i>	<i>million</i>

Proposed			
annual caps	12.7	12.9	13.0

Under the 2022 Zensun Enterprises Master Property Management Framework Agreement, the proposed annual caps are as follows:

For the year ending		
31 December		
2023	2024	2025
<i>RMB'</i>	<i>RMB'</i>	<i>RMB'</i>
<i>million</i>	<i>million</i>	<i>million</i>

Proposed			
annual caps	28.9	31.6	32.3

When determining the annual caps under the 2022 Zensun Enterprises Master Property Management Framework Agreement, among others, the properties to be delivered by Zensun Enterprises Group based on their current development schedule and plans for 2023 to 2025 has been taken into account.

As a result of the COVID-19 pandemic, there has been delay in construction and delivery of some of the property projects of Zensun Enterprises Group and the actual transaction amount for the nine months ended 30 September 2022 was relatively lower than the expected delivery schedule. Notwithstanding this, it is expected that the demand for Property Management and Value-added Services from Zensun Enterprises Group will bounce back to the level of the year 2021 in the near future. As such, the proposed annual caps under the 2022 Zensun Enterprises Master Property Management Framework Agreement are determined based on the level of demand based on the historical transaction amount for the year ended 31 December 2021.

LETTER FROM THE BOARD

Historical Transaction Amount

For the two years ended 31 December 2021 and the nine months ended 30 September 2022, 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 nine months ended 30 September
	2020	2021	2022
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
	<i>Approximately</i>	<i>Approximately</i>	<i>Approximately</i>
Ever Diamond Group	14.6	12.7	11.2
Zensun Enterprises Group	12.2	29.1	15.5

B. 2022 Zensun Development Master Property Management Framework Agreement

Principal terms of the 2022 Zensun Development Master Property Management Framework Agreement are summarised as follows:

Date of the 2022 Zensun Development Master Property Management Framework Agreement:	20 October 2022
Parties:	Under the 2022 Zensun Development Master Property Management Framework Agreement: (1) The Company; and (2) Zensun Development
Term:	The 2022 Zensun Development Master Property Management Framework Agreement shall commence on the date on which all condition precedent set out in the 2022 Zensun Development Master Property Management Framework Agreement are fulfilled. The term of the 2022 Zensun Development Master Property Management Framework Agreement shall commence from the Effective Date and shall continue up to and including 31 December 2025, unless terminated earlier in accordance with the terms of the 2022 Zensun Development Master Property Management Framework Agreement

LETTER FROM THE BOARD

Condition precedent: The 2022 Zensun Development Master Property Management Framework Agreement and the Transactions contemplated thereunder are conditional on the approval by the Independent Shareholders at the EGM

Subject matter: Pursuant to the 2022 Zensun Development Master Property Management Framework Agreement, the Group shall provide the following Property Management and Value-added Services to Zensun Development 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.

The Property Management and Value-added Services to Zensun Development Group will usually be provided in the construction site or renovation site where Zensun Development Group undertakes construction or renovation works.

Pricing policy: The fees to be charged for the Property Management and Value-added Services will usually be in a lump-sum fee charged to Zensun Development Group on each construction or renovation site and such fees will be determined after taking into account:

- (a) the nature and location of the properties;
- (b) the length of service period, scope and quality of the service required;
- (c) the expected operational costs (including staff costs, subcontracting costs, material costs and operational administrative expenses);
- (d) the 50% discount for the property management fees we usually offer for unsold properties; and

LETTER FROM THE BOARD

- (e) the pricing of Property Management and Value-added Services offered by the Group to other Independent Third Parties in pre-development stages.

In order to ensure the fees charged by the Group to Zensun Development Group would be comparable to/no less favourable than the fees charged to other Independent Third Parties, the marketing department of the Group shall review at least two recent contracts entered into by the Group and Independent Third Party for the provision of the Property Management and Value-added Services in pre-development stages to ensure that the price and terms offered to Zensun Development Group shall be no less favourable to the Group than that offered to Independent Third Parties.

Based on the above, the Directors considered that transactions conducted with Zensun Development Group under the 2022 Zensun Development Master Property Management Framework Agreement will be conducted on normal commercial terms or better.

Proposed annual caps:

Under the 2022 Zensun Development Master Property Management Framework Agreement, the proposed annual caps are as follows:

	For the year ending		
	31 December		
	2023	2024	2025
	<i>RMB'</i>	<i>RMB'</i>	<i>RMB'</i>
	<i>million</i>	<i>million</i>	<i>million</i>
Proposed annual caps	3.2	3.7	3.9

LETTER FROM THE BOARD

For the annual caps under the 2022 Zensun Development Master Property Management Framework Agreement, they are much higher than the historical transaction amount for the nine months ended 30 September 2022 given that a number of new individual property engineering agreements have been/will be entered into between the Group and Zensun Development Group in 2022, resulting in substantial increase in the expected transaction amount in the coming few years.

Historical Transaction Amount

For the two years ended 31 December 2021 and the nine months ended 30 September 2022, the historical transaction amount for the Property Management and Value-added Services provided by the Group to Zensun Development Group are set out as follows:

	For the year ended 31 December		For the nine months ended
	2020	2021	30 September 2022
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
	<i>Approximately</i>	<i>Approximately</i>	<i>Approximately</i>
Zensun Development Group	0.02	0.20	0.15

C. 2022 Master Property Engineering Framework Agreement

Principal terms of the 2022 Master Property Engineering Framework Agreements are summarised as follows:

Date of 2022 Master Property Engineering Framework Agreements:	20 October 2022
Parties:	Under the 2022 Ever Diamond Master Property Engineering Framework Agreement:
	(1) The Company; and
	(2) Ever Diamond

LETTER FROM THE BOARD

Under the 2022 Zensun Development Master Property Engineering Framework Agreement:

- (1) The Company; and
- (2) Zensun Development

Under the 2022 Zensun Enterprises Master Property Engineering Framework Agreement:

- (1) The Company; and
- (2) Zensun Enterprises

Term: Each of the 2022 Master Property Engineering Framework Agreements shall commence on the date on which all condition precedent set out in the respective 2022 Master Property Engineering Framework Agreements are fulfilled. The term of the respective 2022 Master Property Engineering Framework Agreements shall commence from the Effective Date and shall continue up to and including 31 December 2025, unless terminated earlier in accordance with the terms of the respective 2022 Master Property Engineering Framework Agreement

Condition precedent: The 2022 Master Property Engineering Framework Agreements and the Transactions contemplated thereunder are conditional on the approval by the Independent Shareholders at the EGM

Subject matter: Pursuant to the 2022 Master Property Engineering Framework Agreement, the Group shall provide the following Property Engineering Services to Zensun Group:

- procurement, planning, design, installation, commissioning and testing of equipment and materials for the perimeter prevention system, surveillance system, visual intercom system, electronic patrol system, background music system, vehicle management system, pedestrian management system, construction site management system, wireless wifi system, LED display, and its intelligent basic network system, etc.;

LETTER FROM THE BOARD

- submission of all technical documents required for equipment and material inspection, testing, operation, maintenance, training and other requirements for each system; and
- warranty services during the warranty period.

Pricing policy:

The fees to be charged for the Property Engineering Services will be determined after taking into account the complexity and the scope of service required by the Group's customers. The service fees shall not be less favourable than the fees to be charged from Independent Third Parties.

In order to ensure the fees charged by the Group to Zensun Group would be comparable to/no less favourable than the fees charged to other Independent Third Parties, the Group shall conduct market research and make reference to the price of successful tenders of Zensun Group to understand at least two potential competitors' pricing and the fees charged by the Group to Zensun Group shall not be less favourable to the Group than the fees charged by Independent Third Parties.

In addition, the Group may receive tender invitations from Ever Diamond Group or Zensun Enterprises Group in the provision of the Property Engineering Services. If the Group decides to submit a tender or quotation, the Group shall determine its tender sum or quotation based on a unit rate or fixed sum after taking into account (i) the materials to be used in the systems to be installed and the quality required; (ii) the expected operational costs (including staff costs and material costs); and (iii) competitors' pricing. The service fees and terms set out in the tender or quotation shall be no less favourable to the Group than the fees charged by Independent Third Parties.

Based on the above, the Directors considered that transactions conducted with Zensun Group under the 2022 Master Property Engineering Framework Agreements will be conducted on normal commercial terms or better.

LETTER FROM THE BOARD

Proposed annual caps:

Under the 2022 Ever Diamond Master Property Engineering Framework Agreement, the proposed annual caps are as follows:

For the year ending		
31 December		
2023	2024	2025
<i>RMB'</i>	<i>RMB'</i>	<i>RMB'</i>
<i>million</i>	<i>million</i>	<i>million</i>

Proposed			
annual caps	12.9	12.9	11.6

Under the 2022 Zensun Enterprises Master Property Engineering Framework Agreement, the proposed annual caps are as follows:

For the year ending		
31 December		
2023	2024	2025
<i>RMB'</i>	<i>RMB'</i>	<i>RMB'</i>
<i>million</i>	<i>million</i>	<i>million</i>

Proposed			
annual caps	26.6	29.7	32.1

When determining the annual caps under the 2022 Zensun Enterprises Master Property Engineering Framework Agreement, among others, (i) the historical transaction amounts; (ii) the number of projects for which the Group had been engaged by Zensun Enterprises Group to provide Property Engineering Services; (iii) the number of property projects under development and planning by Zensun Enterprises Group requiring Property Engineering Services based on their current development schedule and plans for 2023 to 2025 and (iv) the expected annual increment in service fee for the Property Engineering Services to be charged by the Group have been taken into account.

LETTER FROM THE BOARD

Under the 2022 Zensun Development Master Property Engineering Framework Agreement, the proposed annual caps are as follows:

	For the year ending 31 December		
	2023	2024	2025
	<i>RMB'</i>	<i>RMB'</i>	<i>RMB'</i>
	<i>million</i>	<i>million</i>	<i>million</i>
Proposed annual caps	19.3	20.3	21.3

Historical Transaction Amount

For the two years ended 31 December 2021 and the nine months ended 30 September 2022, the historical transaction amount for the Property Engineering Services provided by the Group to the Zensun Group are set out as follows:

	For the year ended 31 December		For the nine months ended 30 September
	2020	2021	2022
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
	<i>Approximately</i>	<i>Approximately</i>	<i>Approximately</i>
Ever Diamond Group	15.8	11.3	6.8
Zensun Enterprises Group	14.9	16.9	18.6
Zensun Development Group	15.0	17.6	13.5

REASONS FOR AND BENEFITS OF THE 2022 MASTER PROPERTY MANAGEMENT FRAMEWORK AGREEMENTS, AND THE 2022 MASTER PROPERTY ENGINEERING FRAMEWORK AGREEMENTS

Ever Diamond Group and Zensun Enterprises Group engage in property development businesses in the PRC and, from time to time, the Group will provide property management services and value-added services to their property development projects. On the other hand, Zensun Development Group engages in, among others, construction and renovation works in the PRC, and the Group will provide Property Engineering Services to them after they are engaged by property owners in renovation works. Based on the historical transaction amounts, the Board is confident that the 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework Agreements will continue to bring in steady stream of revenue to the Group. For the two years ending 31 December 2021 and the nine months ended 30 September 2022, the Group has completed 49 projects for the provision of Property Management Services and was engaged in 52 Property Engineering Services work.

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, Zensun Development Group and Zensun Enterprises Group for the nine months ended 30 September 2022 are as follows:

	For the nine months ended 30 September 2022
	<i>RMB' million</i>
	<i>Approximately</i>
Ever Diamond Group	
– annual cap for the year ending 31 December 2022	45.5
– unaudited actual transaction amount	11.2
Zensun Development Group	
– annual cap for the year ending 31 December 2022	3.5
– unaudited actual transaction amount	0.15
Zensun Enterprises Group	
– annual cap for the year ending 31 December 2022	66.0
– unaudited actual transaction amount	15.5

Each of the proposed annual caps under the 2022 Master Property Management Framework Agreements has been determined with reference to:

- (a) the historical transaction amounts;
- (b) the properties to be delivered by the Zensun Group based on their current development schedule and plans for 2023 to 2025 and the expected delivery date taking into account the possibility of early delivery of the properties; and
- (c) the percentage of historical and expected unsold GFA for properties delivered or to be delivered by the Zensun Group which require Property Management and Value-added Services.

The unaudited actual transaction amount for the Property Engineering Services provided by the Group to Ever Diamond Group, Zensun Development and Zensun Enterprises Group for the nine months ended 30 September 2022 are as follows:

	For the nine months ended 30 September 2022
	<i>RMB' million</i>
	<i>Approximately</i>
Ever Diamond Group	
– annual cap for the year ending 31 December 2022	22.5
– unaudited actual transaction amount	6.8

LETTER FROM THE BOARD

**For the nine months
ended 30 September
2022**

RMB' million

Approximately

Zensun Development Group	
– annual cap for the year ending 31 December 2022	21.0
– unaudited actual transaction amount	13.5

Zensun Enterprises Group	
– annual cap for the year ending 31 December 2022	34.0
– unaudited actual transaction amount	18.6

Each of the annual caps under the 2022 Master Property Engineering Framework Agreements has been determined with reference to:

- (a) the historical transaction amounts;
- (b) the number of projects for which the Group had been engaged by Ever Diamond Group, Zensun Development Group and Zensun Enterprises Group to provide Property Engineering Services;
- (c) the number of property projects under development and planning by the Ever Diamond Group and Zensun Development Group and Zensun Enterprises Group's pipeline requiring Property Engineering Services based on their current development schedule and plans for 2023 to 2025; and
- (d) the expected annual increment in the service fees for Property Engineering Services to be charged by the Group taking into account service fees charged by other service providers, the economic growth in the PRC and the expected inflation rate.

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 2022 Master Property Engineering Framework Agreements, the 2022 Master Property Management Framework Agreements, the Transactions and the Annual Caps and had abstained from voting on the Board resolutions of the Company to approve the 2022 Master Property Engineering Framework Agreements, the 2022 Master Property Management Framework Agreements, the Transactions and the Annual Caps. Save for the aforementioned, no other Director has a material interest in any of the 2022 Master Property Engineering Framework Agreements or the 2022 Master Property Management Framework Agreements and therefore is required to abstain from voting on the Board resolutions of the Company to approve any of the 2022 Master Property Engineering Framework Agreements, the 2022 Master Property Management Framework Agreements, the Transactions and the Annual Caps.

LETTER FROM THE BOARD

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 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework Agreements, the Transactions and the Annual Caps are (i) on normal commercial terms 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.

After considering (i) the 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework Agreements would contribute to an additional income stream for the Group; (ii) the capacity of the Group in the provision of Property Management and Value-added Services and Property Engineering Services to Independent Third Parties would not be hindered by the 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework Agreements; and (iii) the terms of the 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework Agreements are on normal commercial terms and are fair and reasonable, the Board (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 not aware of any disadvantage of the Transactions to the Group.

INTERNAL CONTROL

The Company has established various internal control measures to monitor the transactions contemplated under the 2022 Master Property Management Services Framework Agreements and the 2022 Master Property Engineering Framework Agreements, including:

- (i) prior to providing the Property Management and Value-added Services and the Property Engineering 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 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework Agreements, and assesses on a monthly basis whether the annual cap thereunder may be exceeded;

LETTER FROM THE BOARD

- (iii) the independent non-executive Directors conduct annual reviews with respect to the transactions contemplated under the 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework Agreements, and confirm in the annual report, pursuant to the requirements under the Listing Rules, whether such continuing connected transactions have been entered into in the ordinary and usual course of business of the Group, are on normal commercial terms, and in accordance with the 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework 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 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework Agreements, and the transactions contemplated thereunder in accordance to the Listing Rules.

INFORMATION OF THE GROUP, EVER DIAMOND GROUP, ZENSUN DEVELOPMENT 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, Zensun Development Group is engaged in construction and renovation works in the PRC and Zensun Enterprises Group is principally engaged in the businesses of property development, property investment and management, hotel operations, 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 71.99% 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 Vista 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

**Proposed annual caps for 2022 Master Property
Management Framework Agreements
For the year ending 31 December**

	2023	2024	2025
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
2022 Ever Diamond Master Property Management Framework Agreement	12.7	12.9	13.0
2022 Zensun Enterprises Master Property Management Framework Agreement	28.9	31.6	32.3
2022 Zensun Development Master Property Management Framework Agreement	3.2	3.7	3.9
Aggregate annual caps	44.8	48.2	49.2

**Proposed annual caps for 2022 Master Property
Engineering Framework Agreements
For the year ending 31 December**

	2023	2024	2025
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
2022 Ever Diamond Master Property Engineering Framework Agreement	12.9	12.9	11.6
2022 Zensun Enterprises Master Property Engineering Framework Agreement	26.6	29.7	32.1
2022 Zensun Development Master Property Engineering Framework Agreement	19.3	20.3	21.3
Aggregate annual caps	58.8	62.9	65.0

Given that one or more of the applicable percentage ratios based on the aggregate annual caps in relation to both the 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework Agreements exceed 5% and the aggregate revised annual caps exceed HK\$10,000,000, the transactions contemplated under the 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework Agreements constitute continuing connected transactions of the Company and are subject to compliance with the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

THE EGM

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

Foison Amber Development Limited, 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 2022 Master Property Management Framework Agreements, the 2022 Master Property Engineering Framework Agreements, the Transactions and the Annual Caps and shall be required to abstain from voting on the resolution of the Company in approving the 2022 Master Property Management Framework Agreements, the 2022 Master Property Engineering Framework Agreements, the Transactions and the 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 2022 Master Property Management Framework Agreements, the 2022 Master Property Engineering Framework Agreements, the Transactions and the Annual Caps and is required to abstain from voting on the resolution of the Company in approving the 2022 Master Property Management Framework Agreements, the 2022 Master Property Engineering Framework Agreements, the Transactions and the 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM (i.e. not later than Tuesday, 13 December 2022 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 2022 Master Property Management Framework Agreements, the 2022 Master Property Engineering Framework Agreements, the Transactions and the Annual Caps and to advise the Independent Shareholders on whether or not the 2022 Master Property Management Framework Agreements, the 2022 Master Property Engineering Framework Agreements, the Transactions and the 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.

LETTER FROM THE BOARD

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 12 December 2022 to Thursday, 15 December 2022, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than Friday, 9 December 2022 at 4:30 p.m.

RECOMMENDATION

The Directors (including the independent non-executive Directors after considering the advice of VBG Capital) consider that the 2022 Master Property Management Framework Agreements, the 2022 Master Property Engineering Framework Agreements, the Transactions and the Annual Caps are (i) fair and reasonable so far as the Independent Shareholders are concerned; (ii) on normal commercial terms 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 2022 Master Property Management Framework Agreements, the 2022 Master Property Engineering Framework Agreements, the Transactions and the Annual Caps.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee as set out on page 28 of this circular which contains its recommendation to the Independent Shareholders in relation to the 2022 Master Property Management Framework Agreements, the 2022 Master Property Engineering Framework Agreements, the Transactions and the Annual Caps after taking into account the advice from VBG Capital, and the letter from VBG Capital as set out on pages 29 to 48 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders regarding the 2022 Master Property Management Framework Agreements, the 2022 Master Property Engineering Framework Agreements, the Transactions and the 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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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)

25 November 2022

To the Independent Shareholders

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company dated 25 November 2022 (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 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework Agreements, the Transactions and the 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 2022 Master Property Engineering Framework Agreements, the 2022 Master Property Management Framework Agreements, the Transactions and the Annual Caps and the advice given by VBG Capital, we are of the opinion that the 2022 Master Property Engineering Framework Agreements and the 2022 Master Property Management Framework Agreements, the Transactions and the Annual Caps are (i) fair and reasonable so far as the Independent Shareholders are concerned; (ii) on normal commercial terms 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 2022 Master Property Engineering Framework Agreements, the 2022 Master Property Management Framework Agreements, the Transactions and the 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 Adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework Agreements for the purpose of inclusion in this circular.



建泉融資有限公司
VBG Capital Limited

21/F., Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

25 November 2022

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

Dear Sirs,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework Agreements, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 25 November 2022 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.

References are made to the prospectus of the Company dated 25 February 2020 (the “**Prospectus**”) and the announcement of the Company dated 28 August 2020 in relation to the continuing connected transactions under the Master Property Management Framework Agreements and the Master Property Engineering Framework Agreements, and the Supplemental Agreements to the Master Property Management Framework Agreements, respectively.

The Company intends to continue with the Master Property Management Framework Agreements (as amended by the Supplemental Agreements) and the Master Property Engineering Framework Agreements and to renew the relevant agreements on or before their expiry date on 31 December 2022. Accordingly, the Board announces that on 20 October 2022, the Company entered into (a) the 2022 Master Property Management Framework Agreements and (b) the 2022 Master Property Engineering Framework Agreements with each of Ever Diamond, Zensun Enterprises and Zensun Development respectively.

LETTER FROM VBG CAPITAL

According to the Letter from the Board, the Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to the announcement, circular and independent shareholders' approval requirements thereunder.

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 the 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework Agreements (including the 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 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework Agreements at the EGM. We, VBG Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any business relationship with the Company within the past two years. Save for the normal fees payable to us in connection with this appointment, no arrangement exists whereby we shall receive any fees or benefits from the Company and its subsidiaries or the Directors, chief executive or substantial shareholders (as defined in the Listing Rules) of the Company or any of their associates. We consider ourselves independent to form our opinion in respect of the 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework Agreements.

BASIS OF OUR OPINION

In formulating our opinion with regard to the 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework Agreements, 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 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 advisers, which have been provided to us.

LETTER FROM VBG CAPITAL

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 Adviser, 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, Zensun 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 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework 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 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 2025, and they do not represent forecasts of revenues or costs to be recorded from the 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework Agreements. Consequently, we express no opinion as to how closely the actual revenues and costs to be recorded from the 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework Agreements will correspond with the Annual Caps.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework Agreements, we have taken into consideration the following principal factors and reasons:

LETTER FROM VBG CAPITAL

1. Background of the 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework Agreements

Principal business of the Group

Established in 1999, the Group is a reputable property management service provider in Henan Province. 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 is as follows:

- *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.

The Group's portfolio of properties under management expanded rapidly in recent years. The year-on-year expansion of the aggregate GFA of properties under management of the Group was approximately 33.3%, 50.0%, 29.2% and 110.7% from 2018 to 2021. As at 31 December 2021, the aggregate GFA of properties under the Group's management was approximately 6.6 million square metres (sq.m.).

LETTER FROM VBG CAPITAL

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.

The scope of property engineering services that are typically provided by the Group is as follows:

- *Security and surveillance systems* – a CCTV system installed at property sites which connects to the Group’s property management system to enable real time monitoring.
- *Access control systems* – a system comprising smart card system, entry-exit system and video intercom system for monitoring entry into and out of the premises.
- *Carpark management systems* – a system comprising automatic licence plate detection and recognition systems installed at the entrances and exits of the car parks to identify vehicles such that only vehicles which have their licence plate details stored on the system can enter into the car park. Parking fees can be paid automatically via the platform.
- *Construction site management systems* – a system comprising facial recognition systems, smart card systems, CCTV systems and security cameras to keep track of the attendance of construction workers and ensure the security in construction sites, such as record of entry and exit time of workers.

Extracted from the annual reports of the Company for the years ended 31 December 2021 and 2020 and the Prospectus, the table below demonstrates the audited revenue of the Group generated from the property management and value-added services and property engineering services segments over the past five years:

	For the year ended 31 December				
	2021	2020	2019	2018	2017
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Property management and value-added services	228,374	165,008	149,249	107,480	76,068
Property engineering services	45,722	45,904	34,143	18,297	N/A

As depicted by the above table, the Group’s segment revenue from property management and value-added services has been rising substantially during the past five consecutive years. In 2021, in view of the intensified competition in the property management services industry, the Group formulated new strategy to expand its pipeline property portfolio to residential properties other than non-residential properties. This new strategy has been successful in

LETTER FROM VBG CAPITAL

bringing additional revenue to the Group. Revenue from property management and value-added services hence rose by approximately 38.4% in 2021 as compared to 2020. As regards the property engineering services segment, revenue also rose from approximately RMB18.3 million for the year ended 31 December 2018 to approximately RMB45.7 million for the year ended 31 December 2021, representing a cumulative growth of approximately 149.9%.

Information on members of Zensun Group

As extracted from the Letter from the Board, to the best of the Directors' knowledge, Ever Diamond Group is principally engaged in property development business in the PRC, Zensun Development Group is engaged in construction and renovation works in the PRC and Zensun Enterprises Group is engaged in property development, property investment, property management and sales services, and securities trading and investment.

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

We understand that the Company had commissioned an independent industry consultant to conduct an analysis of the property management and property engineering services industry in Henan Province and Zhengzhou City, the report of which was included in the Prospectus (the "**Research Report**"). 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:

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 RMB18,193.0 billion and 1,794.3 million sq.m., respectively, in 2021, increasing by approximately 4.8% and 1.9%, respectively, as compared to 2020. Whereas in Zhengzhou City, the total GFA of commodity properties under construction, newly commenced construction and completed was approximately 205.0 million sq.m., 31.7 million sq.m. and 21.9 million sq.m., respectively, in 2021, changing by approximately 5.4%, (3.7)% and 50.0%, respectively, as compared to 2020.

At the same time, both Henan Province and Zhengzhou City witnessed steady urbanization in recent years with the urbanization rate reaching approximately 56.5% and 79.1%, respectively, in 2021, increasing by approximately 1.0% and 0.7%, respectively, as compared to 2020. In addition, the per capita annual disposable income for urban population in Henan Province and Zhengzhou City has both been climbing in line with the national average growth. It is expected that the development of the property management and property engineering services industry will be boosted, as demand for higher quality property management and property engineer services will surge along with the improving livelihood.

In accordance with the Measures on the Charges of Property Management Enterprise in Zhengzhou (《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),

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non-residential property management service fees were allowed to be freely negotiated between the property management services companies and the 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 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

As for the property engineering services industry, according to the Research Report, it started to emerge in the PRC since the early 1990s, and achieved breakthrough in 2000 by the setting up of industry standards and advancement of technology which enabled its spread to encompass larger geographical coverage and building types. Based on the forecast of the Research Report, the future growth of the property engineering services industry will take place at a compound annual growth rate of approximately 13.0% from 2019 to 2023, with the market size attaining approximately RMB466.8 billion by 2023.

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 robustly in recent years in terms of service scope, scale of operation as well as revenue generating power.

As advised by the Directors, Ever Diamond Group and Zensun Enterprises Group engage in property development business in the PRC and, from time to time, the Group will provide Property Management and Value-added Services to their property development projects. On the other hand, Zensun Development Group engages in construction and renovation works in the PRC and, from time to time, the Group will provide Property Engineering Services for the properties that it is engaged for renovation works. The Group has been providing Property Management and Value-added Services as well as the Property Engineering Services to Zensun Group for a long time, thereby having established a long mutually benefit working relationship. For the two years ended 31 December 2021 and the nine months ended 30 September 2022, the Group has completed 49 projects for provision of Property Management and Value-added Services and 52 Property Engineering Services work. Based on the historical transaction amounts, the Board is confident that the 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework Agreements will continue to bring in steady stream of revenue to the Group.

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Taking into account the robust expansion of the Group's principal business in the provision of property management and value-added services and property engineering services and the expected continual demand for Property Management and Value-added Services and Property Engineering Services by Ever Diamond Group, Zensun Development Group and Zensun Enterprises Group (as the case may be), 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 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework Agreements

The 2022 Ever Diamond Master Property Management Framework Agreement and the 2022 Zensun Enterprises Master Property Management Framework Agreement

Principal terms of the 2022 Ever Diamond Master Property Management Framework Agreement and the 2022 Zensun Enterprises Master Property Management Framework Agreement are summarised as follows:

- Parties:** Under the 2022 Ever Diamond Master Property Management Framework Agreement:
- (1) The Company; and
 - (2) Ever Diamond.
- Under the 2022 Zensun Enterprises Master Property Management Framework Agreement:
- (1) The Company; and
 - (2) Zensun Enterprises.
- Term:** Commencing from the Effective Date and shall continue up to and including 31 December 2025, unless terminated earlier.
- Subject matter:** Pursuant to the 2022 Ever Diamond Master Property Management Framework Agreement and the 2022 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, amongst others, security, cleaning, greening and gardening, parking space management, repair and maintenance 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.

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Pricing policy:

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, fees to be charged are based on a unit rate 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 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, 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 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 quotation shall be no less favourable to the Group than the standard fees to be offered and terms available to Independent Third Parties.

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As confirmed by the Directors, the unit rate of the service fees that the Group charged to Ever Diamond Group and Zensun Enterprises Group was determined in accordance with the standard pricing terms maintained by the Group (the “**Standard Pricing Terms**”), i.e. for common areas of properties under management and exclusive use areas, subject to factors such as the nature and location of the properties and scope and quality of the service required, a unit rate ranging from approximately RMB3.0 per sq.m./month to RMB12.4 per sq.m./month, which were fairly applicable to all customers. As also shown in the sub-section headed “Overview of the property management and property engineering 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 from 2020 to 2022 were approximately RMB5.36 per sq.m./month and RMB6.39 per sq.m./month, respectively. The unit rate of the service fees that the Group charged to Ever Diamond Group and Zensun Enterprises Group, which averaged to approximately RMB7.7 per sq.m./month, was therefore acceptable as compared to the average market rates.

In addition, based on our independent research, the results of which to the best of our knowledge are fair and exhaustive, 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 higher than the net profit margin of five out of the 11 comparable companies. The comparable companies are 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, and are of similar market capitalization as the Company (i.e. below HK\$400 million as at 20 October 2022) (Note: the Company’s market capitalization was approximately HK\$304 million as at 20 October 2022). The table below sets out our relevant findings:

Company name (stock code)	Approximate market capitalization as at 20 October 2022 (HK\$ million)	Net profit margin in 2021
Jiayuan Services Holdings Limited (1153)	294	12.25%
Zhong Ao Home Group Limited (1538)	261	5.67%
Xinyuan Property Management Service (Cayman) Ltd. (1895)	272	15.91%
Ye Xing Group Holdings Limited (1941)	90	9.12%
AUX International Holdings Limited (2080)	239	3.44%
Ling Yue Services Group Limited (2165)	149	13.05%
Kaisa Prosperity Holdings Limited (2168)	358	2.13%
Beijing Capital Jiaye Property Services Co., Limited (2210)	79	6.26%
Zhenro Services Group Limited (6958)	379	13.07%
Sundy Service Group Co. Ltd (9608)	234	17.27%
Fineland Living Services Group Limited (9978)	58	3.53%

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Furthermore, for unsold properties, a 50% discount on the property management service fees is usually offered by the Group. According to the Research Report, the range of discounts on property management service fees for unsold properties in Henan Province and Zhengzhou City is from 50% to 70%, with an average of around 53%. Thus, the Group's practice of offering 50% discount on property management service fees for unsold properties is in line with the market norm.

As further advised by the Directors, the Group was required to submit a tender or quotation for provision of Property Management and Value-added Services to Zensun Group. Upon successful winning of the tender, the Group would enter into an individual property management services agreement with Zensun Group based on the bidding proposal submitted by the Group. For our due diligence purpose, we have reviewed ten samples of the relevant tender documents which were selected by us on a random basis and were considered to be sufficient and representative.

In view of the foregoing, we consider that the terms of the 2022 Ever Diamond Master Property Management Framework Agreement and the 2022 Zensun Enterprises Master Property Management Framework Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

The 2022 Zensun Development Master Property Management Framework Agreement

Principal terms of the 2022 Zensun Development Master Property Management Framework Agreement are summarised as follows:

- Parties:**
- (1) The Company; and
 - (2) Zensun Development.
- Term:** Commencing from the Effective Date and shall continue up to and including 31 December 2025, unless terminated earlier.
- Subject matter:** Pursuant to the 2022 Zensun Development Master Property Management Framework Agreement, the Group shall provide the following Property Management and Value-added Services to Zensun Development 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
 - value-added services which include repair and maintenance for exclusive use areas, renovation waste clearance, intermediary leasing services, etc.

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The Property Management and Value-added Services to Zensun Development Group will usually be provided in the construction site or renovation site where Zensun Development Group undertakes construction or renovation works.

Pricing policy:

The fees to be charged for the Property Management and Value-added Services will usually be a lump-sum fee charged on each construction site or renovation site and such fee will be determined after taking into account:

- (a) the nature and location of the properties;
- (b) the length or service period, scope and quality of the service required;
- (c) the expected operational costs (including staff costs, subcontracting costs, material costs and operational administrative expenses);
- (d) the 50% discount for the property management fees the Group usually offers for unsold properties; and
- (e) the pricing of Property Management and Value-added Services offered by the Group to other Independent Third Parties in pre-development stages.

In order to ensure that the fees charged by the Group to Zensun Development Group would be comparable to/no less favourable than the fees charged to other Independent Third Parties, the marketing department of the Group shall review at least two recent contracts entered into by the Group and Independent Third Parties for provision of the Property Management and Value-added Services in pre-development stages to ensure that the price and terms offered to Zensun Development Group shall be no less favourable to the Group than that offered to Independent Third Parties.

As advised by the Directors, the Company will take into account factors (a) to (e) above to determine the fees to be charged for the Property Management and Value-added Services. We consider factors (a) to (c) to be fair and reasonable. Factor (d), the 50% discount for the property management fees, is also in line with the market norm according to the Research Report. Given that the Group shall further review the comparable contracts for provision of the Property Management and Value-added Services to Independent Third Parties to ensure that the price and terms offered to Zensun Development Group shall be no less favourable, the fairness and reasonableness of fees to be charged to Zensun Development Group is warranted. Based on our due diligence review, the implicit unit rate of the service fees that the Group charged

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to Zensun Development Group ranged from approximately RMB2.8 per sq.m./month to RMB10.5 per sq.m./month, with an average of approximately RMB6.7 per sq.m./month which was also acceptable as compared to the average market rates according to the Research Report.

In view of the foregoing, we consider that the terms of the 2022 Zensun Development Master Property Management Framework Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

The 2022 Master Property Engineering Framework Agreements

Principal terms of the 2022 Ever Diamond Master Property Engineering Framework Agreement, the 2022 Zensun Development Master Property Engineering Framework Agreement and the 2022 Zensun Enterprises Master Property Engineering Framework Agreement are summarised as follows:

- Parties:**
- Under the 2022 Ever Diamond Master Property Engineering Framework Agreement:
- (1) The Company; and
 - (2) Ever Diamond.
- Under the 2022 Zensun Development Master Property Engineering Framework Agreement:
- (1) The Company; and
 - (2) Zensun Development.
- Under the 2022 Zensun Enterprises Master Property Engineering Framework Agreement:
- (1) The Company; and
 - (2) Zensun Enterprises.
- Term:**
- Commencing from the Effective Date and shall continue up to and including 31 December 2025, unless terminated earlier.

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Subject matter:

Pursuant to the 2022 Master Property Engineering Framework Agreements, the Group shall provide the following Property Engineering Services to Ever Diamond Group, Zensun Development Group and Zensun Enterprises Group:

- procurement, planning, design, installation, commissioning and testing of equipment and materials for the perimeter prevention system, surveillance system, visual intercom system, electronic patrol system, background music system, vehicle management system, pedestrian management system, construction site management system, wireless wifi system, LED display, and its intelligent basic network system, etc.;
- submission of all technical documents required for equipment and material inspection, testing, operation, maintenance, training and other requirements for each system; and
- warranty services during the warranty period.

Pricing policy:

The fees to be charged for the Property Engineering Services will be determined after taking into account the complexity and the scope of service required. The service fees shall not be less favourable than the fees to be charged to Independent Third Parties.

In order to ensure that the fees charged by the Group to Zensun Group would be comparable to/no less favourable than the fees charged to other Independent Third Parties, the Group shall conduct market research and make reference to the price of successful tenders of Zensun Group to understand at least two potential competitors' pricing and the fees charged by the Group to Zensun Group shall not be less favourable to the Group than the fees charged by Independent Third Parties.

In addition, the Group may receive tender invitations from Zensun Group for provision of the Property Engineering Services. If the Group decides to submit a tender or quotation, the Group shall determine its tender sum or quotation based on a unit rate or fixed sum after taking into account (i) the materials to be used in the systems to be installed and the quality required; (ii) the expected operational costs (including staff costs and material costs); and (iii) competitors' pricing. The service fees and terms set out in the tender or quotation shall be no less favourable to the Group than the fees charged by Independent Third Parties.

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We understand from the Directors that the service fees for the Property Engineering Services were fixed with reference to relevant price information collected through market research, after taking to account the complexity and the scope of service required. Normally, the service fees were a fixed sum per month determined by a margin on cost for providing the Property Engineering Services. Based on the information provided by the Company, the net profit margins of the individual property engineering agreements entered into between the Group and Zensun Group were around 8% to 10% which was acceptable based on the peers' profit margin comparison as discussed in Section 2 above.

For our due diligence purpose, we have requested the Company to provide us with 20 samples of individual property engineering agreements entered into between the Group (as service provider) and members of Zensun Group (as service recipients). From the sample agreements provided, we noted that their salient terms include:

Responsibilities	The Group was typically responsible for providing services in accordance with the scope and standards prescribed in the relevant agreement and in compliance with all applicable laws and regulations.
Payment terms	Payment was generally due upon achieving certain milestones or successful completion of property engineering services.
Warranty	The Group was required to provide further warranty period after the date of delivery of service.
Rights and obligations of property developers	Property developers were responsible for paying the service fees. They were also responsible for assisting in the property engineering process in their best endeavors and monitoring and inspecting the progress and quality of the services.
Termination	If the Group failed to provide the services in accordance with the scope and standards prescribed in the relevant agreement, the Group was required to take necessary rectification measures within the period required by the property developers. In the event that the Group failed to do so, property developers had the right to terminate the agreement.
Dispute resolution	Parties were typically required to resolve any contractual disputes through negotiations or mediation first, failing which the dispute was to be resolved through court proceedings.

We are of the opinion that the above salient terms are on normal commercial terms.

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For our due diligence purpose, we have also reviewed five samples of the relevant tender documents which were selected by us on a random basis and were considered to be sufficient and representative.

In view of the foregoing, we consider that the terms of the 2022 Master Property Engineering Framework Agreements are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

3. The Annual Caps

The Property Management Annual Caps

The following table illustrates (i) the historical transaction amounts for the Property Management and Value-added Services provided by the Group to each of Ever Diamond Group, Zensun Enterprises Group and Zensun Development Group; and (ii) the proposed annual caps for the three years ending 31 December 2025 under the 2022 Master Property Management Framework Agreements (the “**Property Management Annual Caps**”):

	The historical transaction amounts		
	2020	2021	For the nine months ended 30 September 2022
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Ever Diamond Group	14.6	12.7	11.2
Zensun Enterprises Group	12.2	29.1	15.5
Zensun Development Group	0.02	0.2	0.15

	The Property Management Annual Caps		
	2023	2024	2025
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Ever Diamond Group	12.7	12.9	13.0
Zensun Enterprises Group	28.9	31.6	32.3
Zensun Development Group	3.2	3.7	3.9

As advised by the Directors, when determining the Property Management Annual Caps, they have taken into account (i) the historical transaction amounts; (ii) the properties to be delivered by Zensun Group based on their current development schedule and plans for 2023 to 2025; and (iii) the percentage of historical and expected unsold GFA for properties delivered or to be delivered by Zensun Group which require the Property Management and Value-added Services.

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For our due diligence purpose, we have requested and obtained the full schedule of the properties to be delivered by Zensun Group for 2023 to 2025 which require the Property Management and Value-added Services, with detailed information regarding the 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 on schedule to be developed by Zensun 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. Among those projects as listed out for calculations of the Property Management Annual Caps, we have randomly selected and reviewed 30 of them to check as if the contract values and expected term of services as stated in the Property Management Annual Caps' calculations match with the corresponding agreement terms.

After reviewing the aforesaid documents and calculations, it is noted that the Property Management Annual Caps were reasonably estimated based on the projects need of Zensun Group.

Furthermore, we noted that the proposed annual caps under the 2022 Ever Diamond Master Property Management Framework Agreement are largely comparable to the historical transaction amounts for 2022. Whereas those under the 2022 Zensun Enterprises Master Property Management Framework Agreement are relatively higher than the actual transaction amount for 2022 (as annualized based on the nine-month figure) but are comparable to that for 2021. Upon our enquiry, the Directors advised us that as there has been delay in construction and delivery of some of the property projects of Zensun Enterprises Group as a result of the Covid-19 pandemic, the actual transaction amount for the nine months ended 30 September 2022 was relatively lower. Notwithstanding this, it is expected that the demand for Property Management and Value-added Services from Zensun Enterprises Group will bounce back to the 2021 level in the near future. With regard to the proposed annual caps under the 2022 Zensun Development Master Property Management Framework Agreement, they are much higher than the historical transaction amount for 2022 given that a number of new individual property management agreements have been/will be entered into between the Group and Zensun Development Group in 2022, resulting in substantial increase in the expected transaction amounts in the coming few years.

In light of all the above, we are of the opinion that the Property Management Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

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The Property Engineering Annual Caps

The following table illustrates (i) the historical transaction amounts for the Property Engineering Services provided by the Group to each of Ever Diamond Group, Zensun Development Group and Zensun Enterprises Group; and (ii) the proposed annual caps for the three years ending 31 December 2025 under the 2022 Master Property Engineering Framework Agreements (the “**Property Engineering Annual Caps**”):

	The historical transaction amounts		
	2020	2021	For the nine months ended 30 September 2022
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Ever Diamond Group	15.8	11.3	6.8
Zensun Development Group	15.0	17.6	13.5
Zensun Enterprises Group	14.9	16.9	18.6

	The Property Engineering Annual Caps		
	2023	2024	2025
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Ever Diamond Group	12.9	12.9	11.6
Zensun Development Group	19.3	20.3	21.3
Zensun Enterprises Group	26.6	29.7	32.1

As advised by the Directors, when determining the Property Engineering Annual Caps, they have taken into account: (i) the historical transaction amounts; (ii) the number of projects for which the Group had been engaged by Zensun Group to provide Property Engineering Services; (iii) the number of property projects under development and planning by Zensun Group requiring Property Engineering Services based on their current development schedule and plans for 2023 to 2025; and (iv) the expected annual increment in service fees for the Property Engineering Services to be charged by the Group.

For our due diligence purpose, we have requested and obtained the full schedule of the projects under development of Zensun Group which require the Property Engineering Services, with detailed information regarding the expected working timetable and completion date of each of those properties. We have also requested and obtained the list of other pipeline projects which are on schedule to be developed by Zensun Group, with detailed information regarding the expected GFA to be constructed, the roll-out and expected development plan of those pipeline properties. Among those projects as listed out for calculations of the Property Engineering Annual Caps, we have randomly selected and reviewed 20 of them to check as if the contract values and expected term of services as stated in the Property Engineering Annual Caps’ calculations match with the corresponding agreement terms.

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After reviewing the aforesaid documents and calculations, it is noted that the Property Engineering Annual Caps were reasonably estimated based on the projects need of Zensun Group.

Furthermore, we noted that the Property Engineering Annual Caps are largely comparable to their respective historical transaction amounts for 2022 (as annualized based on the nine-month figure), with slight annual growth. We understand from the Directors that such slight growth represents the expected annual increment in service fees for the Property Engineering Services to be charged by the Group. In this relation, we noted that according to the Research Report, there would be a 4% to 10% annual increment in the service fees for the Property Engineering Services to be charged by the Group judging from the service fees charged by other system developers and solution providers, the economic growth of Henan Province and the expected inflation rate. As such, we are of the view that the aforesaid increment is acceptable.

In light of all the above, we are of the opinion that the Property Engineering Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

4. Internal control and compliance with the Listing Rules

As referred to in the Letter from the Board, the Group has formulated a series of internal control measures to supervise the Transactions.

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 amounts of the Transactions must be restricted by the respective Annual Caps for the years concerned under the 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework Agreements; (ii) the terms of the 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework Agreements (together with the 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 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework Agreements (together with the 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 Annual Caps are not being exceeded. In the event that the total amounts of the Transactions exceed their respective Annual Caps, or that there is any material amendment to the terms of the 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework Agreements, the Company, as confirmed by the Directors, shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

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With the internal control measures of the Group as well as 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 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework Agreements (including the 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 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework Agreements, 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
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 17 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 ^(Note)	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 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 2021, 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

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, the non-executive Director and one of the controlling Shareholders, and her close associates have been conducting other business or holding interest in Henan Zensun Property Management Co., Ltd.* (河南正商物業管理有限公司) (“**Zensun PM**”), a company established in the PRC and indirectly wholly-owned by Henan Zensun Enterprise Development Group Co., Ltd.* (河南正商企業發展集團有限責任公司), 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 ("Eco-Victory")	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 executive of the Company were not aware of any person (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.

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 2021, 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 licensed corporation 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 2021 (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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (e) The company secretary of the Company is Eric Jackson Chang, who is 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 ON DISPLAY

The following documents will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.xingyewulian.com) from the date of this circular, up to and including the date of the EGM:

- (a) the 2022 Master Property Management Framework Agreements;
- (b) the 2022 Master Property Engineering Framework Agreements;
- (c) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 28 of this circular;
- (d) the letter from VBG Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 29 to 48 of this circular; and
- (e) the letter of consent referred to under the section headed “Expert and Consent” in this appendix.

NOTICE OF EGM

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 3715, Zensun International Building, intersection of Pu Tian Xi Road and Qi Li He Nan Road, Jinshui District, Zhengzhou City, Henan Province, the People’s Republic of China on Thursday, 15 December 2022 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 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework Agreements as defined and described in the circular of the Company dated 25 November 2022 (the “**Circular**”), a copy of the Circular marked “A” together with copies of the 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework Agreements marked “B” are tabled before the Meeting and initialed 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 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 (the “**Group**”) under the transactions contemplated under the 2022 Master Property Management Framework Agreements and the Property Engineering Services to be provided by the Group under the 2022 Master Property Engineering Framework Agreements for each of the financial years ending 31 December 2023, 2024 and 2025 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 2022 Master Property Management Framework Agreements and the 2022 Master Property Engineering Framework Agreements, the transactions contemplated thereunder and the 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, 25 November 2022

NOTICE OF EGM

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 17/F, Far East Finance Centre, 16 Harcourt Road, 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 Tuesday, 13 December 2022 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 Monday, 12 December 2022 to Thursday, 15 December 2022 (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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:30 p.m. on Friday, 9 December 2022.
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. If a typhoon signal no. 8 or above is hoisted or a black rainstorm warning signal is in force at or at any time after 7:00 a.m. on the date of the Meeting, the Meeting will be postponed or adjourned. The Company will post an announcement on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.xingyewulian.com) to notify shareholders of the Company of the date, time and place of the rescheduled meeting. The Meeting will be held as scheduled when an amber or a red rainstorm warning signal is in force. Shareholders of the Company should decide on their own whether they would attend the Meeting under bad weather condition bearing in mind their own situations.
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.