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你的生活知己

DEXIN CHINA HOLDINGS COMPANY LIMITED

德信中国控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2019)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

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



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

A letter from the Board is set out on pages 7 to 24 of this circular. A letter from the Independent Board Committee is set out on pages 25 to 26 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 27 to 52 of this circular.

A notice convening the EGM to be held at 10th Floor, Dexin Group, No. 588 Huanzhan East Road, Jianggan District, Hangzhou, Zhejiang, PRC on Friday, 19 April 2024 at 10:00 a.m. is set out on pages 62 to 63 of this circular.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. before 10:00 a.m. on Wednesday, 17 April 2024) or any adjournment thereof. Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the EGM and, in such event, the form of proxy shall be deemed to be revoked.

3 April 2024

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DEFINITIONS

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

“2021 Continuing Connected Transaction Agreements”	collectively, (1) the 2021 Framework Property Management Service Agreement; (2) the 2021 Zhejiang Framework Decoration Service Agreement; and (3) the 2021 Huzhou Framework Decoration Service Agreement
“2021 Framework Property Management Service Agreement”	the framework agreement dated 3 May 2021 entered into between the Company and Shengquan Property in relation to the provision of property management and related services commencing from 15 July 2021 to 31 December 2023
“2021 Huzhou Framework Decoration Service Agreement”	the framework agreement dated 3 May 2021 entered into between the Company and Huzhou Geya in relation to the provision of decoration and related services commencing from 1 January 2022 to 31 December 2023
“2021 Zhejiang Framework Decoration Service Agreement”	the framework agreement dated 3 May 2021 entered into between the Company and Zhejiang Geya in relation to the provision of decoration and related services commencing from 1 January 2022 to 31 December 2023
“2024 Continuing Connected Transaction Agreements”	collectively, (1) the 2024 Framework Property Management Service Agreement; (2) the 2024 Zhejiang Framework Decoration Service Agreement; and (3) the 2024 Huzhou Framework Decoration Service Agreement
“2024 Framework Property Management Service Agreement”	the framework agreement entered into between the Company and Shengquan Property on 15 December 2023 in relation to the provision of property management and related services commencing from 1 January 2024 to 31 December 2026
“2024 Huzhou Framework Decoration Service Agreement”	the framework agreement entered into between the Company and Huzhou Geya on 15 December 2023 in relation to the provision of decoration and related services commencing from 1 January 2024 to 31 December 2026

DEFINITIONS

“2024 Zhejiang Framework Decoration Service Agreement”	the framework agreement entered into between the Company and Zhejiang Geya on 15 December 2023 in relation to the provision of decoration and related services commencing from 1 January 2024 to 31 December 2026
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Company”	Dexin China Holdings Company Limited (德信中国控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2019)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Dexin Movie City”	Deqing Moganshan Dexin Movie City Development Co., Ltd. (德清莫干山德信影視城開發有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Dexin Services”	Dexin Services Group Limited (德信服務集團有限公司), a company incorporated under the laws of the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2215)
“Dexin Services Group”	Dexin Services and its subsidiaries
“Director(s)”	the director(s) of the Company

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be convened at 10th Floor, Dexin Group, No. 588 Huanzhan East Road, Jianggan District, Hangzhou, Zhejiang, PRC on Friday, 19 April 2024 at 10:00 a.m. to consider and, if thought fit, approve, among other things, the 2024 Continuing Connected Transaction Agreements, the terms of the Non-exempt Continuing Connected Transactions and the respective proposed annual caps thereunder for the three years ending 31 December 2026
“Equity Transfer Agreement”	the equity transfer agreement dated 24 August 2023 and entered into by Shengquan Property, Dexin Movie City and the Target Company
“GFA”	Gross Floor Area
“Group”	the Company and its subsidiaries
“Hangzhou Desheng”	Hangzhou Desheng Real Estate Co., Ltd. (杭州德昇置業有限公司), a company established under the laws of the PRC with limited liability and is an indirect non-wholly owned subsidiary of the Company
“Hangzhou Deyin”	Hangzhou Deyin Real Estate Co., Ltd. (杭州德銀置業有限公司) (formerly known as Hangzhou Wangxin Yinhu Real Estate Co., Ltd. (杭州網新銀湖置業有限公司)), a company established under the laws of the PRC with limited liability and is an indirect non-wholly owned subsidiary of the Company
“Hangzhou Junde”	Hangzhou Junde Commercial Operations Management Co., Ltd. (杭州駿德商業運營管理有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of Dexin Services
“Hangzhou Kaishen”	Hangzhou Kaishen Enterprise Management Co., Ltd. (杭州凱樂企業管理有限公司) (formerly known as Hangzhou Kaishen Investment Management Co., Ltd. (杭州凱樂投資管理有限公司)), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Hangzhou Konggang”	Hangzhou Konggang Real Estate Co., Ltd. (杭州空港置業有限公司), a company established under the laws of the PRC with limited liability and is an indirect non-wholly owned subsidiary of the Company

DEFINITIONS

“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Hotel” or “Property”	Moganshan Yungu Dexin New Century Mingting Hotel (莫干山雲谷德信開元名庭酒店), located at No. 66 Sanmo Line, Moganshan Town, Deqing County, Huzhou City, Zhejiang Province, the PRC, of which the land use rights has been registered in the Real Estate Ownership Certificate – Zhe (2021) De Qing Xian Bu Dong Chan Quan Di No. 0024577 issued by the Deqing Municipal Bureau of Natural Resources and Planning (德清縣自然資源和規劃局)
“Huzhou Geya”	Huzhou Geya Doors and Windows Co., Ltd.* (湖州格雅門窗有限公司), a company established under the laws of the PRC with limited liability
“Independent Board Committee”	the independent board committee of the Company comprising Mr. Ding Jiangang and Mr. Chen Hengliu established pursuant to the Listing Rules to advise the Independent Shareholders in relation to the 2024 Continuing Connected Transaction Agreements, the Non-exempt Continuing Connected Transactions and the respective proposed annual caps thereunder for the three years ending 31 December 2026
“Independent Financial Adviser”	Opus Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the 2024 Continuing Connected Transaction Agreements, the Non-exempt Continuing Connected Transactions and the respective proposed annual caps thereunder for the three years ending 31 December 2026
“Independent Shareholder(s)”	the Shareholder(s) other than those who are required by the Listing Rules to abstain from voting at the EGM on the resolutions to approve the 2024 Continuing Connected Transaction Agreements, the Non-exempt Continuing Connected Transactions and the respective proposed annual caps thereunder for the three years ending 31 December 2026

DEFINITIONS

“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Latest Practicable Date”	26 March 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Hu”	Mr. Hu Yiping (胡一平), an executive Director and one of the controlling shareholders of the Company
“Non-exempt Continuing Connected Transactions”	the transactions contemplated under the 2024 Continuing Connected Transaction Agreements
“percentage ratio”	has the meaning ascribed to this term under the Listing Rules
“PRC”	the People’s Republic of China, for the purpose of this circular only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Property Management and Related Services”	property management and related services provided by Shengquan Property and its subsidiaries to the Group under the 2021 Framework Property Management Service Agreement, which is expected to continue under the 2024 Framework Property Management Service Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the share(s) in the share capital of the Company with par value of US\$0.0005 each
“Shareholder(s)”	holder(s) of the Share(s)
“Shengquan Property”	Dexin Shengquan Property Services Co., Ltd. (德信盛全物業服務有限公司) (formerly known as Shengquan Property Services Co., Ltd. (盛全物業服務股份有限公司)), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of Dexin Services

DEFINITIONS

“sq.m.”	squared metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Deqing Moganshan Dexin Movie City Development Co., Ltd. (德清莫干山德信影視城開發有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Underground Parking Space Use Rights Transfer Agreement A”	the Heping Dexin Center Project underground parking space use rights transfer agreement dated 24 August 2023 entered into by Hangzhou Junde and Hangzhou Desheng
“Underground Parking Space Use Rights Transfer Agreement B”	the Yinhu Technology Park Project underground parking space use rights transfer agreement dated 24 August 2023 entered into by Hangzhou Junde and Hangzhou Deyin
“Underground Parking Space Use Rights Transfer Agreement C”	the Montnorth Project underground parking space use rights transfer agreement dated 24 August 2023 entered into by Hangzhou Junde and Hangzhou Kaishen
“Underground Parking Space Use Rights Transfer Agreement D”	the Konggang City Project underground parking space use rights transfer agreement dated 24 August 2023 entered into by Hangzhou Junde and Hangzhou Konggang
“Underground Parking Space Use Rights Transfer Agreements”	collectively, the Underground Parking Space Use Rights Transfer Agreement A, the Underground Parking Space Use Rights Transfer Agreement B, the Underground Parking Space Use Rights Transfer Agreement C and the Underground Parking Space Use Rights Transfer Agreement D
“Zhejiang Geya”	Zhejiang Geya Decoration Co., Ltd.* (浙江格雅裝飾有限公司), a company established under the laws of the PRC with limited liability
“%”	per cent.

* For identification purposes only

LETTER FROM THE BOARD



你的生活知己

DEXIN CHINA HOLDINGS COMPANY LIMITED

德信中国控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2019)

Executive Directors:

Mr. Hu Yiping (*Chairman*)

Mr. Fei Zhongmin

Non-executive Director:

Mr. Hu Shihao

Independent Non-executive Directors:

Dr. Wong Wing Kuen Albert

Mr. Ding Jiangang

Mr. Chen Hengliu

Registered Address:

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Headquarters and principal place
of business in the PRC:*

Dexin Group

No. 588 Huanzhan East Road

Jiangan District

Hangzhou

Zhejiang, PRC

Principal place of

business in Hong Kong:

Room 1202, 12th Floor

China Resources Building

26 Harbour Road, Wanchai

Hong Kong

3 April 2024

To the Shareholders

Dear Sir or Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

I. INTRODUCTION

Reference is made to the announcement of the Company dated 15 December 2023 in relation to, among others, the 2024 Continuing Connected Transaction Agreements, the Non-exempt Continuing Connected Transactions and their respective proposed annual caps for the three years ending 31 December 2026. The purpose of this circular is to provide you with, among other things, (i) further details of the 2024 Continuing Connected Transaction Agreements, the Non-exempt Continuing Connected Transactions and their respective

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proposed annual caps for the three years ending 31 December 2026, (ii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the EGM.

II. CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 3 May 2021 in relation to, among others, the 2021 Continuing Connected Transaction Agreements.

The 2021 Continuing Connected Transaction Agreements has expired on 31 December 2023, and the Company has entered into the 2024 Continuing Connected Transaction Agreements on 15 December 2023 to further extend these agreements for a period of three years and to set their respective annual caps.

The principal terms of the 2024 Continuing Connected Transaction Agreements are summarized below.

(1) The 2024 Framework Property Management Service Agreement

Date

15 December 2023

Parties

- (1) The Company (for itself and on behalf of its subsidiaries) (as the service recipient); and
- (2) Shengquan Property (for itself and on behalf of its subsidiaries) (as the service provider).

Term

The 2024 Framework Property Management Service Agreement will be effective from 1 January 2024 until 31 December 2026 (inclusive).

Subject Matter

Pursuant to the 2024 Framework Property Management Service Agreement, Shengquan Property and its subsidiaries may, from time to time, provide Property Management and Related Services to the Group, including but not limited to (i) preliminary planning and design consultancy services; (ii) management services for the sales offices and the display units; (iii) (a) house inspection; (b) pre-delivery cleaning services; (c) pre-delivery preparation; and (d) repair and maintenance services for house and auxiliary facilities after delivery; and (iv) property management services

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

Key Terms and Pricing Policy

The price of the property management service fees under the 2024 Framework Property Management Service Agreement shall be determined through arm's length negotiations between the parties by referring to (i) the size, location and positioning of the property; (ii) the scope of the services; (iii) the expected operating costs (including but not limited to labor costs, administrative costs and material costs); and (iv) the rate offered by Shengquan Property to Independent Third Parties for comparable services. The property management service fees shall not exceed the standard fees set by the relevant government authorities (if applicable). If Shengquan Property is to be appointed as the property management service provider of the Group through bidding, the selection process shall be in accordance with the provisions of Chinese laws and regulations, the fees for the property management services shall be consistent with those set forth in the relevant bidding documents. The Group shall have the right to adopt the terms and conditions of the transaction that are most favorable to the Group after taking into account and comparing the terms and conditions proposed by Shengquan Property and other Independent Third Parties. The service fees shall be charged mainly based on the total GFA of properties under the management of Shengquan Property and the service fee per square meter, which shall not be higher than the standard fees designated by the relevant regulatory authorities (if applicable) or lower than the standard fees to be charged from Independent Third Parties. As at the Latest Practicable Date, the Company confirms that no standard fees has been designated by the regulatory authorities.

The Group shall have the right to appoint third parties to provide the relevant services for its properties for which the property service providers have not been appointed through bidding or agreement according to the provisions of Chinese laws and regulations. As at the Latest Practicable Date, the Group has so far appointed property service providers through bidding only. The Group would endeavor to solicit at least two other Independent Third Parties to participate in the bidding process. The non-bidding method will only be used when time is extremely tight or when there are only a few service providers in the market. The non-bidding process is similar to that of bidding, and service providers will not be informed during the process that they are directly appointed. In terms of pricing, the consideration will be determined by the relevant business departments with reference to the bidding prices of the most recent similar type of services, and the bidding prices of the most recent similar type of services refer to the bidding prices of the most recent similar type of services determined by the Group through a bidding process.

The Group and Shengquan Property shall enter into definitive agreements pursuant to the 2024 Framework Property Management Service Agreement in respect of each transaction regarding the provision of the Property Management and Related Services.

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The definitive agreements shall contain provisions, which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the 2024 Framework Property Management Service Agreement.

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

The 2024 Framework Property Management Service Agreement is conditional upon the 2024 Framework Property Management Service Agreement, the transactions contemplated thereunder and the proposed annual caps being approved by both the Independent Shareholders at the EGM and the independent shareholders of Dexin Services.

Historical Transaction Amounts

The annual caps and the historical transaction amounts for each of the three years ended 31 December 2023 are set out below:

	For the year ended 31 December					
	2021		2022		2023	
	Annual cap	Historical amount	Annual cap	Historical amount	Annual cap	Historical amount
	<i>RMB'000</i>		<i>RMB'000</i>		<i>RMB'000</i>	
Property management service fees	93,600	91,981	99,200	72,386	108,400	51,700

Proposed Annual Caps

Set out below are the proposed annual caps under the 2024 Framework Property Management Service Agreement for the three years ending 31 December 2026:

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

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As at the Latest Practicable Date, no transaction amount has been recorded under the 2024 Framework Property Management Service Agreement.

The proposed annual caps for the Property Management and Related Services under the 2024 Framework Property Management Service Agreement for the three years ending 31 December 2026 have been determined with references to:

- (1) the historical transaction amounts in relation to the Property Management and Related Services for the two years ended 31 December 2022 and the ten months ended 31 October 2023;
- (2) the existing contracts under which Shengquan Property and its subsidiaries are engaged by the Group to provide the Property Management and Related Services. As at 31 October 2023, Shengquan Property and its subsidiaries were contracted to manage a total of seven projects developed but yet to be delivered by the Group with a total contracted GFA of approximately 1.11 million sq.m. under management;
- (3) the costs incurred by Shengquan Property and its subsidiaries for the Property Management and Related Services for the two years ended 31 December 2022 and the ten months ended 31 October 2023; and
- (4) the expected demand for the Property Management and Related Services for the properties expected to be delivered by Shengquan Property and its subsidiaries to the Group for each of the three years ending 31 December 2026:
 - (a) It is expected that 18, nine and one project(s) developed or owned by the Group will require the provision of preliminary planning and design consultancy services from Shengquan Property and its subsidiaries for each of the three years ending 31 December 2026, respectively;
 - (b) It is expected that nine projects developed or owned by the Group will require the provision of management services for the sales offices and the display units from Shengquan Property and its subsidiaries for the year ending 31 December 2024;
 - (c) It is expected that in relation to the provision of house inspection, pre-delivery cleaning services and preparation, and repair and maintenance services for house and auxiliary facilities after delivery, 28, seven and one project(s) developed or owned by the Group will be managed by Shengquan Property and its subsidiaries for each of the three years ending 31 December 2026, respectively; and

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

(2) The 2024 Zhejiang Framework Decoration Service Agreement

Date

15 December 2023

Parties

- (1) The Company (for itself and on behalf of its subsidiaries) (as the service recipient); and
- (2) Zhejiang Geya (for itself and on behalf of its subsidiaries) (as the service provider).

Term

The 2024 Zhejiang Framework Decoration Service Agreement will be effective from 1 January 2024 until 31 December 2026 (inclusive).

Subject Matter

Pursuant to the 2024 Zhejiang Framework Decoration Service Agreement, Zhejiang Geya agrees to provide decoration and related services to the Group from time to time, including but not limited to fine decoration of apartments, public area decoration and installation of doors, windows and curtain walls.

Key Terms and Pricing Policy

The Group will adhere to the following procedures when conducting transactions with Zhejiang Geya under the 2024 Zhejiang Framework Decoration Service Agreement:

- (1) Zhejiang Geya shall provide decoration and related services to the Group according to the definitive decoration services agreements to be entered into between Zhejiang Geya and members of the Group from time to time;
- (2) the Group will endeavor to solicit at least two other Independent Third Parties to participate in the selection procedures;

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- (3) the decoration fees payable by the Group shall be based on the fee quotes to be submitted by Zhejiang Geya in accordance with the bidding and selection procedures; and
- (4) the definitive decoration services agreement to be entered into between Zhejiang Geya and members of the Group shall contain provisions which are consistent with the binding principles, guidelines, terms and conditions set out in the 2024 Zhejiang Framework Decoration Service Agreement.

The decoration fees payable by the Group shall be based on the fee quotes submitted by Zhejiang Geya, taking into account a wide range of factors such as the nature and conditions of the relevant property projects and the scope of services to be provided.

The Group shall also determine the fees with reference to the fee quotes submitted by other independent and comparable decoration service providers to the Group through tendering under normal commercial terms in the ordinary course of its business. Such quotations submitted to the Group will be subject to the selection procedures set out below:

- (i) the project company will obtain service supply proposals from at least three potential service providers based on the Group's needs and the criteria set out by the operation department, at least two of whom should be Independent Third Parties;
- (ii) an internal tender review committee, which comprises the general manager of the Group's regional companies and the project managers of the Group's projects, will be responsible for reviewing the terms and conditions of the tender documents; and
- (iii) the internal tender review committee will set up an assessment mechanism based on the scores given by the committee members to each bidder in relation to various aspects such as the fee quotes, credentials, quality of services of bidders and human resources required by the relevant property projects. The average scores of the bidders will be used by the internal tender review committee as an indicator for the selection of service provider.

The selection procedures ensure that the Group will only enter into definitive decoration service agreements with Zhejiang Geya and/or its subsidiaries if the terms and conditions proposed by Zhejiang Geya and/or its subsidiaries are no less favorable to the Group than those proposed by other independent third parties.

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Generally, the services fee shall be payable monthly by bank transfer on a agreed date of each and every calendar month, with credit period ranging from 30–90 days. The specific payment terms of decoration fees charged by Zhejiang Geya and/or its subsidiaries from the Group in respect of the decoration and related services shall be separately agreed upon between the relevant parties in the definitive agreements to be entered into pursuant to the terms of the 2024 Zhejiang Framework Decoration Service Agreement.

The 2024 Zhejiang Framework Decoration Service Agreement is conditional upon the 2024 Zhejiang Framework Decoration Service Agreement, the transactions contemplated thereunder and the proposed annual caps being approved by the Independent Shareholders at the EGM.

Historical Transaction Amounts

The annual caps and the historical transaction amounts for each of the three years ended 31 December 2023 are set out below:

	For the year ended 31 December					
	2021		2022		2023	
	Annual cap	Historical amount	Annual cap	Historical amount	Annual cap	Historical amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Decoration service fees	320,000	238,636	336,000	189,376	353,000	136,965

Since the second half of 2021, the real estate market environment faced unprecedented challenges and the relevant property projects have been delayed due to the depressed sentiment in the real estate industry, which has reduced the expected demand for decoration and related services from Zhejiang Geya, resulting in low utilization rates of the historical annual caps. The number of projects for which the Group has engaged Zhejiang Geya for decoration and related services for the three years ended 31 December 2021, 2022 and 2023 is 41, 24 and 8 respectively.

Proposed Annual Caps

Set out below are the proposed annual caps under the 2024 Zhejiang Framework Decoration Service Agreement for the three years ending 31 December 2026:

	Proposed annual caps		
	For the year ending 31 December		
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Decoration service fees	115,000	61,000	58,000

LETTER FROM THE BOARD

As at the Latest Practicable Date, no transaction amount has been recorded under the 2024 Zhejiang Framework Decoration Service Agreement.

The proposed annual caps under the 2024 Zhejiang Framework Decoration Service Agreement for the three years ending 31 December 2026 are determined based on (inter alia) the following factors: (i) the historical transaction amounts for the provision of decoration and related services by Zhejiang Geya to the Group taking into account the reasons for the low utilization of the historical annual caps as mentioned above; (ii) anticipating the gradual recovery of the property sector and improvement in the market sentiment and operating conditions, it is expected that the number of projects for which the Group may engage Zhejiang Geya for decoration and related services for the three years ending 31 December 2026 is 18, 12 and 11 respectively; and (iii) the estimated labor and material costs in China in the next three years.

(3) The 2024 Huzhou Framework Decoration Service Agreement

Date

15 December 2023

Parties

- (1) The Company (for itself and on behalf of its subsidiaries) (as the service recipient); and
- (2) Huzhou Geya (for itself and on behalf of its subsidiaries) (as the service provider).

Term

The 2024 Huzhou Framework Decoration Service Agreement will be effective from 1 January 2024 until 31 December 2026 (inclusive).

Subject Matter

Pursuant to the 2024 Huzhou Framework Decoration Service Agreement, Huzhou Geya agrees to provide decoration and related services to the Group from time to time, including but not limited to fine decoration of apartments, public area decoration and installation of doors, windows and curtain walls.

Key Terms and Pricing Policy

The Group will adhere to the following procedures when conducting transactions with Huzhou Geya under the 2024 Huzhou Framework Decoration Service Agreement:

- (1) Huzhou Geya shall provide decoration and related services to the Group according to the definitive decoration services agreements to be entered into between Huzhou Geya and members of the Group from time to time;

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- (2) the Group will endeavor to solicit at least two other Independent Third Parties of the Company to participate in the selection procedures;
- (3) the decoration fees payable by the Group shall be based on the fee quotes to be submitted by Huzhou Geya under selection procedures; and
- (4) the definitive decoration services agreement to be entered into between Huzhou Geya and members of the Group shall contain provisions which are consistent with the binding principles, guidelines, terms and conditions set out in the 2024 Huzhou Framework Decoration Service Agreement.

The decoration fees payable by the Group shall be based on the fee quotes submitted by Huzhou Geya, taking into account a wide range of factors such as the nature and conditions of the relevant property projects and the scope of services to be provided.

The Group shall also determine the fees with reference to the fees quotes submitted by other independent and comparable decoration service providers to the Group through tendering under normal commercial terms in the ordinary course of its business. Such fee quotes submitted to the Group will be subject to the selection procedures set out below:

- (i) the project company will obtain service supply proposals from at least three potential service providers based on the Group's needs and the criteria set out by the operation department, at least two of whom should be Independent Third Parties;
- (ii) an internal tender review committee, which comprises the general manager of the Group's regional companies and the project managers of the Group's projects, will be responsible for reviewing the terms and conditions of the tender documents; and
- (iii) the internal tender review committee will set up an assessment mechanism based on the scores given by the committee members to each bidder in relation to various aspects such as the fee quotes, credentials, quality of services of bidders and human resources required by the relevant property projects. The average scores of the bidders will be used by the internal tender review committee as an indicator for the selection of service provider.

The selection procedures ensure that the Group will only enter into definitive decoration service agreements with Huzhou Geya and/or its subsidiaries if the terms and conditions proposed by Huzhou Geya and/or its subsidiaries are no less favorable to the Group than those proposed by other independent third parties.

LETTER FROM THE BOARD

Generally, the services fee shall be payable monthly by bank transfer on a agreed date of each and every calendar month, with credit period ranging from 30 -90 days. The specific payment terms of decoration fees charged by Huzhou Geya and/or its subsidiaries from the Group in respect of the decoration and related services shall be separately agreed upon between the relevant parties in the definitive agreements to be entered into pursuant to the terms of the 2024 Huzhou Framework Decoration Service Agreement.

Historical Transaction Amounts

The annual caps and the historical transaction amounts for each of the three years ended 31 December 2023 are set out below:

	For the year ended 31 December					
	2021		2022		2023	
	Annual	Historical	Annual	Historical	Annual	Historical
	cap	amount	cap	amount	cap	amount
	<i>RMB'000</i>		<i>RMB'000</i>		<i>RMB'000</i>	
Decoration						
service fees	45,000	16,364	47,000	20,208	50,000	18,598

Since the second half of 2021, the real estate market environment faced unprecedented challenges and the relevant property projects have been delayed due to the depressed sentiment in the real estate industry, which has reduced the expected demand for decoration and related services from Huzhou Geya, resulting in low utilization rates of the historical annual caps. The number of projects for which the Group has engaged Huzhou Geya for decoration and related services for the three years ended 31 December 2021, 2022 and 2023 is 17, 8 and 6 respectively.

Proposed Annual Caps

Set out below are the proposed annual caps under the 2024 Huzhou Framework Decoration Service Agreement for the three years ending 31 December 2026:

	Proposed annual caps		
	For the year ending 31 December		
	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Decoration service fees	36,000	26,000	25,000

As at the Latest Practicable Date, no transaction amount has been recorded under the 2024 Huzhou Framework Decoration Service Agreement.

LETTER FROM THE BOARD

The proposed annual caps under the 2024 Huzhou Framework Decoration Service Agreement for the three years ending 31 December 2026 were determined with reference to the total estimated decoration fees payable by the Group, taking into account (inter alia) the following factors: (i) the historical transaction amounts for the provision of decoration and related services by Huzhou Geya to the Group taking into account the reasons for the low utilization of the historical annual caps as mentioned above; (ii) anticipating the gradual recovery of the property sector and improvement in market sentiment and operating conditions, it is expected that the number of projects for which the Group may engage Huzhou Geya for decoration and related services for the three years ending 31 December 2026 is 7, 4 and 3 respectively; and (iii) the estimated labor and material costs in China in the next three years.

III. INFORMATION ON THE RELEVANT PARTIES

Information on the Group

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

Information on Shengquan Property

Shengquan Property is a company established under the laws of the PRC with limited liability and is principally engaged in providing property management services. As at the Latest Practicable Date, Shengquan Property is an indirect wholly-owned subsidiary of Dexin Services. Dexin Services Group is principally engaged in the provision of property management services, value-added services to non-property owners and community value-added services in the PRC.

Information on Zhejiang Geya

Zhejiang Geya is a company established under the laws of the PRC with limited liability and is principally engaged in providing decoration services. As at the Latest Practicable Date, Zhejiang Geya is owned as to 91.43% by Mr. Hu Yuegen, the brother of Mr. Hu and to the best of the knowledge of the Company, having made all reasonable enquiries, the remaining 8.56% equity interest in Zhejiang Geya is held by Mr. Wen Hong, who is an Independent Third Party.

Information on Huzhou Geya

Huzhou Geya is a company established under the laws of the PRC with limited liability and is principally engaged in providing decoration services. As at the Latest Practicable Date, Huzhou Geya is owned as to 90% by Mr. Hu Yuegen, the brother of Mr. Hu and to the best of the knowledge of the Company, having made all reasonable enquiries, the remaining 10% equity interest in Huzhou Geya is held by Mr. Zhang Yong, who is an Independent Third Party.

LETTER FROM THE BOARD

IV. REASONS FOR AND BENEFITS OF ENTERING INTO THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Group is a leading comprehensive property developer based in Zhejiang Province in the PRC. The Company is of the view that the 2024 Continuing Connected Transaction Agreements enable the Group to secure a stable source of the relevant services, and Shengquan Property, Zhejiang Geya and Huzhou Geya are stable suppliers of the relevant services in the Group's ordinary course of business on normal commercial terms.

The 2024 Framework Property Management Service Agreement

The Group has a long-term and close cooperation relationship with Shengquan Property who has been providing property management services to properties developed by the Group. Since Shengquan Property is familiar with the specific requirements and expected deliverables of the Group, the Company is of the view that entering into of the 2024 Framework Property Management Service Agreement, which extends the existing arrangements under the 2021 Framework Property Management Service Agreement, is fair and reasonable.

The 2024 Zhejiang Framework Decoration Service Agreement

The Group does not engage in the provision of the decoration services and therefore the decoration and related services to properties of the Group have been provided by third-party service providers, such as Zhejiang Geya and Huzhou Geya.

Based on the established long-term cooperation relationship between Zhejiang Geya and the Group, Zhejiang Geya is a reliable and co-operative supplier and has been able to meet the stringent demands of the Group for the decoration services provided by them to the Group. As compared to other service providers who are Independent Third Parties, it generally maintains better and more efficient communication with the Group and more thorough understanding of the quality standards of the property projects of the Group and its requirements of the services needed.

The 2024 Huzhou Framework Decoration Service Agreement

Based on the established long-term cooperation relationship between Huzhou Geya and the Group, Huzhou Geya is a reliable and co-operative supplier and has been able to meet the stringent demands of the Group for the decoration services provided by them to the Group. As compared to other service providers who are Independent Third Parties, it generally maintains better and more efficient communication with the Group and more thorough understanding of the quality standard of the Group's property projects and its requirements of the services needed.

Huzhou Geya is a professional decoration services firm which provides decoration and related services to the Group and other third party customers. Huzhou Geya is a sister company of Zhejiang Geya, as both are controlled by Mr. Hu Yuegen, the brother of Mr. Hu. As advised by the management of Zhejiang Geya and Huzhou Geya, while both companies provide decoration services, it is their strategy that Zhejiang Geya principally provides fine

LETTER FROM THE BOARD

decoration services while Huzhou Geya principally provides decoration services for projects other than fine decorations, such as installation of fire door and windows. Hence, Zhejiang Geya and Huzhou Geya intend to be engaged for different decoration services respectively.

The terms of the 2024 Continuing Connected Transaction Agreements are agreed upon after arm's length negotiations between the Group and the relevant service providers.

The Directors (including the independent non-executive Directors) consider that the Non-exempt Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole, the terms of the Non-exempt Continuing Connected Transactions (including the Annual Caps) are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

V. INTERNAL CONTROL PROCEDURES

In addition to the annual review by the auditors and independent non-executive Directors pursuant to the requirements of Chapter 14A of the Listing Rules, as part of the Group's internal control systems to ensure that the transactions between the Group and its connected persons are conducted in accordance with the pricing policy under the 2024 Continuing Connected Transaction Agreements, the Company will implement the following internal control arrangements:

- (i) Before entering into individual transactions, the business department, the finance department, the legal department and the management team of the Group will review and approve the proposed terms of the individual transactions according to their authority within the Group to ensure that the individual transactions are conducted on normal commercial terms, in particular the service fees and payment terms are no less favourable to the Company than those available to the Group from independent third parties, and in compliance with the pricing policies and the terms of the 2024 Continuing Connected Transaction Agreements.
- (ii) The relevant business department of the Group is responsible for initiating the approval process for individual transactions, which includes analysis and discussion of agreements and quotations. The legal and finance departments will review the individual agreements under the 2024 Continuing Connected Transaction Agreements, and final approval will be given by the management team.
- (iii) The general manager of the Company's business department will conduct regular reviews to understand the prevailing market conditions and pricing to assess whether the prices charged for individual transactions are fair, reasonable, and in line with the pricing policy.
- (iv) The finance department of the Company is responsible for overseeing the connected transactions of the Group. The finance department of the Company will monitor and collect detailed information on the connected transactions on a regular basis, including but not limited to the implementation of pricing policies,

LETTER FROM THE BOARD

payment arrangements and actual transaction amounts to ensure that the connected transactions are conducted in accordance with the 2024 Continuing Connected Transaction Agreements. In addition, the finance department of the Company is responsible for monitoring and reviewing the balance amount of the annual cap for the continuing connected transactions on a monthly basis. If the actual transaction amount reaches approximately 75% of the annual caps for the continuing connected transactions at any time of the year, the finance department of the Company will report to the management of the Company and take appropriate measures in accordance with the relevant requirements of the Listing Rules such as revising the annual caps and considering any renewal or revisions to the 2024 Continuing Connected Transaction Agreements.

- (v) The internal control department of the Company is responsible for performing regular assessment on the internal control procedures of the Group, including but not limited to the relevant information on the management of the continuing connected transactions.
- (vi) The senior management of the Company is responsible for supervising and monitoring the adoption of internal control procedures of the Group, so as to ensure the implementation of pricing policies is in compliance with the 2024 Continuing Connected Transaction Agreements and the actual transaction amounts are controlled within its respective annual caps. The senior management of the Company also reviews the implementation of pricing policies and the monitoring of annual caps annually.

The Board is of the view that the implementation of the above methods and procedures can ensure that the pricing and other contract terms for the Group's continuing connected transactions are on normal commercial terms no less favorable to the Company than terms available to Independent Third Parties, fair and reasonable and in the interests of the Company and the Shareholders and that the continuing connected transactions are conducted as agreed in the 2024 Continuing Connected Transaction Agreements and in compliance with Chapter 14A of the Listing Rules.

VI. DIRECTORS' CONFIRMATION

In light of (i) the interests of Mr. Hu in Dexin Services as further explained in the section headed "Implications under the Listing Rules" below; (ii) the interests of Mr. Hu Shihao, who is the son of Mr. Hu; (iii) the interests of Mr. Fei Zhongmin, being an executive Director holding 7.94% interests in Kaibang International Limited, a substantial shareholder of Dexin Services; and (iv) the interests of Dr. Wong Wing Kuen Albert, being an independent non-executive director of Dexin Services, they are deemed to have material interests in the 2024 Continuing Connected Transaction Agreements, and have abstained from voting on the resolutions at the Board meeting pursuant to the articles of association of the Company and the requirements under the Listing Rules. Save as aforementioned, none of the other Directors has a material interest in the 2024 Continuing Connected Transaction Agreements. Therefore, no other Director had abstained from voting on such Board resolutions.

LETTER FROM THE BOARD

VII. IMPLICATIONS UNDER THE LISTING RULES

The 2024 Framework Property Management Service Agreement

As at the Latest Practicable Date, the Company is held as to 64.56% by Mr. Hu, of which (i) 2.52% is beneficially held by Tak Yuan International Limited, which is in turn held as to 100% by Mr. Hu; and (ii) 62.03% is beneficially held by Tak Shin International Limited, the controlling shareholder of the Company, which is in turn held as to 92% by Mr. Hu. Meanwhile, Dexin Services is held as to 56.46% by Shengfu International Limited, which is in turn held as to 91.6% by Mr. Hu. Therefore, Shengquan Property, being an indirect wholly-owned subsidiary of Dexin Services, is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the 2024 Framework Property Management Service Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The 2024 Zhejiang Framework Decoration Service Agreement and the 2024 Huzhou Framework Decoration Service Agreement

As at the Latest Practicable Date, Zhejiang Geya and Huzhou Geya are respectively owned as to 91.43% and 90% by Mr. Hu Yuegen, the brother of Mr. Hu. Zhejiang Geya and Huzhou Geya are therefore connected persons of the Group. Accordingly, the entering into of the 2024 Zhejiang Framework Decoration Service Agreement and the 2024 Huzhou Framework Decoration Service Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the proposed annual caps for the transactions contemplated under the 2024 Framework Property Management Service Agreement, the 2024 Zhejiang Framework Decoration Service Agreement and the 2024 Huzhou Framework Decoration Service Agreement, on standalone and aggregated basis, exceed 5%, these agreements, the transactions contemplated thereunder and the annual caps for such transactions are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

VIII. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders in respect of the terms of the Non-exempt Continuing Connected Transactions and the proposed annual caps for the three years ending 31 December 2026 thereunder. Opus Capital Limited has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM THE BOARD

IX. THE EGM

The EGM will be convened at 10th Floor, Dexin Group, No. 588 Huanzhan East Road, Jianggan District, Hangzhou, Zhejiang, PRC on Friday, 19 April 2024 at 10:00 a.m., *inter alia*, for the Independent Shareholders to consider and, if thought fit, approve, among other things, the terms of the Non-exempt Continuing Connected Transactions and the respective proposed annual caps thereunder for the three years ending 31 December 2026 thereunder.

The notice of the EGM is set out on pages 62 to 63 of this circular. The voting in relation to the resolution proposed at the EGM will be conducted by way of poll.

Mr. Hu Yiping, Mr. Fei Zhongmin and their respective associates are interested in the Non-exempt Continuing Connected Transactions and therefore will be required to abstain from voting on the resolutions at the EGM. As at the Latest Practicable Date, Mr. Hu Yiping and his associates held and controlled the voting rights of 1,916,886,000 Shares, representing approximately 64.56% of the total issued share capital of the Company. As at the Latest Practicable Date, Mr. Fei Zhongmin held and controlled the voting rights of 39,164,500 Shares, representing approximately 1.32% of the total issued share capital of the Company. Save as aforementioned, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the Non-exempt Continuing Connected Transactions and therefore no other Shareholder is required to abstain from voting at the EGM for the relevant resolutions.

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

X. RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 25 to 26 of this circular and (ii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 27 to 52 of this circular in connection with the Non-exempt Continuing Connected Transactions, and the principal factors and reasons considered by the Independent Financial Adviser in arriving at its advice.

The Board (including the Independent Board Committee having taken into account the recommendation of the Independent Financial Adviser) considers that the Non-exempt Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole, the terms of the Non-exempt Continuing Connected Transactions (including the Annual Caps) are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, the Board (including the Independent Board Committee) recommends the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM in relation to the 2024 Continuing Connected Transaction Agreements, the Non-exempt Continuing Connected Transactions and their respective proposed annual caps for the three years ending 31 December 2026.

LETTER FROM THE BOARD

XI. ADDITIONAL INFORMATION

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

By Order of the Board of
Dexin China Holdings Company Limited
Hu Yiping
Chairman



你的生活知己

DEXIN CHINA HOLDINGS COMPANY LIMITED

德信中国控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2019)

3 April 2024

To the Independent Shareholders

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 3 April 2024 issued by the Company (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein, unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to consider and advise the Independent Shareholders on: (i) whether the Non-exempt Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole; (ii) whether the terms of the Non-exempt Continuing Connected Transactions (including the Annual Caps) are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned; and (iii) how they should vote on the relevant resolutions at the EGM. The Independent Financial Adviser, Opus Capital Limited, has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to (i) the letter from the Board, as set out on pages 7 to 24 of the Circular, and (ii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which contains its opinion in respect of the 2024 Continuing Connected Transaction Agreements, the Non-exempt Continuing Connected Transactions and the respective proposed annual caps for the three years ending 31 December 2026 thereunder as set out on pages 27 to 52 of the Circular.

After taking into consideration the advice from the Independent Financial Adviser, we consider that the Non-exempt Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole, the terms of the Non-exempt Continuing Connected Transactions (including the Annual Caps) are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM in relation to the 2024 Continuing Connected Transaction Agreements, the Non-exempt Continuing Connected Transactions and the respective proposed annual caps for the three years ending 31 December 2026.

Yours faithfully,

For and on behalf of the Independent Board Committee

Ding Jiangan

Chen Hengliu

Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Opus Capital to the Independent Board Committee and the Independent Shareholders in relation to the 2024 Continuing Connected Transaction Agreements, the Non-exempt Continuing Connected Transactions and the respective proposed annual caps thereunder for the three years ending 31 December 2026, which has been prepared for the purpose of inclusion in this circular.



18th Floor, Fung House
19-20 Connaught Road Central
Central, Hong Kong
3 April 2024

To: the Independent Board Committee and the Independent Shareholders of Dexin China Holdings Company Limited

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the transactions contemplated under the 2024 Continuing Connected Transaction Agreements, the Non-exempt Continuing Connected Transactions and the respective proposed annual caps thereunder for the three years ending 31 December (“FY”) 2026 (collectively, the “**Annual Caps**”), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 3 April 2024 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the announcement of the Company dated 15 December 2023 in relation to, among others, the 2024 Continuing Connected Transaction Agreements and the Non-exempt Continuing Connected Transactions (including the Annual Caps). With reference to in the announcement of the Company dated 3 May 2021 in relation to, among others, the 2021 Continuing Connected Transactions Agreements, the 2021 Continuing Connected Transaction Agreements have expired on 31 December 2023, and the Company has entered into the 2024 Continuing Connected Transaction Agreements on 15 December 2023 to further extend these agreements for a period of three years and to set the Annual Caps.

The 2024 Continuing Connected Transaction Agreements including: (i) the 2024 Framework Property Management Service Agreement; (ii) the 2024 Zhejiang Framework Decoration Service Agreement; and (iii) the 2024 Huzhou Framework Decoration Service Agreement, are the agreements for the Non-exempt Continuing Connected Transactions.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, the Company is held as to 64.56% by Mr. Hu, of which (i) 2.52% is beneficially held by Tak Yuan International Limited, which is in turn held as to 100% by Mr. Hu; and (ii) 62.03% is beneficially held by Tak Shin International Limited, the controlling shareholder of the Company, which is in turn held as to 92% by Mr. Hu. Meanwhile, Dexin Services is held as to 56.46% by Shengfu International Limited, which is in turn held as to 91.6% by Mr. Hu. Therefore, Shengquan Property, being an indirect wholly-owned subsidiary of Dexin Services, is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the 2024 Framework Property Management Service Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As at the Latest Practicable Date, Zhejiang Geya and Huzhou Geya are respectively owned as to 91.43% and 90% by Mr. Hu Yuegen, the brother of Mr. Hu. Zhejiang Geya and Huzhou Geya are therefore connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the 2024 Zhejiang Framework Decoration Service Agreement, the 2024 Huzhou Framework Decoration Service Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Annual Caps, on standalone and aggregated basis, exceed 5%, these agreements, the transactions contemplated thereunder and the Annual Caps are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In light of (i) the interests of Mr. Hu in Dexin Services as further explained in the section headed "VII. Implications under the Listing Rules" in the Letter from the Board; (ii) the interests of Mr. Hu Shihao, who is the son of Mr. Hu; (iii) the interests of Mr. Fei Zhongmin, being an executive Director holding 7.94% interests in Kaibang International Limited, a substantial shareholder of Dexin Services; and (iv) the interests of Dr. Wong Wing Kuen Albert, being an independent non-executive director of Dexin Services, they are deemed to have material interests in the 2024 Continuing Connected Transaction Agreements, and have abstained from voting on the resolutions at the Board meeting pursuant to the articles of association of the Company and the requirements under the Listing Rules. Save as aforementioned, none of the other Directors has a material interest in the 2024 Continuing Connected Transaction Agreements. Therefore, no other Director had abstained from voting on such Board resolutions.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising two independent non-executive Directors, namely Mr. Ding Jiangang and Mr. Chen Hengliu, has been established by the Company for the purpose of advising the Independent Shareholders on: (i) whether the 2024 Continuing Connected Transaction Agreements and the Non-exempt Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole; (ii) whether the terms of the 2024 Continuing Connected Transaction Agreements and the Non-exempt Continuing

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Connected Transactions (including the Annual Caps) are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned; and (iii) how they should vote on the relevant resolutions at the EGM. We have been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in the same regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with, or interest in, the Group, Dexin Services Group, Zhejiang Geya, Huzhou Geya or any other parties that could reasonably be regarded as relevant to our independence. During the two years immediately prior to this letter, we have not: (i) acted in the capacity as a financial adviser or as an independent financial adviser to the Company; (ii) provided any services to the Company; or (iii) had any relationship with the Company. Apart from normal independent financial advisory fees paid or payable (as the case may be) to us in connection with this appointment, no arrangements exist whereby we had received or will receive any fees or benefits from the Group, Dexin Services Group, Zhejiang Geya, Huzhou Geya, or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things:

- (i) the Company's interim report for the six months ended 30 June 2023 (the "**2023 Interim Report**");
- (ii) the annual report of the Company for FY2022 (the "**2022 Annual Report**");
- (iii) the 2024 Framework Property Management Service Agreement;
- (iv) the 2024 Zhejiang Framework Decoration Service Agreement;
- (v) the 2024 Huzhou Framework Decoration Service Agreement; and
- (vi) other information as set out in the Circular.

We have relied on the truth, accuracy and completeness of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Company, the Directors and the management of the Group (collectively, the "**Management**"). We have assumed that all information and representations contained or referred to in the Circular and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the EGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have also assumed that all statements of belief, opinion, expectation and intention made by the Management in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has 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 Management, which have been provided to us.

We considered that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided by the Management, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospects. We also have not considered the taxation implications on the Group as a result of entering into of the 2024 Continuing Connected Transaction Agreements.

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts not contained in this letter, the omission of which would make any statement herein misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection for their consideration of the terms of the 2024 Continuing Connected Transaction Agreements and the Non-exempt Continuing Connected Transactions (including the Annual Caps), and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the terms of the 2024 Continuing Connected Transaction Agreements and the Non-exempt Continuing Connected Transactions (including the Annual Caps), we have taken into consideration the following principal factors and reasons:

1. Information of the Group

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Information of the relevant parties to the Non-exempt Continuing Connected Transactions

Shengquan Property

Shengquan Property is a company established under the laws of the PRC with limited liability and is principally engaged in providing property management services. As at the Latest Practicable Date, Shengquan Property is an indirect wholly-owned subsidiary of Dexin Services. Dexin Services Group is principally engaged in the provision of property management services, value-added services to non-property owners and community value-added services in the PRC.

Zhejiang Geya

Zhejiang Geya is a company established under the laws of the PRC with limited liability and is principally engaged in providing decoration services. As at the Latest Practicable Date, Zhejiang Geya is owned as to 91.43% by Mr. Hu Yuegen, the brother of Mr. Hu and to the best of the knowledge of the Company, having made all reasonable enquiries, the remaining 8.56% equity interest in Zhejiang Geya is held by Mr. Wen Hong, who is an Independent Third Party.

Huzhou Geya

Huzhou Geya is a company established under the laws of the PRC with limited liability and is principally engaged in providing decoration services. As at the Latest Practicable Date, Huzhou Geya is owned as to 90% by Mr. Hu Yuegen, the brother of Mr. Hu and to the best of the knowledge of the Company, having made all reasonable enquiries, the remaining 10% equity interest in Huzhou Geya is held by Mr. Zhang Yong, who is an Independent Third Party.

3. Reasons for and benefits of the entering into of the 2024 Continuing Connected Transaction Agreements

The Group is a leading comprehensive property developer based in Zhejiang Province in the PRC. The Company takes the view that the 2024 Continuing Connected Transaction Agreements enable the Group to secure a stable source of the relevant services, and Shengquan Property, Zhejiang Geya and Huzhou Geya are stable suppliers of the relevant services in the Group's ordinary course of business with transactions carried out on normal commercial terms.

The 2024 Framework Property Management Service Agreement

The Group has a long-term and close cooperation relationship with Shengquan Property who has been providing property management services to properties developed by the Group. Since Shengquan Property is familiar with the specific requirements and expected deliverables of the Group, the Company is of the view that the entering into

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of the 2024 Framework Property Management Service Agreement, which extends the existing arrangements under the 2021 Framework Property Management Service Agreement, is fair and reasonable.

The 2024 Zhejiang Framework Decoration Service Agreement

The Group does not engage in the provision of the decoration services and therefore the decoration and related services to properties of the Group have been provided by third-party service providers, such as Zhejiang Geya and Huzhou Geya.

Based on the established long-term cooperation relationship between Zhejiang Geya and the Group, Zhejiang Geya is a reliable and co-operative supplier and has been able to meet the stringent demands of the Group for the decoration services provided by them to the Group. As compared to other service providers who are Independent Third Parties, it generally maintains better and more efficient communication with the Group and more thorough understanding of the quality standards of the property projects of the Group and its requirements of the services needed.

The 2024 Huzhou Framework Decoration Service Agreement

Based on the established long-term cooperation relationship between Huzhou Geya and the Group, Huzhou Geya is a reliable and co-operative supplier and has been able to meet the stringent demands of the Group for the decoration services provided by them to the Group. As compared to other service providers who are Independent Third Parties, it generally maintains better and more efficient communication with the Group and more thorough understanding of the quality standard of the Group's property projects and its requirements of the services needed.

Huzhou Geya is a professional decoration services firm which provides decoration and related services to the Group and other third party customers. Huzhou Geya is a sister company of Zhejiang Geya, as both are controlled by Mr. Hu Yuegen, the brother of Mr. Hu. As advised by the management of Zhejiang Geya and Huzhou Geya, while both companies provide decoration services, it is their strategy that Zhejiang Geya principally provides fine decoration services while Huzhou Geya principally provides decoration services for projects other than fine decorations, such as installation of fire door and windows. Hence, Zhejiang Geya and Huzhou Geya intend to be engaged for different decoration services respectively.

According to the prospectus of the Company dated 14 February 2019 (the "Prospectus"), the Group had been collaborating with Shengquan Property and Zhejiang Geya respectively prior to the listing of the Company on Stock Exchange on 26 February 2019, the historical transaction amounts regarding the services provided to the Group by Shengquan Property and Zhejiang Geya respectively traced back up to 2015 were disclosed in the Prospectus. The Company entered into a framework property management service agreement with Shengquan Property on 1 February 2019 to regulate its transactions with Shengquan Property. The Company entered into a framework decoration service agreement with Zhejiang Geya on 1 February 2019 to

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regulate its transactions with Zhejiang Geya. With reference to the announcement of the Company dated 28 November 2019, the Company entered into a framework decoration service agreement with Huzhou Geya on 28 November 2019.

Given that (i) the provision of property management services and decoration services has not been the principal business activities of the Group which calls for the need to engage reliable and co-operative services suppliers; and (ii) the long history of collaboration between the Group and each of Shengquan Property, Zhejiang Geya and Huzhou Geya where the Group has all along been outsourcing property management services and decoration services from these parties, we are of the view that the 2024 Continuing Connected Transaction Agreements and the Non-exempt Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

4. Principal terms of the Non-exempt Continuing Connected Transactions

The principal terms of the Non-exempt Continuing Connected Transactions are as below.

The 2024 Framework Property Management Service Agreement

Date	:	15 December 2023
Parties	:	(1) The Company (for itself and on behalf of its subsidiaries) (as the service recipient); and (2) Shengquan Property (for itself and on behalf of its subsidiaries) (as the service provider).
Term	:	The 2024 Framework Property Management Service Agreement will be effective from 1 January 2024 until 31 December 2026 (inclusive).

Subject Matter

Pursuant to the 2024 Framework Property Management Service Agreement, Shengquan Property and its subsidiaries may, from time to time, provide Property Management and Related Services to the Group, including but not limited to (i) preliminary planning and design consultancy services; (ii) management services for the sales offices and the display units; (iii) (a) house inspection; (b) pre-delivery cleaning services; (c) pre-delivery preparation; and (d) repair and maintenance services for house and auxiliary facilities after delivery; and (iv) property management services (such as cleaning and security services) for the properties developed and owned by the Group (including but not limited to the unsold residential property units, car parking lots, office buildings and commercial properties).

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Key Terms and Pricing Policy

The price of the property management service fees under the 2024 Framework Property Management Service Agreement shall be determined through arm's length negotiations between the parties by referring to (i) the size, location and positioning of the property; (ii) the scope of the services; (iii) the expected operating costs (including but not limited to labor costs, administrative costs and material costs); and (iv) the rate offered by Shengquan Property to Independent Third Parties for comparable services. The property management service fees shall not exceed the standard fees set by the relevant government authorities (if applicable). If Shengquan Property is to be appointed as the property management service provider of the Group through bidding, the selection process shall be in accordance with the provisions of Chinese laws and regulations, the fees for the property management services shall be consistent with those set forth in the relevant bidding documents. The Group shall have the right to adopt the terms and conditions of the transaction that are most favorable to the Group after taking into account and comparing the terms and conditions proposed by Shengquan Property and other Independent Third Parties. The service fees shall be charged mainly based on the total GFA of properties under the management of Shengquan Property and the service fee per square meter, which shall not be higher than the standard fees designated by the relevant regulatory authorities (if applicable) or lower than the standard fees to be charged from Independent Third Parties. As at the Latest Practicable Date, the Company confirms that no standard fees has been designated by the regulatory authorities.

The Group shall have the right to appoint third parties to provide the relevant services for its properties for which the property service providers have not been appointed through bidding or agreement according to the provisions of Chinese laws and regulations. As at the Latest Practicable Date, the Group has so far appointed property service providers through bidding only. The Group would endeavor to solicit at least two other Independent Third Parties to participate in the bidding process. The non-bidding method will only be used when time is extremely tight or when there are only a few service providers in the market. The non-bidding process is similar to that of bidding, and service providers will not be informed during the process that they are directly appointed. In terms of pricing, the consideration will be determined by the relevant business departments with reference to the bidding prices of the most recent similar type of services, and the bidding prices of the most recent similar type of services refer to the bidding prices of the most recent similar type of services determined by the Group through a bidding process.

The Group and Shengquan Property shall enter into definitive agreements pursuant to the 2024 Framework Property Management Service Agreement in respect of each transaction regarding the provision of the Property Management and Related Services. The definitive agreements shall contain provisions, which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the 2024 Framework Property Management Service Agreement.

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

The 2024 Framework Property Management Service Agreement is conditional upon the 2024 Framework Property Management Service Agreement, the transactions contemplated thereunder and the Annual Caps being approved by both the Independent Shareholders at the EGM and the independent shareholders of Dexin Services.

The 2024 Zhejiang Framework Decoration Service Agreement

Date	:	15 December 2023
Parties	:	(1) the Company (for itself and on behalf of its subsidiaries) (as the service recipient); and (2) Zhejiang Geya (for itself and on behalf of its subsidiaries) (as the service provider).
Term	:	The 2024 Zhejiang Framework Decoration Service Agreement will be effective from 1 January 2024 until 31 December 2026 (inclusive).

Subject Matter

Pursuant to the 2024 Zhejiang Framework Decoration Service Agreement, Zhejiang Geya agrees to provide decoration and related services to the Group from time to time, including but not limited to fine decoration of apartments, public area decoration and installation of doors, windows and curtain walls.

Key Terms and Pricing Policy

The Group will adhere to the following procedures when conducting transactions with Zhejiang Geya under the 2024 Zhejiang Framework Decoration Service Agreement:

- (i) Zhejiang Geya shall provide decoration and related services to the Group according to the definitive decoration services agreements to be entered into between Zhejiang Geya and members of the Group from time to time;
- (ii) the Group will endeavor to solicit at least two other Independent Third Parties to participate in the selection procedures;

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- (iii) the decoration fees payable by the Group shall be based on the fee quotes to be submitted by Zhejiang Geya in accordance with the bidding and selection procedures; and
- (iv) the definitive decoration services agreement to be entered into between Zhejiang Geya and members of the Group shall contain provisions which are consistent with the binding principles, guidelines, terms and conditions set out in the 2024 Zhejiang Framework Decoration Service Agreement.

The decoration fees payable by the Group shall be based on the fee quotes submitted by Zhejiang Geya, taking into account a wide range of factors such as the nature and conditions of the relevant property projects and the scope of services to be provided.

The Group shall also determine the fees with reference to the fee quotes submitted by other independent and comparable decoration service providers to the Group through tendering under normal commercial terms in the ordinary course of its business. Such quotations submitted to the Group will be subject to the selection procedures set out below:

- (i) the project company will obtain bidding documents from at least three potential service providers based on the Group's needs and the criteria set out by the operation department, at least two of whom should be Independent Third Parties;
- (ii) an internal tender review committee, which comprises the general manager of the Group's regional companies and the project managers of the Group's projects, will be responsible for reviewing the terms and conditions of the tender documents; and
- (iii) the internal tender review committee will set up an assessment mechanism based on the scores given by the committee members to each bidder in relation to various aspects such as the fee quotes, credentials, quality of services of bidders and human resources required by the relevant property projects. The average scores of the bidders will be used by the internal tender review committee as an indicator for the selection of service provider.

The selection procedures ensure that the Group will only enter into definitive decoration service agreements with Zhejiang Geya and/or its subsidiaries if the terms and conditions proposed by Zhejiang Geya and/or its subsidiaries are no less favorable to the Group than those proposed by other independent third parties.

Generally, the services fee shall be payable monthly by bank transfer on an agreed date of each and every calendar month, with credit period ranging from 30-90 days. The specific payment terms of decoration fees charged by Zhejiang Geya and/or its subsidiaries from the Group in respect of the decoration and related services shall

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be separately agreed upon between the relevant parties in the definitive agreements to be entered into pursuant to the terms of the 2024 Zhejiang Framework Decoration Service Agreement.

The 2024 Huzhou Framework Decoration Service Agreement

Date : 15 December 2023

Parties : (1) the Company (for itself and on behalf of its subsidiaries) (as the service recipient); and

(2) Huzhou Geya (for itself and on behalf of its subsidiaries) (as the service provider).

Term : The 2024 Huzhou Framework Decoration Service Agreement will be effective from 1 January 2024 until 31 December 2026 (inclusive).

Subject Matter

Pursuant to the 2024 Huzhou Framework Decoration Service Agreement, Huzhou Geya agrees to provide decoration and related services to the Group from time to time, including but not limited to fine decoration of apartments, public area decoration and installation of doors, windows and curtain walls.

Key Terms and Pricing Policy

The Group will adhere to the following procedures when conducting transactions with Huzhou Geya under the 2024 Huzhou Framework Decoration Service Agreement:

- (i) Huzhou Geya shall provide decoration and related services to the Group according to the definitive decoration services agreements to be entered into between Huzhou Geya and members of the Group from time to time;
- (ii) the Group will endeavor to solicit at least two other Independent Third Parties of the Company to participate in the selection procedures;
- (iii) the decoration fees payable by the Group shall be based on the fee quotes to be submitted by Huzhou Geya under selection procedures; and
- (iv) the definitive decoration services agreement to be entered into between Huzhou Geya and members of the Group shall contain provisions which are consistent with the binding principles, guidelines, terms and conditions set out in the 2024 Huzhou Framework Decoration Service Agreement.

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The decoration fees payable by the Group shall be based on the fee quotes submitted by Huzhou Geya, taking into account a wide range of factors such as the nature and conditions of the relevant property projects and the scope of services to be provided.

The Group shall also determine the fees with reference to the fees quotes submitted by other independent and comparable decoration service providers to the Group through tendering under normal commercial terms in the ordinary course of its business. Such fee quotes submitted to the Group will be subject to the selection procedures set out below:

- (i) the project company will obtain bidding documents from at least three potential service providers based on the Group's needs and the criteria set out by the operation department, at least two of whom should be Independent Third Parties;
- (ii) an internal tender review committee, which comprises the general manager of the Group's regional companies and the project managers of the Group's projects, will be responsible for reviewing the terms and conditions of the tender documents; and
- (iii) the internal tender review committee will set up an assessment mechanism based on the scores given by the committee members to each bidder in relation to various aspects such as the fee quotes, credentials, quality of services of bidders and human resources required by the relevant property projects. The average scores of the bidders will be used by the internal tender review committee as an indicator for the selection of service provider.

The selection procedures ensure that the Group will only enter into definitive decoration service agreements with Huzhou Geya and/or its subsidiaries if the terms and conditions proposed by Huzhou Geya and/or its subsidiaries are no less favorable to the Group than those proposed by other independent third parties.

Generally, the services fee shall be payable monthly by bank transfer on an agreed date of each and every calendar month, with credit period ranging from 30 -90 days. The specific payment terms of decoration fees charged by Huzhou Geya and/or its subsidiaries from the Group in respect of the decoration and related services shall be separately agreed upon between the relevant parties in the definitive agreements to be entered into pursuant to the terms of the 2024 Huzhou Framework Decoration Service Agreement.

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Assessment on the key terms and pricing policies of the Non-exempt Continuing Connected Transactions

The 2024 Framework Property Management Service Agreement

Based on our discussion with the Management, we understand that Shengquan Property was appointed as the Property Management and Related Services provider of the Group through bidding processes during FY2021, FY2022 and FY2023 (the “**Review Period**”). As stated in the Letter from the Board, the fees for the property management services provided by Shengquan Property shall be consistent with those set forth in the relevant bidding documents. The Group would endeavor to solicit at least two other Independent Third Parties to participate in the bidding process. Further, the Group shall have the right to adopt the terms and conditions of the transaction that are most favorable to the Group after taking into account and comparing the terms and conditions proposed by Shengquan Property and other Independent Third Parties.

For the purpose of assessing the key terms and pricing policies of the transactions contemplated under the 2024 Framework Property Management Service Agreement, we have, on a random basis, obtained and reviewed two (2) sample documents (the “**PM Project Samples**”) of Property management and Related Services projects during the Review Period including: (i) the tender invitation documents issued by the Group; (ii) the bidding documents submitted by Shengquan Property and other bidders which are Independent Third Parties (“**PM Independent Bidder(s)**”); and (iii) the definitive agreement(s) entered into between the Group and Shengquan Property. We consider the sample size of two (2) PM Project Samples to be representative for the purpose of assessing the key terms and pricing policies of the transactions contemplated under the 2024 Framework Property Management Service Agreement on the bases that: (i) we are mainly concerned with comparing the key terms and pricing policies under the 2024 Framework Property Management Service Agreement offered by Shengquan Property and those the PM Independent Bidders, so long as we select the samples on a random basis, we do not consider there is a need to achieve a large sample size through substantive tests; (ii) the relevant tender invitation documents, bidding documents and the definitive agreements are voluminous and takes time to collate; and (iii) we note that under the section headed “5. Internal control procedures” below that there are satisfactory review records of the auditors in relation to the annual reviews of the relevant non-exempt continuing connected transactions during FY2021 and FY2022 which would have been, in all material respects, in accordance with the pricing policies of the relevant Non-exempt Continuing Connected Transactions.

Upon review and comparison of the said PM Project Samples which we consider to be fair and representative, we noted that:

- (i) both Shengquan Property and PM Independent Bidders were subject to the same tendering and selection procedures;
- (ii) there were at least three bidders (including Shengquan Property) for each of the PM Project Samples;

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- (iii) the bidding documents submitted by Shengquan Property and PM Independent Bidders were subject to the same set of assessment and scoring criteria which include, among others, the team structure, financial conditions, business scale, the scope and standards of services, management and evaluation plans and the breakdown of the fee quotations, project budgets;
- (iv) both Shengquan Property and the PM Independent Bidders submitted fee quotations with details of, among others, estimated annual income expected to be generated from providing property management services and estimated annual operating costs (including but not limited to labour costs, administrative costs and material costs) incurred from providing property management services, the Group engaged Shengquan Property as the winning service provider for the PM Project Samples as (a) the services quality of Shengquan Property was relatively higher than that of the PM Independent Bidders; and (b) the service fees per square meter for different types of properties quoted by Shengquan Property were no less favourable than those quoted by the PM Independent Bidders; and
- (v) the service fees per square meter for different types of properties set out in the definitive agreement(s) entered into between the Group and Shengquan Property were consistent with those set out in the respective bidding document(s) submitted by Shengquan Property.

Based on the above, we are of the view that: (i) the key terms and pricing policies set out in the 2024 Framework Property Management Service Agreement, which were carried forward from those of the 2021 Framework Property Management Service Agreement, are fair and reasonable; and (ii) the terms of the PM Project Samples (including the pricing terms) broadly adhered to internal control measures set out in the section headed “5. Internal control procedures”.

The 2024 Zhejiang Framework Decoration Service Agreement

Based on our discussion with the Management, we understand that Zhejiang Geya was appointed as the decoration and related services provider of the Group through bidding processes during the Review Period. As stated in the Letter from the Board, the decoration fees payable by the Group shall be based on the fee quotes to be submitted by Zhejiang Geya in accordance with the bidding and selection procedures. The Group will endeavor to solicit at least two other Independent Third Parties to participate in the selection procedures. Further, the Group shall also determine the fees with reference to the fee quotes submitted by other independent and comparable decoration service providers to the Group through tendering under normal commercial terms in the ordinary course of its business.

For the purpose of assessing the key terms and pricing policies of the transactions contemplated under the 2024 Zhejiang Framework Decoration Service Agreement, we have, on a random basis, obtained and reviewed two (2) sample documents (the “**Zhejiang Decoration Project Samples**”) of decoration and related services projects during the Review Period including: (i) the tender invitation documents issued by the

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Group; (ii) the bidding documents submitted by Zhejiang Geya and other bidders which are Independent Third Parties (“**Decoration Independent Bidder(s) (Zhejiang)**”); and (iii) the definitive agreement(s) entered into between the Group and Zhejiang Geya. We consider the sample size of two (2) Zhejiang Decoration Project Samples to be representative for the purpose of assessing the key terms and pricing policies of the transactions contemplated under the 2024 Zhejiang Framework Decoration Service Agreement on the bases that: (i) we are mainly concerned with comparing the key terms and pricing policies under the 2024 Zhejiang Framework Decoration Service Agreement offered by Zhejiang Geya and those the Decoration Independent Bidders (Zhejiang), so long as we select the samples on a random basis, we do not consider there is a need to achieve a large sample size through substantive tests; (ii) the relevant tender invitation documents, bidding documents and the definitive agreements are voluminous and takes time to collate; and (iii) we note that under the section headed “5. Internal control procedures” below that there are satisfactory review records of the auditors in relation to the annual reviews of the relevant non-exempt continuing connected transactions during FY2021 and FY2022 which would have been, in all material respects, in accordance with the pricing policies of the relevant Non-exempt Continuing Connected Transactions.

Upon review and comparison of the said Zhejiang Decoration Project Samples which we consider to be fair and representative, we noted that:

- (i) both Zhejiang Geya and Decoration Independent Bidders (Zhejiang) were subject to the same tendering and selection procedures;
- (ii) there were at least three bidders (including Zhejiang Geya) for each of the Zhejiang Decoration Project Samples;
- (iii) the bidding documents submitted by Zhejiang Geya and Decoration Independent Bidders (Zhejiang) were subject to the same set of assessment criteria which mainly include, among others, the comparison between fee quotations and estimated costs;
- (iv) the definitive decoration service agreements of the Zhejiang Decoration Project Samples awarded to Zhejiang Geya were mainly due to the following factors: (a) the major terms offered by Zhejiang Geya fulfilled the requirements of the Group for the relevant project(s); (b) the fee quotations provided by Zhejiang Geya were no less favourable than those provided by Decoration Independent Bidders (Zhejiang) or the fee quotations provided by Zhejiang Geya together with fee quotations provided by another Decoration Independent Bidder (Zhejiang) as a combination for two sections of a project which required two different service providers were no less favourable than other fee quotation combinations; and (c) the fee quotations provided by Zhejiang Geya were within the range of cost control for respective projects; and

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- (v) the fees for the decoration services stipulated in the definite agreement(s) entered into between the Group and Zhejiang Geya were consistent with those set out in the respective bidding document(s) submitted by Zhejiang Gey.

Based on the above, we are of the view that: (i) the key terms and pricing policies set out in the 2024 Zhejiang Framework Decoration Service Agreement, which were carried forward from those of the 2021 Zhejiang Framework Decoration Service Agreement and previous relevant framework decoration service agreement during the Review Period, are fair and reasonable; and (ii) the terms of the Zhejiang Decoration Project Samples (including the pricing terms) broadly adhered to internal control measures set out in the section headed “5. Internal control procedures”.

The 2024 Huzhou Framework Decoration Service Agreement

Based on our discussion with the Management, we understand that Huzhou Geya was appointed as the decoration and related services provider of the Group through bidding processes during the Review Period. As stated in the Letter from the Board, the decoration fees payable by the Group shall be based on the fee quotes to be submitted by Huzhou Geya under selection procedures. The Group will endeavor to solicit at least two other Independent Third Parties to participate in the selection procedures. Further, the Group shall also determine the fees with reference to the fee quotes submitted by other independent and comparable decoration service providers to the Group through tendering under normal commercial terms in the ordinary course of its business.

For the purpose of assessing the key terms and pricing policies of the transactions contemplated under the 2024 Huzhou Framework Decoration Service Agreement, we have, on a random basis, obtained and reviewed two (2) sample documents (the “**Huzhou Decoration Project Samples**”) of decoration and related services projects during the Review Period including: (i) the tender invitation documents issued by the Group; (ii) the bidding documents submitted by Huzhou Geya and other bidders which are Independent Third Parties (“**Decoration Independent Bidder(s) (Huzhou)**”); and (iii) the definitive agreement(s) entered into between the Group and Huzhou Geya. We consider the sample size of two (2) Huzhou Decoration Project Samples to be representative for the purpose of assessing the key terms and pricing policies of the transactions contemplated under the 2024 Huzhou Framework Decoration Service Agreement on the bases that: (i) we are mainly concerned with comparing the key terms and pricing policies under the 2024 Huzhou Framework Decoration Service Agreement offered by Huzhou Geya and those the Decoration Independent Bidders (Huzhou), so long as we select the samples on a random basis, we do not consider there is a need to achieve a large sample size through substantive tests; (ii) the relevant tender invitation documents, bidding documents and the definitive agreements are voluminous and takes time to collate; and (iii) we note that under the section headed “5. Internal control procedures” below that there are satisfactory review records of the auditors in relation to the annual reviews of the relevant non-exempt continuing connected transactions during FY2021 and FY2022 which would have been, in all material respects, in accordance with the pricing policies of the relevant Non-exempt Continuing Connected Transactions.

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Upon review and comparison of the said Huzhou Decoration Project Samples which we consider to be fair and representative, we noted that:

- (i) both Huzhou Geya and Decoration Independent Bidders (Huzhou) were subject to the same tendering and selection procedures;
- (ii) there were at least three bidders (including Huzhou Geya) for each of the Huzhou Decoration Project Samples;
- (iii) the bidding documents submitted by Huzhou Geya and Decoration Independent Bidders (Huzhou) were subject to the same set of assessment criteria which mainly include, among others, the comparison between fee quotations and estimated costs;
- (iv) the definitive decoration service agreements of the Huzhou Decoration Project Samples awarded to Huzhou Geya were mainly due to the following factors: (a) the major terms offered by Huzhou Geya fulfilled the requirements of the Group for the relevant project(s); (b) the fee quotations provided by Huzhou Geya were no less favourable than those provided by Decoration Independent Bidders (Huzhou); and (c) the fee quotations provided by Huzhou Geya were within the range of cost control for respective projects; and
- (v) the fees for the decoration services stipulated in the definite agreement(s) entered into between the Group and Huzhou Geya were consistent with those set out in the respective bidding document(s) submitted by Huzhou Geya.

Based on the above, we are of the view that: (i) the key terms and pricing policies set out in the 2024 Huzhou Framework Decoration Service Agreement, which were carried forward from those of the 2021 Huzhou Framework Decoration Service Agreement and previous relevant framework decoration service agreement during the Review Period, are fair and reasonable; and (ii) the terms of the Huzhou Decoration Project Samples (including the pricing terms) broadly adhered to internal control measures set out in the section headed “5. Internal control procedures”.

5. Internal control procedures

As stated in the Letter from the Board, in addition to the annual review by the auditors and independent non-executive Directors pursuant to the requirements of Chapter 14A of the Listing Rules, as part of the Group’s internal control systems to ensure that the transactions between the Group and its connected persons are conducted in accordance with the pricing policy under the 2024 Continuing Connected Transaction Agreements, the Company will implement the following internal control arrangements:

- (i) Before entering into individual transactions, the business department, the finance department, the legal department and the management team of the Group will review and approve the proposed terms of the individual transactions according to their authority within the Group to ensure that the individual transactions are

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conducted on normal commercial terms, in particular the service fees and payment terms are no less favourable to the Company than those available to the Group from independent third parties, and in compliance with the pricing policies and the terms of the 2024 Continuing Connected Transaction Agreements.

- (ii) The relevant business department of the Group is responsible for initiating the approval process for individual transactions, which includes analysis and discussion of agreements and quotations. The legal and finance departments will review the individual agreements under the 2024 Continuing Connected Transaction Agreements, and final approval will be given by the management team.
- (iii) The general manager of the Company's business department will conduct regular reviews to understand the prevailing market conditions and pricing to assess whether the prices charged for individual transactions are fair, reasonable, and in line with the pricing policy.
- (iv) The finance department of the Company is responsible for overseeing the connected transactions of the Group. The finance department of the Company will monitor and collect detailed information on the connected transactions on a regular basis, including but not limited to the implementation of pricing policies, payment arrangements and actual transaction amounts to ensure that the connected transactions are conducted in accordance with the 2024 Continuing Connected Transaction Agreements. In addition, the finance department of the Company is responsible for monitoring and reviewing the balance amount of the annual caps for the continuing connected transactions on a monthly basis. If the actual transaction amount reaches approximately 75% of the annual caps for the continuing connected transactions at any time of the year, the finance department of the Company will report to the management of the Company and take appropriate measures in accordance with the relevant requirements of the Listing Rules such as revising the annual caps and considering any renewal or revisions to the 2024 Continuing Connected Transaction Agreements.
- (v) The internal control department of the Company is responsible for performing regular assessment on the internal control procedures of the Group, including but not limited to the relevant information on the management of the continuing connected transactions.
- (vi) The senior management of the Company is responsible for supervising and monitoring the adoption of internal control procedures of the Group, so as to ensure the implementation of pricing policies is in compliance with the 2024 Continuing Connected Transaction Agreements and the actual transaction amounts are controlled within its respective annual caps. The senior management of the Company also reviews the implementation of pricing policies and the monitoring of annual caps annually.

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For our due diligence purpose, we have randomly selected, obtained and reviewed the following samples relating to the relevant continuing connected transactions conducted during the Review Period:

- (i) the monthly review records of the finance department in relation to the monitoring and reviewing of the balance amount of the annual caps for the relevant continuing connected transactions conducted by the Group during the Review Period;
- (ii) review records of the internal control department of the Company in relation to the annual assessment on the internal control procedures of the Group during the Review Period;
- (iii) review records of the senior management of the Company in relation to the annual review of the implementation of pricing policies and the monitoring of annual caps during the Review Period; and
- (iv) review records of the auditors and the independent non-executive Directors in relation to the annual reviews of the relevant continuing connected transactions during FY2021 and FY2022.

Based on the aforesaid sample documents, we noted that following the internal control procedures of the Group, the relevant continuing connected transactions of the Group have been subject to supervision and regular review by the Company's senior management and annual review by the independent non-executive Directors as well as the external auditors of the Company.

With the internal control procedures of the Group as well as the stipulated requirements for continuing connected transaction of the Listing Rules in place, the Non-exempt Continuing Connected Transactions will be monitored and hence the interest of the Independent Shareholder(s) would be safeguarded.

6. Annual Caps under the Non-exempt Continuing Connected Transactions

The 2024 Framework Property Management Service Agreement

The annual caps and the historical transaction amounts for each of FY2021, FY2022 and FY2023 respectively are set out below:

	FY2021	FY2022	FY2023
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Historical transaction amounts	91,981	72,386	51,700
Approved annual caps	93,600	99,200	108,400
Utilisation rates	98.3%	73.0%	47.7%

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Set out below are the Annual Caps for the Property Management and Related Services under the 2024 Framework Property Management Service Agreement for FY2024, FY2025 and FY2026:

	Annual Caps		
	FY2024	FY2025	FY2026
	(RMB'000)	(RMB'000)	(RMB'000)
Property management service fees	58,400	49,500	40,340

Basis of determination of the relevant Annual Caps

As stated in the Letter from the Board, the Annual Caps for the Property Management and Related Services under the 2024 Framework Property Management Service Agreement for FY2024, FY2025 and FY2026 have been determined with references to:

- (i) the historical transaction amounts in relation to the Property Management and Related Services for FY2021, FY2022 and the ten months ended 31 October 2023;
- (ii) the existing contracts under which Shengquan Property and its subsidiaries are engaged by the Group to provide the Property Management and Related Services. As at 31 October 2023, Shengquan Property and its subsidiaries were contracted to manage a total of seven projects developed but yet to be delivered by the Group with a total contracted GFA of approximately 1.11 million sq.m. under management;
- (iii) the costs incurred by Shengquan Property and its subsidiaries for the Property Management and Related Services for FY2021, FY2022 and the ten months ended 31 October 2023; and
- (iv) the expected demand for the Property Management and Related Services for the properties expected to be delivered by Shengquan Property and its subsidiaries to the Group for each of FY2024, FY2025 and FY2026:
 - (a) It is expected that 18, nine and one project(s) developed or owned by the Group will require the provision of preliminary planning and design consultancy services from Shengquan Property and its subsidiaries for each of FY2024, FY2025 and FY2026, respectively;
 - (b) It is expected that nine projects developed or owned by the Group will require the provision of management services for the sales offices and the display units from Shengquan Property and its subsidiaries for FY2024;

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- (c) It is expected that in relation to the provision of house inspection, pre-delivery cleaning services and preparation, and repair and maintenance services for house and auxiliary facilities after delivery, 28, seven and one project(s) developed or owned by the Group will be managed by Shengquan Property and its subsidiaries for each of FY2024, FY2025 and FY2026, respectively; and
- (d) It is expected that 33, 37 and 38 projects (including 15, 16 and 16 new projects calculated on an aggregation basis) with an estimated aggregate GFA of approximately 1.98 million sq.m., 2.11 million sq.m. and 2.11 million sq.m. developed or owned by the Group will be managed by Shengquan Property and its subsidiaries in respect of property management services (such as cleaning and security) for each of FY2024, FY2025 and FY2026, respectively.

To assess the fairness and reasonableness of the Annual Caps for the Property Management and Related Services under the 2024 Framework Property Management Service Agreement for FY2024, FY2025 and FY2026, we have obtained and reviewed (i) the list of existing projects and potential projects which are continued to be or are expected to be conducted during FY2024, FY2025 and FY2026, as well as the underlying calculation for formulating the relevant Annual Caps; (ii) five (5) samples of contracts/supporting documents selected on a random basis for existing projects or potential projects which are continued to be or are expected to be conducted during FY2024, FY2025 and FY2026. From our review, we noted that:

- (i) the relevant Annual Caps were determined based on the estimated transaction amounts of existing projects and potential projects of different types of Property Management and Relevant Services for each of FY2024, FY2025 and FY2026;
- (ii) the historical transaction amount in relation to the Property Management and Related Services for FY2023 was approximately RMB51.7 million, which is fairly close to the relevant Annual Cap for FY2024 of approximately RMB58.4 million;
- (iii) the estimated transaction amounts for preliminary planning and design consultancy services, management services for the sales offices and the display units, provision of house inspection, pre-delivery cleaning services and pre-delivery preparation, and repair and maintenance services for house and auxiliary facilities after delivery were mainly based on the terms of the existing contracts, the estimated progress of existing projects and the estimated transaction amounts of potential projects for each of FY2024, FY2025 and FY2026; the estimated transaction amounts for the provision of property management services (such as cleaning and security services) were estimated taking into account the monthly property management fees per square meter, the chargeable area and the expected vacancy rate of respective projects;

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- (iv) the estimated transaction amounts for Management and Related Services to be provided to the Group by Shengquan Property are generally expected to follow a year-on-year decreasing trend during FY2024, FY2025 and FY2026 of approximately -15.2% and -18.5% respectively, which are in line with the decrease in estimated number of projects of 88, 53 and 40 respectively for which the Group may require the provision of Management and Related Services from Shengquan Property and its subsidiaries for FY2024, FY2025 and FY2026 according to the Letter from the Board: and
- (v) based on our review of the five (5) samples of contracts/supporting documents, which detailed the existing projects or potential projects which are continued to be or are expected to be conducted during FY2024, FY2025 and FY2026, we take comfort in the Management's prudent estimate of the relevant Annual Caps.

Based on the above, we are of the view that the Annual Caps for the Property Management and Related Services under the 2024 Framework Property Management Service Agreement for FY2024, FY2025 and FY2026 are fair and reasonable so far as the Independent Shareholders are concerned.

The 2024 Zhejiang Framework Decoration Service Agreement

The annual caps and the historical transaction amounts for each of FY2021, FY2022 and FY2023 respectively are set out below:

	FY2021	FY2022	FY2023
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Historical transaction amounts	238,636	189,376	136,965
Approved annual caps	320,000	336,000	353,000
Utilisation rates	74.6%	56.4%	38.8%

As stated in the Letter from the Board, since the second half of 2021, the real estate market environment faced unprecedented challenges and the relevant property projects have been delayed due to the depressed sentiment in the real estate industry, which has reduced the expected demand for decoration and related services from Zhejiang Geya, resulting in low utilisation rates of the historical annual caps. The number of projects for which the Group has engaged Zhejiang Geya for decoration and related services for the FY2021, FY2022 and FY2023 is 41, 24 and 8 respectively.

Set out below are the Annual Caps for the decoration and related services under the 2024 Zhejiang Framework Decoration Service Agreement for FY2024, FY2025 and FY2026:

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	Annual Caps		
	FY2024 (RMB'000)	FY2025 (RMB'000)	FY2026 (RMB'000)
Decoration service fees	115,000	61,000	58,000

Basis of determination of the relevant Annual Caps

As stated in the Letter from the Board, the Annual Caps for the decoration and related services under the 2024 Zhejiang Framework Decoration Service Agreement for FY2024, FY2025 and FY2026, are determined based on (inter alia) the following factors: (i) the historical transaction amounts for the provision of decoration and related services by Zhejiang Geya to the Group taking into account the reasons for the low utilisation of the historical annual caps as mentioned above; (ii) anticipating the gradual recovery of the property sector and improvement in the market sentiment and operating conditions, it is expected that the number of projects for which the Group may engage Zhejiang Geya for decoration and related services for FY2024, FY2025 and FY2026 is 18, 12 and 11 respectively; and (iii) the estimated labor and material costs in China in the next three years.

To assess the fairness and reasonableness of the Annual Caps for the decoration and related services under the 2024 Zhejiang Framework Decoration Service Agreement for FY2024, FY2025 and FY2026, we have obtained and reviewed (i) the list of existing projects and potential projects which are continued to be or are expected to be conducted during FY2024, FY2025 and FY2026, as well as the underlying calculation for formulating the relevant Annual Caps; (ii) four (4) samples of contracts/ supporting documents, selected on a random basis taking into consideration the transaction amounts of the contracts, for existing projects or potential projects which are continued to be or are expected to be conducted during FY2024, FY2025 and FY2026. From our review, we noted that:

- (i) the relevant Annual Caps were determined based on the estimated transaction amounts of existing projects and potential projects of decoration and related services for each of FY2024, FY2025 and FY2026;
- (ii) the relevant Annual Cap for FY2024 (i.e. RMB115 million), which already represented a decrease of approximately 16.1% from the historical transaction amount for FY2023 (i.e. approximately RMB137.0 million), which is suggesting that the Management has already been prudent in estimating the relevant Annual Caps;
- (iii) furthermore, the estimated transaction amounts for decoration and related service to be provided to the Group by Zhejiang Geya are generally expected to follow a year-on-year decreasing trend during FY2024, FY2025, FY2026 of approximately -47.0% and -4.9% respectively, which are in line with the decrease in estimated number of projects of 18, 12, and 11 respectively for

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which the Group may engage Zhejiang Geya for decoration and related services for FY2024, FY2025 and FY2026 according to the Letter from the Board; and

- (iv) based on our review of the four (4) samples of contracts/supporting documents, which detailed the existing projects or potential projects which are continued to be or are expected to be conducted during FY2024, FY2025 and FY2026, we take comfort in the Management's prudent estimate of the relevant Annual Caps.

Based on the above, we are of the view that the Annual Caps for the decoration and related services under the 2024 Zhejiang Framework Decoration Service Agreement for FY2024, FY2025 and FY2026 are fair and reasonable so far as the Independent Shareholders are concerned.

The 2024 Huzhou Framework Decoration Service Agreement

The annual caps and the historical transaction amounts for each of FY2021, FY2022 and FY2023 respectively are set out below:

	FY2021 <i>(RMB'000)</i>	FY2022 <i>(RMB'000)</i>	FY2023 <i>(RMB'000)</i>
Historical transaction amounts	16,364	20,208	18,598
Approved annual caps	45,000	47,000	50,000
Utilisation rates	36.4%	43.0%	37.2%

As stated in the Letter from the Board, since the second half of 2021, the real estate market environment faced unprecedented challenges and the relevant property projects have been delayed due to the depressed sentiment in the Chinese real estate industry, which has reduced the expected demand for decoration and related services from Huzhou Geya, resulting in low utilisation rates of the historical annual caps. The number of projects for which the Group has engaged Huzhou Geya for decoration and related services for the FY2021, FY2022 and FY2023 is 17, 8 and 6 respectively.

Set out below are the Annual Caps for the decoration and related services under the 2024 Huzhou Framework Decoration Service Agreement for FY2024, FY2025 and FY2026:

	Annual Caps		
	FY2024 <i>(RMB'000)</i>	FY2025 <i>(RMB'000)</i>	FY2026 <i>(RMB'000)</i>
Decoration service fees	36,000	26,000	25,000

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Basis of determination of the relevant Annual Caps

As stated in the Letter from the Board, the Annual Caps for the decoration and related services under the 2024 Huzhou Framework Decoration Service Agreement for FY2024, FY2025 and FY2026 were determined with reference to the total estimated decoration fees payable by the Group, taking into account (inter alia) the following factors: (i) the historical transaction amounts for the provision of decoration and related services by Huzhou Geya to the Group taking into account the reasons for the low utilisation of the historical annual caps as mentioned above; (ii) anticipating the gradual recovery of the property sector and improvement in market sentiment and operating conditions, it is expected that the number of projects for which the Group may engage Huzhou Geya for decoration and related services for FY2024, FY2025 and FY2026 is 7, 4 and 3 respectively; and (iii) the estimated labor and material costs in China in the next three years.

To assess the fairness and reasonableness of the Annual Caps for the decoration and related services under the 2024 Huzhou Framework Decoration Service Agreement for FY2024, FY2025 and FY2026, we have obtained and reviewed (i) the list of existing projects and potential projects which are continued to be or are expected to be conducted during FY2024, FY2025 and FY2026, as well as the underlying calculation for formulating the relevant Annual Caps; (ii) four (4) samples of contracts/supporting documents, selected on a random basis taking into consideration the transaction amounts of the contracts, for existing projects or potential projects which are continued to be or are expected to be conducted during FY2024, FY2025 and FY2026. From our review, we noted that:

- (i) the relevant Annual Caps were determined based on the estimated transaction amounts of existing projects and potential projects of decoration and related services for each of FY2024, FY2025 and FY2026;
- (ii) the relevant Annual Cap for FY2024 (i.e. RMB36 million), which already represented a decrease of approximately 28% as compared to the relevant historical annual cap for FY2023 (i.e. RMB50 million) albeit roughly 90% higher than the historical transaction amount for FY2023 (i.e. approximately RMB18.6 million), which is suggesting that the Management has already been prudent in estimating the relevant Annual Caps;
- (iii) furthermore, the estimated transaction amounts for decoration and related service to be provided to the Group by Huzhou Geya are generally expected to follow a year-on-year decreasing trend during FY2024, FY2025 and FY2026 of approximately -27.8% and -3.8% respectively, which are in line with the decrease in estimated number of projects of 7, 4, and 3 respectively for which the Group may engage Huzhou Geya for decoration and related services for FY2024, FY2025 and FY2026 according to the Letter from the Board; and

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- (iv) based on our review of the four (4) samples of contracts/supporting documents, which detailed the existing projects or potential projects which are continued to be or are expected to be conducted during FY2024, FY2025 and FY2026, we take comfort in the Management's prudent estimate of the relevant Annual Caps.

Based on the above, we are of the view that the Annual Caps for the decoration and related services under the 2024 Huzhou Framework Decoration Service Agreement for FY2024, FY2025 and FY2026 are fair and reasonable so far as the Independent Shareholders are concerned.

OPINION AND RECOMMENDATION

Based on the above principal factors and reasons, we are of the view that the 2024 Continuing Connected Transaction Agreements and the Non-exempt Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole, the terms of the 2024 Continuing Connected Transaction Agreements and the Non-exempt Continuing Connected Transactions (including the Annual Caps) are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM in relation to the 2024 Continuing Connected Transaction Agreements and the Non-exempt Continuing Connected Transactions (including the Annual Caps).

Yours faithfully,
For and on behalf of
Opus Capital Limited
Cheung On Kit Andrew
Executive Director

Mr. Cheung On Kit Andrew is an Executive Director of Opus Capital and is licensed under the SFO as a Responsible Officer to conduct Type 6 (advising on corporate finance) regulated activities. Mr. Cheung has over 15 years of corporate finance experience in Asia Pacific and has participated in and completed various financial advisory and independent financial advisory transactions.

1. RESPONSIBILITY STATEMENT

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

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

(a) Interests in Shares and underlying Shares

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

Name of Director	Capacity	Number of Shares interested ^(Note 1)	Approximate percentage of the Company's issued share capital ^(Note 3)
Mr. Hu Yiping ^(Note 2)	Interest in controlled corporation	1,916,886,000(L)	64.56%
Mr. Fei Zhongmin	Beneficial owner	39,164,500(L)	1.32%

Notes:

- The letter "L" denotes the person's long position in the Shares.

2. The entire issued share capital of Tak Yuan International Limited (“**Tak Yuan**”) is held by Mr. Hu Yiping, therefore Mr. Hu Yiping is deemed to be interested in the 74,950,000 Shares held by Tak Yuan by virtue of the SFO. Since Mr. Hu Yiping owns 92% of Tak Shin International Limited (“**Tak Shin**”), Mr. Hu Yiping is also deemed to be interested in the 1,841,936,000 Shares held by Tak Shin by virtue of the SFO.
3. The percentage represents the number of ordinary Shares interested divided by 2,969,341,000 Shares in issue as at the Latest Practicable Date.

(b) Interests in shares of the Company’s the associated corporation

Name of Director	Name of associated corporation	Capacity	Number of shares interested ^(Note 1)	Approximate percentage of shareholding interest
Mr. Hu Yiping	Tak Shin ^(Note 2)	Beneficial owner	460(L)	92.00%
Mr. Hu Shihao	Tak Shin ^(Note 2)	Beneficial owner	40(L)	8.00%

Notes:

1. The letter “L” denotes the person’s long position in the shares.
2. Tak Shin is the holding company of the Company and therefore an “associated corporation” of the Company within the meaning of Part XV of the SFO. Tak Shin held 1,841,936,000 Shares of the Company which accounted for approximately 62.03% of the total share capital of the Company.

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

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

Name of the company	Name of Director	Position held by the Director in the Company
Tak Shin	Mr. Hu Yiping	Executive Director

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to any of the Directors and based on the publicly available information as of the Latest Practicable Date, the following persons (other than a person who is a Director or chief executive of the Company) had interests or short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more in the issued Shares according to the register of interests required to be kept by the Company under section 336 of the SFO:

Name of substantial Shareholder	Capacity	Number of Shares interested ^(Note 1)	Approximate percentage of the Company's issued share capital ^(Note 2)
Tak Shin	Beneficial owner	1,841,936,000(L)	62.03%
Ms. Wei Peifen ^(Note 3)	Interest of spouse	1,916,886,000(L)	64.56%

Notes:

- The letter "L" denotes the person's long position in the Shares.
- The calculation is based on the total number of 2,969,341,000 shares in issue as at the Latest Practicable Date.
- Ms. Wei Peifen is the wife of Mr. Hu Yiping. Under the SFO, Ms. Wei Peifen is deemed to be interested in Mr. Hu Yiping's interests in Tak Shin and Tak Yuan.

Save as disclosed above, as at the Latest Practicable Date, so far as it was known by or otherwise notified to any Directors or the chief executive of the Company, no person (other than the Directors or chief executives of the Company) had any interests or short positions in the Shares and underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

4. MATERIAL ADVERSE CHANGE

Save for the matters disclosed in the announcement of the Company dated 24 August 2023 in respect of a profit warning for the six months ended 30 June 2023, as at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into a service contract with any member of the Group which will not expire or is not determinable within one year without payment of compensation (other than statutory compensation).

6. DIRECTORS INTEREST IN COMPETING BUSINESS

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

7. DIRECTORS' INTEREST IN ASSETS, CONTRACTS OR ARRANGEMENT

References are made to the announcements of the Company dated 24 August 2023 and 28 September 2023, in relation to, among other things, the entering into of the Underground Parking Space Use Rights Transfer Agreements and the Equity Transfer Agreement, all of which shall take effect from the date on which the Company obtains the approval by the Independent Shareholders for each of the transactions contemplated under the Underground Parking Space Use Rights Transfer Agreements and the Equity Transfer Agreement.

a) Underground Parking Space Use Rights Transfer Agreements

On 24 August 2023 (after trading hours), the Vendors, being subsidiaries of the Company, entered into the Underground Parking Space Use Rights Transfer Agreements with Hangzhou Junde, pursuant to which, Hangzhou Junde has conditionally agreed to purchase and each of Hangzhou Desheng, Hangzhou Deyin, Hangzhou Kaishen and Hangzhou Konggang has conditionally agreed to sell the rights-of-use of the Target Parking Spaces at an aggregate consideration of RMB211,435,000.

The principal terms of each of the Underground Parking Space Use Rights Transfer Agreements are set out below:

Underground Parking Space Use Rights Transfer Agreement A

- Parties : (1) Hangzhou Junde, as the purchaser; and
(2) Hangzhou Desheng, as the vendor.
- Subject matter : Hangzhou Junde has conditionally agreed to purchase and Hangzhou Desheng has conditionally agreed to sell the rights-of-use of the designated 250 underground car parking spaces in Heping Dexin Center (和平德信中心), which is situated at the intersection of Shaoxing Road and Desheng Road, Gongshu District, Hangzhou City, Zhejiang Province, the PRC (中國浙江省杭州市拱墅區紹興路與德勝路交匯處) upon the terms and conditions of the Underground Parking Space Use Rights Transfer Agreement A.
- Consideration : The total contract amount of this agreement shall be RMB52,825,000.

Underground Parking Space Use Rights Transfer Agreement B

- Parties : (1) Hangzhou Junde, as the purchaser; and
(2) Hangzhou Deyin, as the vendor.
- Subject matter : Hangzhou Junde has conditionally agreed to purchase and Hangzhou Deyin has conditionally agreed to sell the rights-of-use of the designated 429 underground car parking spaces in Yinhu Technology Park (銀湖科技園), which is situated at West of the intersection of Fuxian Road and Chuangyi Road, Fuyang District, Hangzhou City, Zhejiang Province, the PRC (中國浙江省杭州市富陽區富閑路與創意路交匯處以西) upon the terms and conditions of the Underground Parking Space Use Rights Transfer Agreement B.
- Consideration : The total contract amount of this agreement shall be RMB21,450,000.

Underground Parking Space Use Rights Transfer Agreement C

- Parties : (1) Hangzhou Junde, as the purchaser; and
(2) Hangzhou Kaishen, as the vendor.
- Subject matter : Hangzhou Junde has conditionally agreed to purchase and Hangzhou Kaishen has conditionally agreed to sell the rights-of-use of the designated 195 underground car parking spaces in Montnorth (嘉悦府), which is situated at the intersection of Xingguo Road and Xingchen Road, Linping District, Hangzhou City, Zhejiang Province, the PRC (中國浙江省杭州市臨平區興國路與星辰路交匯處) upon the terms and conditions of the Underground Parking Space Use Rights Transfer Agreement C.
- Consideration : The total contract amount of this agreement shall be RMB17,160,000.

Underground Parking Space Use Rights Transfer Agreement D

- Parties : (1) Hangzhou Junde, as the purchaser; and
(2) Hangzhou Konggang, as the vendor.
- Subject matter : Hangzhou Junde has conditionally agreed to purchase and Hangzhou Konggnag has conditionally agreed to sell the rights-of-use of the designated 1,000 underground car parking spaces in Dexin Konggang City (德信空港城), which is situated at East of the intersection of Jichang Avenue and Kanhong Road, Xiaoshan District, Hangzhou City, Zhejiang Province, the PRC (中國浙江省杭州市蕭山區機場大道與坎紅路交匯處以東) upon the terms and conditions of the Underground Parking Space Use Rights Transfer Agreement D.
- Consideration : The total contract amount of this agreement shall be RMB 120,000,000.

b) The Equity Transfer Agreement

On 24 August 2023 (after trading hours), Dexin Movie City, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Shengquan Property (an indirect wholly-owned subsidiary of Dexin Services) and the Target Company, pursuant to which, Shengquan Property has conditionally agreed to acquire and Dexin Movie City has conditionally agreed to sell the 100% equity interest in the Target Company at a consideration of RMB90,000,000. The principal terms of the Equity Transfer Agreement are set out below:

Parties	:	(1) Shengquan Property, as the purchaser; (2) Dexin Movie City, as the vendor; and (3) the Target Company, as the target company.
Subject matter	:	Shengquan Property has conditionally agreed to acquire and Dexin Movie City has conditionally agreed to sell the 100% equity interest in the Target Company upon the terms and conditions of the Equity Transfer Agreement. The principal asset of the Target Company is the Property, which is located at No. 66 Sanmo Line, Deqing County, Huzhou City, Zhejiang Province, the PRC. The site area and the total gross floor area of the Property is 17,819.66 square metres and 31,955.09 square metres respectively. The Property comprises the 4-storey building (including 1-storey basement) providing a total of 186 guest rooms with 3 restaurants, a wine bar and a range of facilities including a pillar-free ballroom, several meeting rooms, an indoor swimming pool, home party and gym. In August 2021, the Property commenced business.
Consideration	:	The total contract amount of this agreement shall be RMB 90,000,0000.

As (i) Mr. Hu is a Director and holds directorship and/or senior management positions in Dexin Services and/or certain of its subsidiaries, and is the controlling shareholders of both the Company and Dexin Services; (ii) Mr. Hu Shihao is a Director and the son of Mr. Hu; (iii) Mr. Fei Zhongmin is a Director and is interested in Kaibang International Limited, a substantial shareholder of Dexin Services; and (iv) Dr. Wong Wing Kuen Albert serves as an independent non-executive director in both the Company and Dexin Services, they are deemed to have material interests in the transactions contemplated under the Underground Parking Space Use Rights Transfer Agreements and the Equity Transfer Agreement.

As at the Latest Practicable Date, save as disclosed above and disclosed under the heading “VI. DIRECTORS’ CONFIRMATION” in the Letter from the Board on page 21 of this circular, none of the Directors had: (i) any direct or indirect interests in any asset which have been since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or lease to any member of the Group; or (ii) any subsisting material interest in any contract or arrangement at the date of this circular which is significant in relation to the business of the Group.

8. EXPERT AND CONSENT

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

Name	Qualification
Opus Capital Limited	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO

- (b) As at the Latest Practicable Date, the Independent Financial Adviser did not have any shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.
- (c) As at the Latest Practicable Date, the Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter of advice and reference to its name in the form and context in which it appears.
- (d) As at the Latest Practicable Date, the Independent Financial Adviser did not have any direct or indirect interests in any assets which has been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2022 (being the date to which the latest published audited financial statements of the Company were made up).

9. GENERAL

- (a) The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The Company’s headquarter and principal place of business in the PRC is Dexin Group at No. 588 Huanzhan East Road, Jianggan District, Hangzhou Zhejiang, the PRC.

- (c) The principal place of business of the Company in Hong Kong is located at Room 1202, 12th Floor China Resources Building 26 Harbour Road, Wanchai, Hong Kong.
- (d) The principal share registrar and transfer office of the Company is Conyers Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1110, Cayman Islands.
- (e) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (f) The company secretary of the Company is Ms. Chau Hing Ling, who is a fellow member of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in United Kingdom and The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries).
- (g) This circular is in both English and Chinese. In the event of inconsistency, the English text shall prevail.

10. DOCUMENTS ON DISPLAY

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

- (a) the 2024 Framework Property Management Service Agreement;
- (b) the 2024 Huzhou Framework Decoration Service Agreement;
- (c) the 2024 Zhejiang Framework Decoration Service Agreement; and
- (d) the written consents from the Independent Financial Adviser referred to in the paragraph headed "8. Expert and Consent" in this Appendix.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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DEXIN CHINA HOLDINGS COMPANY LIMITED

德信中国控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2019)

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the “**EGM**”) of Dexin China Holdings Company Limited (the “**Company**”) will be held at 10th Floor, Dexin Group, No. 588 Huanzhan East Road, Jianggan District, Hangzhou, Zhejiang, PRC on Friday, 19 April 2024 at 10:00 a.m. for considering and, if thought fit, passing, with or without amendments, the following resolution as ordinary resolutions of the Company. In this notice, unless the context otherwise requires, terms used herein shall have the same meanings as defined in the Company’s circular dated 3 April 2024 (the “**Circular**”).

ORDINARY RESOLUTION

1. To consider and approve the entering into of the 2024 Framework Property Management Service Agreement, the transactions contemplated and the proposed annual caps thereunder as set out in the Circular and to authorise any one Director to do all such acts and things and execute all such documents in connection with the 2024 Framework Property Management Service Agreement.
2. To consider and approve the entering into of the 2024 Huzhou Framework Decoration Service Agreement, the transactions contemplated and the proposed annual caps thereunder as set out in the Circular and to authorise any one Director to do all such acts and things and execute all such documents in connection with the 2024 Huzhou Framework Decoration Service Agreement.
3. To consider and approve the entering into of the 2024 Zhejiang Framework Decoration Service Agreement, the transactions contemplated and the proposed annual caps thereunder as set out in the Circular and to authorise any one Director to do all such acts and things and execute all such documents in connection with the 2024 Zhejiang Framework Decoration Service Agreement.

By order of the Board
Dexin China Holding Company Limited
Hu Yiping
Chairman

Hong Kong, 3 April 2024

NOTICE OF EXTRAORDINARY GENERAL MEETING

<i>Registered Office:</i>	<i>Headquarters and principal place of business in the PRC:</i>	<i>Principal place of business in Hong Kong:</i>
Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands	Dexin Group No. 588 Huanzhan East Road Jiangan District Hangzhou Zhejiang, PRC	Room 1202 12/F, China Resources Building 26 Harbour Road Wanchai, Hong Kong

Notes:

- (i) A shareholder entitled to attend and vote at the EGM is entitled to appoint another person as his/her proxy to attend and vote instead of him/her; a proxy need not be a shareholder of the Company. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him/her and vote on his/her behalf at the EGM. On a poll, votes may be given either personally or by proxy.
- (ii) In the case of joint holders, any one of such joint holders may vote at the EGM, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the EGM, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (iii) In order to be valid, a form of proxy must be deposited at the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the above meeting or any adjournment thereof. The completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish.
- (iv) The transfer books and register of members of the Company will be closed from Tuesday, 16 April 2024 to Friday, 19 April 2024, both days inclusive, during which period no share transfers can be registered. In order to qualify for attending the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 15 April 2024.

As of the date of this notice, the board of directors of the Company comprises Mr. Hu Yiping and Mr. Fei Zhongmin as executive directors, Mr. Hu Shihao as a non-executive director, and Dr. Wong Wing Kuen Albert, Mr. Ding Jiangang and Mr. Chen Hengliu as independent non-executive directors.