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

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

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濱江服務

BINJIANG SERVICE

Binjiang Service Group Co. Ltd.

濱江服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3316)

CONTINUING CONNECTED TRANSACTIONS RENEWAL OF AGREEMENTS DUE TO EXPIRE IN 2022 AND NOTICE OF EXTRAORDINARY GENERAL MEETING

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



Optima Capital Limited

Capitalised terms used in this cover shall have the same meanings as those defined in the section headed "Definitions" in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 5 to 19 of this circular and a letter from the Independent Board Committee to the Independent Shareholders is set out on pages 20 to 21 of this circular. A letter from Optima Capital, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 22 to 37 of this circular.

A notice convening the EGM to be held at the Main Conference Room, Block 6, 36 Qingchun Road East, Shangcheng District, Hangzhou, the PRC on Friday, December 30, 2022 at 10:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A proxy form for use at the EGM is enclosed with this circular. Such proxy form is also published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.hzbjwy.com>). Whether or not you are able to attend the EGM, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the completed proxy form to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM (i.e. not later than 10:00 a.m. on Wednesday, December 28, 2022) or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and in such event, the proxy form shall be deemed to be revoked.

December 8, 2022

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DEFINITIONS

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

“2023 Master Pre-delivery Management Services Agreement”	the master pre-delivery management services agreement entered into between the Company and Binjiang Real Estate dated November 3, 2022
“2023 Master Property Management Services Agreement”	the master property management services agreement entered into between the Company and Binjiang Real Estate dated November 3, 2022
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Binjiang Holdings”	Hangzhou Binjiang Investment Holdings Co., Ltd.* (杭州濱江投資控股有限公司), a limited liability company established in the PRC on October 8, 2006. It is owned as to 64% by Mr. Qi Jinxing, 18% by Mr. Mo Jianhua and 18% by Mr. Zhu Huiming. Given Binjiang Holdings is controlled by Mr. Qi Jinxing, one of the controlling Shareholders, Binjiang Holdings is therefore a connected person of the Company
“Binjiang Real Estate”	Hangzhou Binjiang Real Estate Group Co., Ltd.* (杭州濱江房產集團股份有限公司), a limited liability company established in the PRC on August 22, 1996, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002244). As at the Latest Practicable Date, Binjiang Real Estate was owned as to approximately (i) 45.41% by Binjiang Holdings; (ii) 11.94% by Mr. Qi Jinxing; (iii) 3.22% by Mr. Mo Jianhua; (iv) 3.22% by Mr. Zhu Huiming; and (v) 1.00% by Mr. Qi Jiaqi. Given Binjiang Real Estate is controlled by Mr. Qi Jinxing, one of the controlling Shareholders, Binjiang Real Estate is therefore a connected person of the Company
“Binjiang Real Estate Group”	Binjiang Real Estate and its subsidiaries
“Board”	the board of Directors

DEFINITIONS

“China” or “PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, Macau and Taiwan
“Company”	Binjiang Service Group Co. Ltd. (濱江服務集團有限公司), a company incorporated in the Cayman Islands with limited liability on July 6, 2017, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 3316)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the forthcoming extraordinary general meeting of the Company to be held and convened to consider and, if thought fit, approve the Non-exempt CCT Agreements and the transactions respectively contemplated thereunder
“Existing Master Pre-delivery Management Services Agreement”	the master pre-delivery management services agreement entered into between the Company and Binjiang Real Estate dated December 16, 2021
“Existing Master Property Management Services Agreement”	the master property management services agreement entered into between the Company and Binjiang Real Estate dated December 16, 2021
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board, comprising all three independent non-executive Directors, established to advise the Independent Shareholders in respect of the transactions under the Non-exempt CCT Agreements

DEFINITIONS

“Independent Shareholders”	Shareholders who do not have a material interest in the Non-exempt CCT Agreements
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) (has the meaning ascribed to it under the Listing Rules) of the Company and is/are independent of and not connected with the Company and directors, supervisors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Latest Practicable Date”	December 5, 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Model Code”	the Model Code of Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Mr. Mo Jianhua”	Mr. Mo Jianhua (莫建華), a non-executive Director and one of the substantial Shareholders
“Mr. Qi Jiaqi”	Mr. Qi Jiaqi (戚加奇), a non-executive Director and the son of Mr. Qi Jinxing
“Mr. Qi Jinxing”	Mr. Qi Jinxing (戚金興), one of the controlling Shareholders
“Mr. Zhu Huiming”	Mr. Zhu Huiming (朱慧明), one of the substantial Shareholders
“Non-exempt CCT Agreements”	being (i) 2023 Master Pre-delivery Management Services Agreement; and (ii) 2023 Master Property Management Services Agreement

DEFINITIONS

“Optima Capital”	Optima Capital Limited, a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the transactions under the Non-exempt CCT Agreements
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of issued Shares
“Share(s)”	ordinary share(s) in the capital of the Company with nominal value of US\$0.0001 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

LETTER FROM THE BOARD



濱江服務

BINJIANG SERVICE

Binjiang Service Group Co. Ltd.

濱江服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3316)

Executive Directors:

Mr. Zhu Lidong

Ms. Zhong Ruoqin

Non-executive Directors:

Mr. Mo Jianhua

Mr. Qi Jiaqi

Mr. Cai Xin

Independent non-executive Directors:

Mr. Ding Jiangang

Mr. Li Kunjun

Ms. Cai Haijing

Registered Office:

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93-103 Wing Lok Street

Sheung Wan, Hong Kong

December 8, 2022

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF AGREEMENTS DUE TO EXPIRE IN 2022**

LETTER FROM THE BOARD

I. INTRODUCTION

Reference is made to the announcement of the Company dated November 3, 2022 in relation to, amongst others, the renewal of the agreements relating to the continuing connected transactions of the Company. The Non-exempt CCT Agreements and the transactions contemplated thereunder are subject to the approval by the Independent Shareholders by way of ordinary resolution at the EGM.

The purpose of this circular is:

- (i) to provide you with further details of the Non-exempt CCT Agreements and the respective proposed annual caps;
- (ii) to set out the letter of advice from Optima Capital to the Independent Board Committee and the Independent Shareholders on the terms of the Non-exempt CCT Agreements and the respective proposed annual caps;
- (iii) to set out the recommendation of the Independent Board Committee on the Non-exempt CCT Agreements and the respective proposed annual caps; and
- (iv) to give you notice of the EGM to consider and, if thought fit, to approve the Non-exempt CCT Agreements and the respective proposed annual caps.

II. RENEWAL OF NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. 2023 Master Pre-delivery Management Services Agreement

(A) Background

Reference is made to the announcement of the Company dated December 16, 2021, the circular of the Company dated January 28, 2022 and the poll results announcement of the extraordinary general meeting of the Company dated February 22, 2022 in relation to, among others, the continuing connected transactions under the Existing Master Pre-delivery Management Services Agreement, and the annual cap thereunder. As the Existing Master Pre-delivery Management Services Agreement will expire on December 31, 2022, and the Group is expected to carry on the transactions contemplated thereunder upon its expiry, the Company entered into the 2023 Master Pre-delivery Management Services Agreement with Binjiang Real Estate on November 3, 2022.

LETTER FROM THE BOARD

(B) Principal terms

Date:	November 3, 2022
Parties:	The Company and Binjiang Real Estate
Term:	One year from January 1, 2023 and ending on December 31, 2023.
Subject matter:	The Group will provide to Binjiang Real Estate Group pre-delivery management services, including cleaning, quality check assistance and/or security services for completed properties and display units, and property sales venue management services to property developers.
Pricing and other terms:	The management fees to be charged by the Group under the 2023 Master Pre-delivery Management Services Agreement will be determined on arm's length basis, with reference to (i) the GFA, location and positioning of the properties to be sold; (ii) budgeted operational costs (including but not limited to labor costs, materials costs and management costs) to be incurred by the Group for providing such services; and (iii) scope and quality of the services proposed. The fees payable by Binjiang Real Estate Group to the Group and the relevant conditions shall be no less favourable to the Group than those offered by any Independent Third Party. The Group conducts review of its reference price list and product and service standards annually and the Group made reference to the price and service scope of eight Independent Third Parties in its review of the reference price list in 2022.

The parties will separately enter into pre-delivery management services agreements in respect of each pre-delivery management project subject to the terms of the 2023 Master Pre-delivery Management Services Agreement. As there is no regulatory requirement to conduct public tenders for pre-delivery management services, there was no tender process prior to the entering into of the pre-delivery management services agreements with Binjiang Real Estate Group.

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(C) Historical amounts and historical caps

The management fees paid to the Group for the pre-delivery management services for the two years ended December 31, 2021 and the nine months ended September 30, 2022 are RMB151.5 million, RMB242.0 million and RMB175.2 million, respectively. The historical caps for the two years ended December 31, 2020 and 2021 and the year ending December 31, 2022 are RMB210.0 million, RMB270.0 million and RMB350.0 million with utilisation rates being 72.1%, 89.6% and 50.1%, respectively.

The total pre-delivery management fees payable to the Group for the year ending December 31, 2022 is estimated to be approximately RMB233.6 million, based on annualising the historical amount for the nine months ended September 30, 2022 which is slightly lower than that of the year ended December 31, 2021, primarily due to: (i) a backlog of new projects of Binjiang Real Estate Group in the first quarter of 2022 as a result of a delay in the approval of the new project sales license from local authorities; and (ii) certain acquisition of land was delayed to April 2022 since Binjiang Real Estate Group had, in 2022, adjusted its strategy to preferentially acquire land in Hangzhou city such that all land transfers have to be made via a centralised land supply pursuant to a new land transfer policy in Hangzhou city promulgated in 2022.

(D) Annual cap and basis of determination

It is proposed that the annual cap for the transactions contemplated under the 2023 Master Pre-delivery Management Services Agreement for the year ending December 31, 2023 will not exceed RMB380.0 million.

The above annual cap is arrived at based on (i) the historical transaction amounts under the Existing Master Pre-delivery Management Services Agreement; (ii) 48 existing pre-delivery projects that the Group has been engaged by Binjiang Real Estate Group as service provider; and (iii) more than 30 new projects that the Group expects to be engaged by Binjiang Real Estate Group for the year ending December 31, 2023, based on the land acquisitions of Binjiang Real Estate Group from publicly available sources (such as public announcements made by Binjiang Real Estate), enquiries with Binjiang Real Estate Group as to the development plans of these land acquisitions, site visits conducted to assess the location and positioning of the prospective projects and the estimation of the budgeted costs and the applicable rate of fees for providing pre-delivery management services.

As disclosed in the 2021 annual report and the 2022 interim report of Binjiang Real Estate, Binjiang Real Estate Group acquired land bank with developable area of approximately 4.7 million square metres (“sq.m.”) and approximately 3.7 million sq. m. during the year ended December 31, 2021 and the six months ended June 30, 2022, respectively, and had land bank with developable

LETTER FROM THE BOARD

area of approximately 15.9 million sq. m. as at June 30, 2022. Binjiang Real Estate Group acquired 38 parcels of land in 2021, including 18 parcels in Hangzhou city which is the capital city of Zhejiang Province, and 30 parcels of land in mid-2022, all in Zhejiang Province, including 28 parcels in Hangzhou. The number of land purchased by Binjiang Real Estate Group with a focus on land acquisitions in Hangzhou has therefore increased.

Taking into account of the pre-delivery management services provided to the existing projects of Binjiang Real Estate Group, the land acquisitions of Binjiang Real Estate Group, the development plans of these land acquisitions and the projects expected to require pre-delivery management services from the Group during the year ending December 31, 2023, the location and positioning of the prospective projects, the estimation of the budgeted costs and the applicable rate of fees for providing pre-delivery management services which varies depending on the region and the Group's ability to secure pre-delivery management services projects of Binjiang Real Estate Group, given the long-term business relationship between the Group and Binjiang Real Estate, despite the noticeable fluctuations in the PRC real estate industry and the expected slight decrease in the annualised transaction amount for pre-delivery management services from Binjiang Real Estate Group for the year ending December 31, 2022, the Company expects that the transaction amounts under the 2023 Master Pre-delivery Management Services Agreement for the year ending December 31, 2023 will be higher than those under the Existing Master Pre-delivery Management Services Agreement.

(E) Reasons for and benefits of entering into the 2023 Master Pre-delivery Management Services Agreement

The Group has been providing pre-delivery management services to Binjiang Real Estate Group for a number of years. Under the Existing Master Pre-delivery Management Services Agreement, the Group has been providing pre-delivery management services for properties developed by Binjiang Real Estate Group. In addition, based on the development plans and the land acquisitions of Binjiang Real Estate Group, the Company expects that there will be significant growth in the demand for pre-delivery management services to be provided by the Group to Binjiang Real Estate Group in 2023.

As such, the Directors consider it is beneficial for the Group to renew the Existing Master Pre-delivery Management Services Agreement.

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2. 2023 Master Property Management Services Agreement

(A) *Background*

Reference is made to the announcement of the Company dated December 16, 2021, the circular of the Company dated January 28, 2022 and the poll results announcement of the extraordinary general meeting of the Company dated February 22, 2022, in relation to, among others, the continuing connected transactions under the Existing Master Property Management Services Agreement, and the annual cap thereunder. As the Existing Master Property Management Services Agreement will expire on December 31, 2022, and the Group is expected to carry on the transactions contemplated thereunder upon its expiry, the Company entered into the 2023 Master Property Management Services Agreement with Binjiang Real Estate on November 3, 2022.

(B) *Principal terms*

Date:	November 3, 2022
Parties:	The Company and Binjiang Real Estate
Term:	One year from January 1, 2023 and ending on December 31, 2023.
Subject matter:	The Group will provide Binjiang Real Estate Group with property management services for their unsold residential and non-residential property units.

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Pricing and other terms:

The service fees to be charged by the Group under the 2023 Master Property Management Services Agreement will be determined on arm's length basis, with reference to (i) the GFA, location and positioning of the properties involved; (ii) budgeted operational costs (including but not limited to labor costs, materials costs and management costs) to be incurred by the Group for providing such services; (iii) scope and quality of the services proposed; (iv) local government's pricing guidance/regulations on property management fees (where applicable); and (v) evaluation of competitors' pricing. The fees payable by Binjiang Real Estate Group to the Group and the relevant conditions shall be no less favourable to the Group than those offered by any Independent Third Party.

The parties will separately enter into property management services agreements in respect of each residential and non-residential property unit subject to the terms of the 2023 Master Property Management Services Agreement. Developers of residential buildings and non-residential buildings in the same property management area shall engage qualified property management enterprises by way of tender (the "**Tender Process**") under PRC law, which the Tender Process shall be organized by the developer or its agent and monitored by the real estate administrative department of the local governments (the "**Real Estate Department**"). The successful tenderer will enter into a property management service agreement with Binjiang Real Estate Group. In the event that there are less than three tenderers or the property scale is relatively small, the developer may, with the prior approval of the Real Estate Department, engage qualified property management enterprise through direct agreement.

(C) Historical amounts and historical caps

The management fees paid to the Group for the property management services for the two years ended December 31, 2021 and the nine months ended September 30, 2022 are RMB21.5 million, RMB38.8 million and RMB27.9 million, respectively. The historical caps for the two years ended December 31, 2020 and 2021 and the year ending December 31, 2022 are RMB30.0 million, RMB50.0 million and RMB72.0 million with utilisation rates being 71.7%, 77.6% and 38.8%, respectively.

The total property management fees payable to the Group for the year ending December 31, 2022 is estimated to be approximately RMB37.2 million, based on annualising the historical amount for the nine months ended September 30, 2022 which is slightly lower than that of the year ended December 31, 2021, primarily due to the occupancy rate of the lease properties held by the

LETTER FROM THE BOARD

Binjiang Real Estate Group in 2022 which was higher than expected as a result of the successful management of the COVID-19 pandemic and the improvement of the business environment in Hangzhou city. Therefore, the Group received less property management fees from Binjiang Real Estate Group as a result of those properties leased by Binjiang Real Estate Group to third party tenants and the demand for the Group's property management services from Binjiang Real Estate Group was less than that in 2021.

(D) Annual cap and basis of determination

It is proposed that the annual cap for the transactions contemplated under the 2023 Master Property Management Services Agreement for the year ending December 31, 2023 is not expected to exceed RMB74.0 million.

The above annual cap is arrived at based on (i) the historical management fees under the Existing Master Property Management Services Agreement; (ii) more than 60 current residential and non-residential property projects that the Group has been providing property management services for Binjiang Real Estate Group; and (iii) the new residential and non-residential property projects that Binjiang Real Estate Group should deliver to the Group for property management services for the year ending December 31, 2023.

Based on the estimated pre-sale performance of Binjiang Real Estate Group, the development plans of Binjiang Real Estate Group and the property projects of Binjiang Real Estate Group which are expected to be completed during the year ending December 31, 2023 and the Group's ability to secure property management projects of Binjiang Real Estate Group, given the long-term business relationship between the Group and Binjiang Real Estate, despite the expected slight decrease in the annualised transaction amount for property management services from Binjiang Real Estate Group for the year ending December 31, 2022, the Company expects that the demand for property management services will increase significantly in 2023 under the 2023 Master Property Management Services Agreement due to the increase in the expected GFA of the relevant residential and non-residential property units. As such, the transaction amounts under the 2023 Master Property Management Services Agreement for the year ending December 31, 2023 are expected to be higher than those under the Existing Master Property Management Services Agreement.

(E) Reasons for and benefits of entering into the 2023 Master Property Management Services Agreement

The Group has been providing property management services to Binjiang Real Estate Group for a number of years. Under the Existing Master Property Management Services Agreement, the Group has been able to secure initial property management service engagements for properties

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developed by Binjiang Real Estate Group. In addition, based on the estimated pre-sale performance and the development plans of Binjiang Real Estate Group, the Group expects that the demand for property management services will increase rapidly in 2023 due to the increase in the expected GFA of the relevant residential and non-residential property units.

As such, the Directors consider it is beneficial for the Group to renew the Existing Master Property Management Services Agreement.

III. PRICING POLICY FOR CONTINUING CONNECTED TRANSACTIONS

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

- (i) by reference to transacted prices of at least two recent transactions with same or substantially similar services with comparable service scope, service type and transaction volume conducted by the Group with other customers who are Independent Third Parties;
- (ii) if there are not sufficient comparable transactions in (i) above, by reference to prevailing market price of at least two recent transactions in the market with same or substantially similar services with comparable service scope, service type and transaction volume;
- (iii) if there are not sufficient comparable transactions in (ii) above, on normal commercial terms or better to the Group with reference to those offered by at least two Independent Third Parties to Binjiang Real Estate Group in respect of the same or substantially similar services with comparable service scope, service type and transaction volume; and
- (iv) if none of (i), (ii) and (iii) above are applicable, by reference to the average price of similar services previously provided by the Group to at least two Independent Third Parties, and on normal commercial terms or better to the Group.

In order to ascertain the prevailing market price, the sales department of the Group and its designated personnel will, from time to time, make reference to the price quoted by at least two Independent Third Parties for the provision of the same or similar services with comparable scope or quantities and quality under normal commercial terms in the ordinary course of business of such Independent Third Parties; or if applicable, the price list of services procured by Binjiang Real Estate Group from Independent Third Parties for the same or similar services with comparable

LETTER FROM THE BOARD

scope or quantities and quality as provided by the Group to Binjiang Real Estate Group. The sales department of the Group will then compare the market price with the fees under individual transactions pursuant to the respective agreement of continuing connected transactions, and make evaluation and assessment to ensure that the price payable by Binjiang Real Estate Group will be on normal commercial terms or better and on terms no less favourable to the Group than those available from Independent Third Parties.

IV. INTERNAL CONTROL POLICIES FOR CONTINUING CONNECTED TRANSACTIONS

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

- (1) the relevant personnel of the business department and finance department will monitor the transactions on a monthly basis to ensure that the transaction amount does not exceed the annual caps of the respective Non-exempt CCT Agreements;
- (2) the implementation of individual contracts shall be subject to the appropriate approval of the relevant personnel of the business department, finance department, legal department and management of the Group to ensure that the contracts are in line with the pricing policy and principal terms of the respective Non-exempt CCT Agreements, particularly that the service fees and payment terms are no less favorable to the Group than those available from Independent Third Parties;
- (3) the relevant personnel of the business department of the Group will conduct annual reviews to keep abreast of the prevailing fee level in the market and the market conditions for the purpose of considering if the price charged for a specific transaction is fair and reasonable and is in accordance with the Group's pricing policy;
- (4) the auditors of the Company shall conduct annual reviews on pricing and annual caps of such continuing connected transactions to ensure that the transactions amount is within the annual caps and that the transactions are conducted on the principal terms of the respective Non-exempt CCT Agreements; and
- (5) the independent non-executive Directors shall review the management's review reports on the transactions contemplated under the respective Non-exempt CCT Agreements to ensure that such transactions are conducted on normal commercial terms or better and

LETTER FROM THE BOARD

are in the ordinary and usual course of business of the Group, and the terms and conditions thereof are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

V. INFORMATION ON THE PARTIES

The Group

The Company is a limited liability company incorporated in the Cayman Islands. The Group is a reputable property management service provider in China with a focus on high-end properties. As at the Latest Practicable Date, the Group was owned as to approximately (i) 45.85% by Great Dragon Ventures Limited (“**Great Dragon**”), a company held by Cantrust (Far East) Limited (through its nominee company) as trustee of Bright Cloud Trust which in turn is a discretionary trust set up by Mr. Qi Jinxing as settlor with beneficiaries including Mr. Qi Jinxing, Mr. Qi Jiaqi and certain family members of Mr. Qi Jinxing; (ii) 12.89% by Jovial Success Global Holdings Limited (“**Jovial Success**”), a company held by Infiniti Trust (Asia) Limited (through its nominee companies) as trustee of Splendid Force Trust which in turn is a discretionary trust set up by Mr. Zhu Huiming as settlor with beneficiaries including Mr. Zhu Huiming and his certain family members; and (iii) 12.89% by Haoyu Ventures Limited (“**Haoyu**”), a company held by Infiniti Trust (Asia) Limited (through its nominee companies) as trustee of Great Splendor Trust which in turn is a discretionary trust set up by Mr. Mo Jianhua as settlor with beneficiaries including Mr. Mo Jianhua and his certain family members.

Binjiang Real Estate

Binjiang Real Estate, a limited liability company established in the PRC, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002244) is mainly engaged in real estate development. As at the Latest Practicable Date, Binjiang Real Estate was owned as to approximately (i) 45.41% by Binjiang Holdings; (ii) 11.94% by Mr. Qi Jinxing; (iii) 3.22% by Mr. Mo Jianhua; (iv) 3.22% by Mr. Zhu Huiming; and (v) 1.00% by Mr. Qi Jiaqi. The remaining shareholders of Binjiang Real Estate each holds less than 5% interest. Binjiang Holdings, which is controlled by Mr. Qi Jinxing, is owned as to 64% by Mr. Qi Jinxing, 18% by Mr. Mo Jianhua and 18% by Mr. Zhu Huiming.

VI. RELATIONSHIP BETWEEN THE GROUP AND BINJIANG REAL ESTATE GROUP

The Group believes that the continuing connected transactions between the Group and Binjiang Real Estate Group do not constitute undue reliance on Binjiang Real Estate Group based on the following grounds:

LETTER FROM THE BOARD

- (i) The majority of the Group's revenue had been generated from Independent Third Parties. The Group's revenue attributable to Binjiang Real Estate Group amounted to approximately RMB181.8 million, RMB304.9 million and RMB226.7 million, representing approximately 18.9%, 21.8% and 17.7% of the Group's total revenue for the two years ended December 31, 2021 and the nine months ended September 30, 2022, respectively. There was a general stable trend in the proportion of the Group's total revenue attributable to relevant connected transactions.
- (ii) The Group's scale of continuing connected transactions had been reasonable. For the two years ended December 31, 2021, the Group's revenue attributable to Binjiang Real Estate Group in property management services represented approximately 3.9% and 4.6% of the Group's revenue in property management services and approximately 2.2% and 2.8% of the Groups' total revenue, respectively; the Group's revenue attributable to Binjiang Real Estate Group in pre-delivery management services represented approximately 53.7% and 61.3% of the Group's revenue in pre-delivery management services and approximately 15.8% and 17.3% of the Groups' total revenue, respectively.
- (iii) The Group continues to adhere to its development and expansion strategy and will further increase the proportion of business engagement with Independent Third Parties. The proportion of GFA managed by the Group derived from projects developed by Independent Third Parties increased from approximately 4.8% in 2015 to approximately 48.2% by the end of 2021 and further increased to approximately 52.0% by mid-2022. In the first half of 2022, approximately 72.7% of the newly added GFA under management was derived from projects developed by Independent Third Parties.
- (iv) In view of the sustainable and sound development of Binjiang Real Estate Group, the Group and Binjiang Real Estate Group will maintain long-term and stable cooperative relationships for mutual benefits. Accordingly, the Group does not expect any material adverse change to the well-established relationship between the Group and Binjiang Real Estate Group in the foreseeable future. The daily operation of the Group rests primarily with its Board and the senior management. The Group has also maintained its own financial team and has capability for independently expanding, operating and managing projects sourced from independent third parties. There is no management, financial or operational reliance on Binjiang Real Estate Group.

LETTER FROM THE BOARD

VII. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Binjiang Real Estate was controlled by Mr. Qi Jinxing, one of the controlling Shareholders, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Non-exempt CCT Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios for the annual caps contemplated under each of the Non-exempt CCT Agreements exceed 5%, the transactions contemplated thereunder are subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements in accordance with Chapter 14A of the Listing Rules.

VIII. EGM

A notice of the EGM is set out on page EGM-1 to EGM-3 of this circular. The EGM will be convened and held at the Main Conference Room, Block 6, 36 Qingchun Road East, Shangcheng District, Hangzhou, the PRC on Friday, December 30, 2022 at 10:00 a.m. for the Independent Shareholders to consider, and if thought fit, to approve the Non-exempt CCT Agreements and the transactions respectively contemplated thereunder.

The proxy form for the use at the EGM is also enclosed with this circular.

For the purpose of determining the eligibility of the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Friday, December 23, 2022 to Friday, December 30, 2022, both days inclusive, during which period no transfer of Shares will be registered.

Shareholders who wish to attend and vote at the EGM but have not registered the transfer documents shall submit the share certificates together with the properly completed share transfer forms to the branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, December 22, 2022, for registration.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Therefore, voting on all resolutions set out in the notice of EGM shall be taken by way of poll. Any Shareholders who are involved in or interested in any of the Non-exempt CCT Agreements and the transactions contemplated respectively thereunder are required to abstain from voting on the relevant ordinary resolutions.

LETTER FROM THE BOARD

Under Rule 14A.36 of the Listing Rules, any shareholder who has a material interest in a proposed transaction must abstain from voting at the relevant general meeting on the relevant resolution(s). As at the Latest Practicable Date, Binjiang Real Estate was controlled by Mr. Qi Jinxing, one of the controlling shareholders of the Company. As such, Great Dragon which is an associate of Mr. Qi Jinxing and was directly holding 126,720,000 Shares (representing approximately 45.85% of the Company's total issued share capital) as at the Latest Practicable Date, will abstain from voting on the resolution(s) to be passed at the EGM. As at the Latest Practicable Date, Mr. Mo Jianhua and Mr. Zhu Huiming were shareholders of Binjiang Real Estate, and substantial shareholders of the Company. As such, Jovial Success and Haoyu which are associates of Mr. Zhu Huiming and Mr. Mo Jianhua, respectively, and were directly holding 71,280,000 Shares (representing approximately 25.79% of the Company's total issued share capital) as at the Latest Practicable Date, will abstain from voting on the resolution(s) to be passed at the EGM.

As at the Latest Practicable Date, to the best of Directors' knowledge, information and belief after having made all reasonable enquiries, save for Great Dragon, Jovial Success and Haoyu (being associates of Mr. Qi Jinxing, Mr. Mo Jianhua and Mr. Zhu Huiming), none of the other Shareholders had a material interest in the Non-exempt CCT Agreement and the transactions contemplated respectively thereunder and is required to abstain from voting on the relevant resolution(s) to be proposed at the EGM.

IX. GENERAL

The Board (including the independent non-executive Directors) considers that the entry of the Non-exempt CCT Agreements are in the Group's ordinary course of business, and the terms of the Non-exempt CCT Agreements and the annual caps thereunder are on normal commercial terms or better and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Mo Jianhua and Mr. Qi Jiaqi, non-executive Directors, are shareholders of Binjiang Real Estate, and have therefore abstained from voting on the Board resolution approving the Non-exempt CCT Agreements. Save as aforementioned, none of the other Directors have a material interest in the transactions contemplated under the Non-exempt CCT Agreements and no other Director has abstained from voting.

X. RECOMMENDATION

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed to advise the Independent Shareholders on the entry of the Non-exempt CCT Agreements and the transactions contemplated thereunder. Optima Capital has been appointed to

LETTER FROM THE BOARD

advise the Independent Board Committee and the Independent Shareholders in this regard. Having taken into account the terms of the Non-exempt CCT Agreements, the information provided in the Letter from the Board and the Letter from Optima Capital, the Independent Board Committee considers that the entering into of the Non-exempt CCT Agreements are in the ordinary and usual course of business of the Group, and the terms of the Non-exempt CCT Agreements are on normal commercial terms or better, are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions in relation to the Non-exempt CCT Agreements and the transactions contemplated thereunder to be proposed at the EGM and the respective proposed annual caps.

XI. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee as set out on pages 20 to 21 of this circular which contains its recommendations to the Independent Shareholders in respect of the terms of the Non-exempt CCT Agreements and the respective proposed annual caps. Your attention is also drawn to the letter of advice from Optima Capital which contains, amongst other matters, its advices to the Independent Board Committee and the Independent Shareholders. The letter from Optima Capital is set out on pages 22 to 37 of this circular.

Your attention is also drawn to the general information set out in the appendix of this circular.

Yours faithfully,
For and on behalf of the Board
BINJIANG SERVICE GROUP CO. LTD.
Zhu Lidong
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendations, prepared for the purpose of incorporation in the circular, from the Independent Board Committee to the Independent Shareholders regarding the terms of the Non-exempt CCT Agreements and the transactions contemplated thereunder.



濱江服務

BINJIANG SERVICE

Binjiang Service Group Co. Ltd.

濱江服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3316)

December 8, 2022

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS RENEWAL OF AGREEMENTS DUE TO EXPIRE IN 2022

We refer to the circular of the Company to the Shareholders dated December 8, 2022 (the “**Circular**”), in which this letter forms a part. Unless the context requires otherwise, capitalised terms used in this letter will have the same meanings given to them in the section headed “Definitions” of the Circular.

We have been authorised by the Board to form the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Non-exempt CCT Agreements and the respective proposed annual caps are fair and reasonable so far as the Independent Shareholders are concerned.

We wish to draw your attention to the letter of advice from Optima Capital, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on whether (i) the terms of the Non-exempt CCT Agreements (including the respective proposed annual caps) are on normal commercial terms or better and fair and reasonable

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

so far as the Independent Shareholders are concerned; and (ii) the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

Having considered, amongst other matters, the factors and reasons considered by, and the opinion of Optima Capital as stated in its letter of advice, we consider the terms of the Non-exempt CCT Agreements (including the respective proposed annual caps) are on normal commercial terms or better and are fair and reasonable so far as the Independent Shareholders are concerned, and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions in relation to the Non-exempt CCT Agreements to be proposed at the EGM.

Yours faithfully,

For and on behalf of the Independent Board Committee

Mr. Ding Jiangang

Mr. Li Kunjun

Ms. Cai Haijing

Independent non-executive Directors

LETTER FROM OPTIMA CAPITAL

The following is the full text of the letter of advice from Optima Capital to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



Suite 1501, 15th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

December 8, 2022

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the entering into of the 2023 Master Pre-delivery Management Services Agreement and the 2023 Master Property Management Services Agreement (i.e. the Non-exempt CCT Agreements) between the Company and Binjiang Real Estate. Details of the Non-exempt CCT Agreements are set out in the letter from the Board contained in the circular of the Company dated December 8, 2022 (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 otherwise specified.

Binjiang Real Estate was controlled by Mr. Qi Jinxing, one of the controlling Shareholders interested in 126,720,000 Shares (representing approximately 45.85% of the issued share capital of the Company) as at the Latest Practicable Date. Accordingly, Binjiang Real Estate is a connected person of the Company under the Listing Rules, and therefore the transactions contemplated under the Non-exempt CCT Agreements (the “**Transactions**”) constitute continuing connected transactions of the Company and are subject to the reporting, announcement, independent shareholders’ approval and annual review requirements under Chapter 14A of the Listing Rules.

LETTER FROM OPTIMA CAPITAL

The Company will seek the Independent Shareholders' approval of the Non-exempt CCT Agreements at the EGM. The voting at the EGM will be conducted by way of poll. Under Rule 14A.36 of the Listing Rules, any shareholder who has a material interest in a proposed transaction must abstain from voting at the relevant general meeting on the relevant resolution(s). As at the Latest Practicable Date, Binjiang Real Estate was controlled by Mr. Qi Jinxing, one of the controlling Shareholders, and Mr. Mo Jianhua and Mr. Zhu Huiming were shareholders of Binjiang Real Estate and substantial Shareholders. As such, Mr. Qi Jinxing, Mr. Mo Jianhua, Mr. Zhu Huiming and their respective associates (including Great Dragon, Jovial Success and Haoyu) will abstain from voting on the resolutions to be passed at the EGM. As at the Latest Practicable Date, to the best of Directors' knowledge, information and belief after having made all reasonable enquiries, save for Mr. Qi Jinxing, Mr. Mo Jianhua, Mr. Zhu Huiming and their respective associates (including Great Dragon, Jovial Success and Haoyu), none of the other Shareholders had a material interest in the Non-exempt CCT Agreements and the transactions contemplated thereunder respectively and is required to abstain from voting on the relevant resolutions to be proposed at the EGM.

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders as to whether (i) the terms of the Non-exempt CCT Agreements (including the respective proposed annual caps) are on normal commercial terms or better, and fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Transactions are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to give a recommendation to the Independent Shareholders in respect of the voting on the resolutions to be proposed at the EGM to approve the Non-exempt CCT Agreements. We, Optima Capital, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

As at and during the two years prior to the Latest Practicable Date, save for the engagements as independent financial adviser in relation to the master pre-delivery management services agreement and the master property management services agreement entered into between the Company and Binjiang Real Estate dated October 30, 2020 respectively, the Existing Master Pre-delivery Management Services Agreement, the Existing Master Property Management Services Agreement and the Non-exempt CCT Agreements, neither Optima Capital nor persons stipulated under Rule 13.84(4) of the Listing Rules had any relationship with the Company, Binjiang Real Estate, or a director, subsidiary, holding company or substantial shareholder of the Company or Binjiang Real Estate, which would be reasonably considered to affect our independence in performing the duties as set out in the Listing Rules, or might reasonably give rise to a perception that our independence would be so affected.

LETTER FROM OPTIMA CAPITAL

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the executive Directors and management of the Company (together, the “**Management**”), and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects as at the date hereof and will continue to be so as at the date of the EGM. We have assumed that all the opinions or representations of the Management have been reasonably made after due and careful enquiry. We have also sought and received confirmation from the Management that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information has been withheld, nor doubt the truth or accuracy of the information provided. We have not, however, conducted any independent investigation into the businesses and affairs of the Group, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether the terms of the Non-exempt CCT Agreements and the Transactions are on normal commercial terms or better and fair and reasonable so far as the Independent Shareholders are concerned and the Transactions are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, we have taken into account the following principal factors and reasons:

1. Principal businesses of the Group and Binjiang Real Estate

The Group is a property management service provider in the PRC with a regional focus on the Yangtze River Delta. The Group has three major business lines, being provision of property management services, value-added services to non-property owners and 5S value-added services. Property management services include security, cleaning, gardening, repair, maintenance and ancillary services. Value-added services to non-property owners, mainly to property developers, include, among others, (i) pre-delivery management services such as cleaning, assisting with quality check and security services for completed properties and show flats and providing property sales venue management services; (ii) consulting services such as advising property developers on project planning, design management and construction management; and (iii) community space services such as assisting advertising companies with regard to advertisement placements in the community spaces and managing community venue in the properties managed by the Group. 5S value-added services mainly include home optimization services such as property agent services, car parking space and storage room services and sales agency services; living optimization services such as customized interior furnishing services; and lifestyle optimization services including home living services.

LETTER FROM OPTIMA CAPITAL

Binjiang Real Estate, a company listed on the Shenzhen Stock Exchange (stock code: 002244), is a property developer with a regional focus on the Yangtze River Delta. It was established in 1996 and has since been engaged in property development and other related businesses with a primary focus on the construction and development of commercial housing properties in the PRC.

The Group has been providing property management services and pre-delivery management services to Binjiang Real Estate for over two decades. Having considered the respective principal activities of the Group and Binjiang Real Estate as described above and the long-term business relationship between the Group and Binjiang Real Estate, we are of the view that the Non-exempt CCT Agreements are entered into in the ordinary and usual course of business of the Group.

2. 2023 Master Pre-delivery Management Services Agreement

Background

On December 16, 2021, the Company and Binjiang Real Estate entered into the Existing Master Pre-delivery Management Services Agreement to regulate the transactions with the Binjiang Real Estate Group in relation to the provision of pre-delivery management services for the year ending December 31, 2022. As the Existing Master Pre-delivery Management Services Agreement will expire on December 31, 2022, the Company and Binjiang Real Estate entered into the 2023 Master Pre-delivery Management Services Agreement on November 3, 2022 to regulate the transactions in relation to the provision of such services for the year ending December 31, 2023. Save for the periods covered under the respective agreements and the annual caps, the terms of the 2023 Master Pre-delivery Management Services Agreement are literally identical to those under the Existing Master Pre-delivery Management Services Agreement.

The parties will enter into individual agreement in respect of each pre-delivery management project, subject to the terms of the 2023 Master Pre-delivery Management Services Agreement.

Scope of services

Pursuant to the 2023 Master Pre-delivery Management Services Agreement, the Group will provide pre-delivery management services, including cleaning, quality check assistance and/or security services for completed properties and display units, and property sales venue management services to members of the Binjiang Real Estate Group.

LETTER FROM OPTIMA CAPITAL

Pricing and other terms

We note that the Group has adopted the following general principles for the pricing of continuing connected transactions to be conducted by the Group (the “**General Pricing Policy**”), including but not limited to the transactions contemplated under the 2023 Master Pre-delivery Management Services Agreement and the 2023 Master Property Management Services Agreement. In general, prices of continuing connected transactions shall be determined:

- (a) by reference to transacted prices of at least two recent transactions with same or substantially similar services with comparable service scope, service type and transaction volume conducted by the Group with other customers who are Independent Third Parties;
- (b) if there are not sufficient comparable transactions in (a) above, by reference to prevailing market price of at least two recent transactions in the market with same or substantially similar services with comparable service scope, service type and transaction volume;
- (c) if there are not sufficient comparable transactions in (b) above, on normal commercial terms or better to the Group with reference to those offered by at least two Independent Third Parties to the Binjiang Real Estate Group in respect of the same or substantially similar services with comparable service scope, service type and transaction volume; and
- (d) if none of (a), (b) and (c) above are applicable, by reference to the average price of similar services previously provided by the Group to at least two Independent Third Parties, and on normal commercial terms or better to the Group.

We consider the General Pricing Policy will ensure the prices offered to connected persons are comparable to those offered to Independent Third Parties or the prevailing market prices for similar services and is therefore appropriate.

For the purpose of determining the prices of its pre-delivery management services, the Group has drawn up a specific pricing guideline (the “**Guideline**”). We have reviewed the Guideline and noted that it has set out a scale of service fees (the “**Fee Scale**”) to be charged by the Group for each class of pre-delivery management services project which is determined based on:

- (i) the GFA, location and positioning of the properties involved;

LETTER FROM OPTIMA CAPITAL

- (ii) the budgeted operational costs (including but not limited to labour costs, materials costs and management costs) to be incurred by the Group for providing such services; and
- (iii) the scope and quality of the services proposed.

As the Guideline is applicable to all customers (including members of the Binjiang Real Estate Group and Independent Third Parties), we consider it to be in line with the general principles of the General Pricing Policy and is therefore appropriate.

In order to ensure the abovementioned General Pricing Policy and Guideline are in place, we have selected on a random basis and reviewed (a) three existing pre-delivery management service projects entered into by the Group with the Binjiang Real Estate Group which will continue to generate revenue in the year ending December 31, 2023 (the “**CCT Samples**”); and (b) three existing projects entered into with Independent Third Parties (the “**I3P Samples**”) which will continue to generate revenue in the year ending December 31, 2023 for which the Group will provide similar services, and are in the same class under the Fee Scale as the CCT Samples. We consider the sample size is sufficient and representative for the above purpose. Based on the review, we noted that the service fees charged by the Group in the CCT Samples and I3P Samples are consistent with the Fee Scale set out in the Guideline, and therefore we are of the view that the General Pricing Policy and the Guideline are in place.

As advised by the Management, the sales department of the Group shall review and update the Guideline and product and service standards annually with reference to prevailing market price for the same or substantially similar services with comparable scope and quality. As there is no regulatory requirement to conduct public tenders for pre-delivery management services, there was no tender process prior to the entering into of pre-delivery management services agreements with both the Binjiang Real Estate Group and Independent Third Parties. Instead, the sales department provides fee quotations to all customers for a particular property project based on the most updated Guideline at the relevant time.

Having taken into account (i) the above procedures adopted by the Group to determine the service fees; (ii) the General Pricing Policy and the Guideline which are applicable to all the pre-delivery management services provided to the Binjiang Real Estate Group and Independent Third Parties; (iii) the internal control mechanisms in place as set out in the section headed “5. Internal controls” below; and (iv) the sample documents reviewed by us set out above, we are of the view that the bases upon which the pricing and other terms of the 2023 Master Pre-delivery Management Services Agreement are determined are fair and reasonable so far as the Independent Shareholders are concerned, no less favourable to the Group than the terms available from Independent Third Parties and are in the interests of the Company and the Shareholders as a whole.

LETTER FROM OPTIMA CAPITAL

The existing annual cap and the 2023 Pre-delivery Annual Cap

The table below sets out the existing annual cap for the year ending December 31, 2022 under the Existing Master Pre-delivery Management Services Agreement, the proposed annual cap for the year ending December 31, 2023 under the 2023 Master Pre-delivery Management Services Agreement (the “**2023 Pre-delivery Annual Cap**”) and the historical transaction amounts for each of the years ended December 31, 2020 and 2021 and the nine months ended September 30, 2022:

	For the year ending December 31, 2022	For the year ending December 31, 2023
	<i>RMB million</i>	<i>RMB million</i>
Existing annual cap/2023 Pre-delivery Annual Cap	350.0	380.0
		For the nine months ended September 30, 2022
	For the year ended December 31, 2020	2021
	<i>RMB million</i>	<i>RMB million</i>
Unaudited actual transaction amounts	151.5	242.0
		<i>RMB million</i>

As shown in the table above, the historical transaction amount increased by approximately 59.7% from approximately RMB151.5 million for the year ended December 31, 2020 to approximately RMB242.0 million for the year ended December 31, 2021. We understand from the Management that the above increases in transaction amounts were mainly due to continued demand for pre-delivery management services provided by the Group to the Binjiang Real Estate Group as a result of the expansion of the Binjiang Real Estate Group’s property development operations during the years. The 2022 full year transaction amount is estimated to be approximately RMB233.6 million, based on annualising the unaudited actual transaction amount for the nine months ended September 30, 2022, representing a slight decrease of approximately 3.5% as compared to the previous year. As advised by the Management, the slight decrease was primarily due to (i) a backlog of new projects of the Binjiang Real Estate Group in the first quarter of 2022 due to a delay in the approval of the new project sales license from local authorities; and (ii) certain land acquisition was delayed to April 2022 since the Binjiang Real Estate Group had, in 2022, adjusted its strategy to preferentially acquire land in Hangzhou city and, pursuant to the new land transfer policy in Hangzhou city promulgated in 2022, all land transfers will be made via a centralised land supply.

LETTER FROM OPTIMA CAPITAL

As disclosed in the 2021 annual report and the 2022 interim report of Binjiang Real Estate, the Binjiang Real Estate Group had acquired land bank with developable area of approximately 4.7 million square metres (“sq. m.”) and approximately 3.7 million sq. m. during the year ended December 31, 2021 and the six months ended June 30, 2022 respectively, and had land bank with developable area of approximately 15.9 million sq. m. as at June 30, 2022. The Binjiang Real Estate Group also stepped up its pace of land acquisition from 38 projects in the full year of 2021 to 30 projects in the first half of 2022 with a focus in Hangzhou City. Although there has been noticeable fluctuations in the real estate industry in the PRC, the Management expects that the demand for the Group’s pre-delivery management services from the Binjiang Real Estate Group will remain stable based on, among other things, (i) the property projects of the Binjiang Real Estate Group in progress which are expected to require pre-delivery management services from the Group during the year ending December 31, 2023; and (ii) the Group’s ability to secure pre-delivery management services projects of the Binjiang Real Estate Group given the long-term business relationship between the Group and Binjiang Real Estate.

The 2023 Pre-delivery Annual Cap is set at RMB380.0 million, representing an approximately 8.6% increase as compared to that for the year ending December 31, 2022. Based on our discussions with the Management, we understand that the 2023 Pre-delivery Annual Cap is determined with reference to historical transaction amounts under the Existing Master Pre-delivery Management Services Agreement, and the estimated amount of fees to be recognised by the Group during the year ended December 31, 2023 based on signed and potential pre-delivery management projects with the Binjiang Real Estate Group.

We have reviewed the fee schedule prepared by the Company for the purpose of setting the 2023 Pre-delivery Annual Cap and noted that it comprises (i) estimated fees of approximately RMB150.6 million to be recognised by the Group during the year ending December 31, 2023 based on signed contracts in relation to 48 existing projects that the Group has already been engaged by the Binjiang Real Estate Group as service provider; and (ii) estimated fees of approximately RMB190.5 million to be recognised by the Group during the year ending December 31, 2023 in relation to more than 30 potential projects that the Group expects to be engaged. We have reviewed the contracts for the three CCT Samples and noted that the terms are consistent with those in the fee schedule. As advised by the Management, the potential projects are projected based on land acquisitions of the Binjiang Real Estate Group from publicly available sources (such as public announcements made by Binjiang Real Estate), enquiries with the Binjiang Real Estate Group as to the development plans of these land acquisitions and the projects expected to require pre-delivery management services from the Group during the year ending December 31, 2023, site visits conducted to assess the location and positioning of the prospective projects and the estimation of the budgeted costs and the applicable rate of fees for providing pre-delivery management services. On the basis of the above, we consider that the above estimation has been made by the Management after due and careful consideration.

LETTER FROM OPTIMA CAPITAL

A 10% buffer on top of the forecast transaction amount estimated on the above basis has been incorporated in the 2023 Pre-delivery Annual Cap to allow for possible fluctuations in fees and costs. We are of the view the buffer is reasonable, having considered that the forecast transaction amount is estimated based on the existing and potential projects to the best knowledge and information of the Group at the material time but are subject to circumstances outside the control of the Group. Therefore, the 10% buffer allows some extent of flexibility for the Group to promptly cope with any unanticipated change in circumstances, such as changes in fees, costs or an increase in demand, without the need of re-complying with the relevant Listing Rules.

Based on the above analysis, we consider the 2023 Pre-delivery Annual Cap is fair and reasonable.

3. The 2023 Master Property Management Services Agreement

Background

Under the relevant PRC rules and regulations, property developers are responsible for the payment of property management fees for property units which are unsold. When the relevant property unit is sold and delivered, the property owner will become the customer of the property management services who will take up the responsibility of payment of the property management fee. On December 16, 2021, the Company and Binjiang Real Estate entered into the Existing Master Property Management Services Agreement to regulate the transactions with the Binjiang Real Estate Group in relation to the provision of pre-delivery property management services during the one-year period ending December 31, 2022. As the Existing Master Property Management Services Agreement will expire on December 31, 2022, the Company and Binjiang Real Estate entered into the 2023 Master Property Management Services Agreement on November 3, 2022 to regulate the transactions in relation to the provision of such services during the year ending December 31, 2023. Save for the periods covered under the respective agreements and the annual caps, the terms of the 2023 Master Property Management Services Agreement are literally identical to those under the Existing Master Property Management Services Agreement.

The parties will enter into individual agreement in respect of each property management project, subject to the terms of the 2023 Master Property Management Services Agreement.

Scope of services

Pursuant to the 2023 Master Property Management Services Agreement, the Group will provide pre-delivery property management services for unsold residential and non-residential property units to members of the Binjiang Real Estate Group.

LETTER FROM OPTIMA CAPITAL

Pricing and other terms

Pursuant to the Notice for Interim Measures on Regulation of Bid-Inviting and Bidding for Preliminary Property Management (Jian Zhu Fang [2003] No. 130)* (《前期物業管理招標投標管理暫行辦法》的通知 (建住房〔2003〕130號) issued by the State Council of the PRC (“**2003 Notice**”), developers of (i) residential buildings, and (ii) non-residential buildings in the same property management area as the residential buildings shall engage qualified property management enterprises by way of tender (the “**Tender Process**”), which the Tender Process shall be organised by the developer or its agent and monitored by the real estate administrative department of the local governments (the “**Real Estate Department**”). Tenders submitted shall be evaluated by an evaluation committee (the “**Evaluation Committee**”) comprising representatives of the developer and property management experts nominated by the Real Estate Department, with reference to, among other things, the qualifications, know-how, experience and track record of the tenderers. In any event, the representatives of the developer shall consist of not more than one-third of the total number of members of the Evaluation Committee. The successful tenderer will enter into a property management service agreement with the developer. In the event that there are less than three tenderers, or the property scale is relatively small, the developer may, with the prior approval of the Real Estate Department, engage qualified property management enterprise through direct agreement.

Pursuant to the 2003 Notice, the Tender Process is required for the engagement of property managers, which is usually applicable for projects developed by the Binjiang Real Estate Group. The service fees are determined by the Binjiang Real Estate Group in accordance with local policies and positioning of the property and are stipulated in the tender invitations issued by them. Accordingly, the service fees shall be applicable to all tenderers for any particular project. We have selected on a random basis and reviewed a set of internal approval for tender submission and service agreement entered into by the Group in respect of property management services with each of the Binjiang Real Estate Group and an Independent Third Party which we consider sufficient for our understanding of the pricing procedures. We understand from the Management when considering whether to submit a tender for a project, the Group will take into account (i) the GFA, location and positioning of the properties involved; (ii) the budgeted operational costs (including but not limited to labour costs, materials costs and management costs) to be incurred for providing such services; and (iii) the scope and quality of the services proposed; (iv) local government’s pricing guidance/regulations on property management fees (where applicable); and (v) evaluation of competitors’ pricing. In any event, the service fees and the payment terms offered by the Group to the Binjiang Real Estate Group shall be no less favourable to the Group than those offered to Independent Third Parties for similar services.

LETTER FROM OPTIMA CAPITAL

Having taken into account (i) the Tender Process governed by the Real Estate Department; (ii) the internal control mechanisms in place as set out in the section headed “5. Internal controls” below; and (iii) the documents reviewed by us set out above, we are of the view that the bases upon which the pricing and other terms of the 2023 Master Property Management Services Agreement are determined are fair and reasonable so far as the Independent Shareholders are concerned, no less favourable to the Group than the terms available from Independent Third Parties and are in the interests of the Company and the Shareholders as a whole.

Existing annual cap and the 2023 Property Management Annual Cap

The table below sets out the existing annual cap for the year ending December 31, 2022 under the Existing Master Property Management Services Agreement, the proposed annual cap for the year ending December 31, 2023 (the “**2023 Property Management Annual Cap**”) under the 2023 Master Property Management Services Agreement, and the unaudited actual transaction amounts for the two years ended December 31, 2020 and 2021 and the nine months ended September 30, 2022:

	For the year ending December 31, 2022	For the year ending December 31, 2023
	<i>RMB million</i>	<i>RMB million</i>
Existing annual cap/2023 Property Management Annual Cap	72.0	74.0
	For the year ended December 31, 2020	For the nine months ended September 30, 2022
	<i>RMB million</i>	<i>RMB million</i>
Unaudited actual transaction amounts	21.5	38.8
	<i>RMB million</i>	<i>RMB million</i>

As shown in the table above, the historical transaction amount increased by approximately 80.5% from approximately RMB21.5 million for the year ended December 31, 2020 to approximately RMB38.8 million for the year ending December 31, 2021. We understand from the Management that the increase in transaction amount for the year ended December 31, 2021 was mainly due to increase in demand for property management services provided by the Group to the Binjiang Real Estate Group as a result of the expansion of the Binjiang Real Estate Group’s

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property development operations as evidenced by the increasing land bank of the Binjiang Real Estate Group in recent years as mentioned above. The 2022 full year transaction amount is estimated to be approximately RMB37.2 million, based on annualising the unaudited actual transaction amounts for the nine months ended September 30, 2022, representing a slight decrease of approximately 4.1% as compared to the previous year. As advised by the Management, the slight decrease was primarily due to the successful management of the COVID-19 pandemic and the improvement of the business environment in Hangzhou city, which resulted in a higher than expected occupancy rate of the lease properties held by the Binjiang Real Estate Group in 2022. Therefore, the Group received fewer property management fees from the Binjiang Real Estate Group as a result of those properties leased by the Binjiang Real Estate Group to third party tenants and the demand for the Group's property management services from the Binjiang Real Estate Group was less than that in 2021.

As advised by the Management, it is expected that the demand for the Group's property management services from the Binjiang Real Estate Group will remain stable based on (i) the property projects of the Binjiang Real Estate Group in progress which are expected to be completed during the year ending December 31, 2023; and (ii) the Group's ability to secure property management projects of the Binjiang Real Estate Group given the long-term business relationship between the Group and Binjiang Real Estate.

The 2023 Property Management Annual Cap is set at RMB74.0 million, representing a 2.8% increase as compared to that for the year ending December 31, 2022. Based on our discussions with the Management, we understand that the 2023 Property Management Annual Cap is determined with reference to historical transaction amounts under the Existing Master Property Management Services Agreement, and the estimated amount of fees to be recognised by the Group during the year ending December 31, 2023 based on signed and potential property management projects with the Binjiang Real Estate Group.

We have reviewed the fee schedule prepared by the Company for the purpose of setting the 2023 Property Management Annual Cap and noted that it comprises (i) estimated fees of approximately RMB46.1 million to be recognised by the Group during the year ending December 31, 2023 based on signed contracts in relation to more than 60 existing projects for which the Group has already been engaged by the Binjiang Real Estate Group as service provider; and (ii) estimated fees of approximately RMB21.2 million to be recognised by the Group for the year ending December 31, 2023 based on new residential and non-residential property projects for which the Group expects to be engaged by the Binjiang Real Estate Group as property management service provider. We have reviewed the contracts for three of the existing projects entered into between the Group and the Binjiang Real Estate Group and noted that the terms are consistent with those in the fee schedule. As advised by the Management, the potential projects are projected based on the estimated pre-sale performance and the development plans for the property

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projects of Binjiang Real Estate Group which are expected to be completed during the year ending December 31, 2023 and the Group's ability to secure property management projects of the Binjiang Real Estate Group given the long-term business relationship between the Group and Binjiang Real Estate Group, despite the expected slight decrease in the transaction amount for property management services delivered to Binjiang Real Estate Group for the year ending December 31, 2022. On the basis of the above, we consider that the above estimation has been made by the Management after due and careful consideration.

A 10% buffer on top of the forecast transaction amount estimated on the above basis has been incorporated in the 2023 Property Management Annual Cap to allow for possible fluctuations in fees and costs. We are of the view the 10% buffer is reasonable, having considered that the forecast transaction amount is estimated based on the existing and potential projects to the best knowledge and information of the Group at the material time but are subject to circumstances outside the control of the Group. Therefore, the 10% buffer allows some extent of flexibility for the Group to promptly cope with any unanticipated change in circumstances, such as changes in fees, costs or an increase in demand, without the need of re-complying with the relevant Listing Rules.

Based on the above analysis, we consider the 2023 Property Management Annual Cap is fair and reasonable.

4. Commercial rationale for the Non-exempt CCT Agreements

Over the years, the revenue generated by the Group from the Binjiang Real Estate Group has remained stable at around one-fifth, while the majority of the Group's revenue had been generated from Independent Third Parties. The overall revenue generated by the Group from the Binjiang Real Estate Group (primarily from the provision of pre-delivery management services) amounted to approximately RMB181.8 million, RMB304.9 million and RMB226.7 million for the years ended December 31, 2020 and 2021 and for the nine months ended September 30, 2022 respectively, representing approximately 18.9%, 21.8% and 17.7% of the consolidated revenue of the Group for the corresponding year/period. Furthermore, as advised by the Management, the proportion of GFA managed by the Group for projects developed by Independent Third Parties reached approximately 48.2% by the end of 2021 and increased to approximately 52.0% by the middle of 2022. During the first half of 2022, approximately 72.7% of the aggregate GFA of the new projects secured by the Group were sourced from Independent Third Parties.

In light of the long-term cooperative and mutually beneficial relationship between the Group and the Binjiang Real Estate Group, the Management does not expect any material adverse change to such relationship in the foreseeable future. In view of the above and having considered that the Group generates a great majority of its revenue from Independent Third Parties, being

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approximately RMB0.6 billion, RMB0.8 billion and RMB1.1 billion, representing approximately 81.1%, 78.2% and 82.3% of the total revenue of the Group, for the two years ended December 31, 2020 and 2021 and the nine months ended September 30, 2022 respectively, we concur with the Board's view that the Non-exempt CCT Agreements, among others does not constitute undue reliance on the Binjiang Real Estate Group.

5. Internal controls

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

- (a) the relevant personnel of the business department and finance department will monitor the Transactions on a monthly basis to ensure that the transaction amount does not exceed the annual caps of the respective Non-exempt CCT Agreements;
- (b) the implementation of individual contracts shall be subject to the appropriate approval of the relevant personnel of the business department, finance department, legal department and management of the Group to ensure that the contracts are in line with the pricing policy and principal terms of the respective Non-exempt CCT Agreements, particularly that the service fees and payment terms are no less favourable to the Group than those available from Independent Third Parties;
- (c) the relevant personnel of the business department of the Group will conduct annual reviews to keep abreast of the prevailing fee level in the market and the market conditions for the purpose of considering if the price charged for a specific Transaction is fair and reasonable and is in accordance with the Group's pricing policy;
- (d) the auditors of the Company shall conduct annual reviews on pricing and annual caps of such Transactions to ensure that the transaction amount is within the annual caps and that the Transactions are conducted on the principal terms of the respective Non-exempt CCT Agreements; and
- (e) the independent non-executive Directors shall review the management's review reports on the Transactions to ensure that such transactions are conducted on normal commercial terms or better and are in the ordinary and usual course of business of the Group, and the terms and conditions thereof are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

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We have reviewed the internal documents for the sampled pre-delivery management and property management services transactions with the Binjiang Real Estate Group and noted that those transactions had been properly approved by the relevant personnel stated above. We consider that the measures in place provide reasonable assurance that the conduct of the Transactions would be governed by approval(s) from relevant management level and in compliance with the terms and conditions as stated in the Non-exempt CCT Agreements.

We have also reviewed the monthly transaction report prepared by the finance department for the purpose of monitoring the transaction amounts against the annual caps.

Further, we note from the annual report of the Company for the year ended December 31, 2021 the confirmations from the independent non-executive Directors and the auditors of the Company for the continuing connected transactions (including the Transactions) of the Group for the year ended December 31, 2021 in accordance with Rules 14A.55 and 14A.56 of the Listing Rules respectively as set out in the annual report of the Group for the year ended December 31, 2021.

In light of the above, we are of the view that appropriate measures are in place to ensure that the Transactions will be conducted on normal commercial terms or better and to safeguard the interests of the Independent Shareholders and of the Company as a whole.

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OPINION

Having considered the abovementioned principal factors and reasons, we consider that (i) the terms of the Non-exempt CCT Agreements (including the 2023 Pre-delivery Annual Cap and the 2023 Property Management Annual Cap) are on normal commercial terms or better and fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Transactions are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Non-exempt CCT Agreements.

Yours faithfully,
for and on behalf of
OPTIMA CAPITAL LIMITED
Calvin Cheng
Director, Corporate Finance

Mr. Calvin Cheng is a responsible officer of Optima Capital and a licensed person registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. Mr. Cheng has participated in the provision of independent financial advisory services for various transactions involving companies listed on the Stock Exchange.

** The English name is for identification purpose only.*

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. DISCLOSURE OF INTERESTS

a. Directors' and Chief Executive's Interests and Short Positions in Shares, underlying Shares and Debentures

As at the Latest Practicable Date, the interests and short positions, if any, of each Director and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which 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 the Directors and chief executives were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register required to be kept by the Company or were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code adopted by the Company were as follows:

Name of Director	Capacities in which interests are held	Number of Shares	Long/Short position	Approximate percentage of shareholding in the Company
Mr. Mo Jianhua	Settlor of a discretionary trust and interest in controlled corporation	35,640,000 ⁽¹⁾	Long position	12.89%
Mr. Qi Jiaqi	Beneficiary of a discretionary trust	126,720,000 ⁽²⁾	Long position	45.85%

Note:

- (1) As at the Latest Practicable Date, Haoyu held 12.89% of issued share capital of the Company. The entire issued share capital of Haoyu is held by Infiniti Trust (Asia) Limited (through its nominee companies) as a trustee of Great Splendor Trust. Great Splendor Trust is a discretionary trust set out by Mr. Mo Jianhua as settlor on 19 November 2018. The beneficiaries of the Great Splendor Trust include Mr. Mo Jianhua and certain family members of Mr. Mo Jianhua.
- (2) As at the Latest Practicable Date, Great Dragon held 45.85% of issued share capital of the Company. The entire issued share capital of Great Dragon is held by Cantrust (Far East) Limited (through its nominee company) as trustee of Bright Cloud Trust. Bright Cloud Trust is a discretionary trust set up by Mr. Qi Jinxing as settlor on 19 November 2018. The beneficiaries of the Bright Cloud Trust include Mr. Qi Jinxing, Mr. Qi Jiaqi and certain family members of Mr. Qi Jinxing.

Save as disclosed above, as at Latest Practicable Date, none of the Directors or chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

b. Substantial Shareholders' Interests in Shares and Underlying Shares

As at the Latest Practicable Date, to the best knowledge of the Directors, the following persons (each not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Capacities/ Nature of interest	Number of Shares	Long/Short position/ Lending pool	Approximate percentage of shareholding
Mr. Qi Jinxing ⁽¹⁾	Settlor of a discretionary trust and interest in controlled corporation	126,720,000	Long position	45.85%
Great Dragon ⁽¹⁾	Beneficial owner	126,720,000	Long position	45.85%
Bright Cloud Holding Limited ⁽¹⁾	Interest in controlled corporation	126,720,000	Long position	45.85%

Name of Shareholder	Capacities/ Nature of interest	Number of Shares	Long/Short position/ Lending pool	Approximate percentage of shareholding
Cantrust (Far East) Limited ⁽¹⁾	Trustee and interest in controlled corporation	126,720,000	Long position	45.85%
Mr. Zhu Huiming ⁽²⁾	Settlor of a discretionary trust and interest in controlled corporation	35,640,000	Long position	12.89%
Jovial Success ⁽²⁾	Beneficial owner	35,640,000	Long position	12.89%
Splendid Force Holding Limited ⁽²⁾	Interest in controlled corporation	35,640,000	Long position	12.89%
Haoyu ⁽²⁾	Beneficial owner	35,640,000	Long position	12.89%
Great Splendor Holding Limited ⁽²⁾	Interest in controlled corporation	35,640,000	Long position	12.89%
Infiniti Trust (Asia) Limited ⁽²⁾	Trustee and interest in controlled corporation	71,280,000	Long position	25.79%

Notes:

- (1) As at the Latest Practicable Date, Great Dragon held 45.85% of issued share capital of the Company. The entire issued share capital of Great Dragon is held by Cantrust (Far East) Limited (through its nominee company) as trustee of Bright Cloud Trust. Bright Cloud Trust is a discretionary trust set up by Mr. Qi Jinxing as settlor on November 19, 2018. The beneficiaries of the Bright Cloud Trust include Mr. Qi Jinxing, Mr. Qi Jiaqi and certain family members of Mr. Qi Jinxing.
- (2) As at the Latest Practicable Date, each of Jovial Success and Haoyu held 12.89% of issued share capital of the Company, respectively. The entire issued share capital of Jovial Success and Haoyu are held by Infiniti Trust (Asia) Limited (through its nominee companies) as trustee of each Splendid Force Trust and Great Splendor Trust, respectively. Splendid Force Trust is a discretionary trust set up by Mr. Zhu Huiming as settlor on November 19, 2018. The beneficiaries of the Splendid Force Trust include Mr. Zhu Huiming and certain family members of Mr. Zhu Huiming. Great Splendor Trust is a discretionary trust set out by Mr. Mo Jianhua as settlor on November 19, 2018. The beneficiaries of the Great Splendor Trust include Mr. Mo Jianhua and certain family members of Mr. Mo Jianhua.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contract with the Group which is not terminable by the Group within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors (other than independent non-executive Directors) or their respective associates had engaged in or had any interest in any business which, directly or indirectly, competed or might compete with the businesses of the Group.

5. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors:

- (i) had any interest, direct or indirect, in any assets which have been, since December 31, 2021 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; or
- (ii) was materially interested in any contract or arrangement, subsisting at the date of this circular, which is significant in relation to the business of the Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there was no material adverse change in the financial or trading position of the Group since December 31, 2021, being the date to which the latest audited financial statements of the Company were made up.

7. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has been engaged by the Company and who has been named in this circular or who has given its opinion or advice contained in this circular:

Name	Qualification
Optima Capital	A corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO

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

As at the Latest Practicable Date, Optima Capital (i) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group and (ii) had no direct or indirect interests in any assets which have been or are proposed to be acquired or disposed of by or leased to any member of the Group since December 31, 2021 (the date to which the latest published audited consolidated financial statements of the Company were made up).

8. GENERAL

- (a) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (c) The head office of the Company is at Room 1201-1, Block 1, New Town Times Square, Shangcheng District, Hangzhou, PRC.
- (d) The principal place of business of the Company in Hong Kong is at Room 507, 5/F, OfficePlus@Sheung Wan, 93-103 Wing Lok Street, Sheung Wan, Hong Kong.

- (e) Ms. Zhong Ruoqin and Ms. Au Wai Ching are the joint company secretaries of the Company. Ms. Au Wai Ching is the senior manager of SWCS Corporate Services Group (Hong Kong) Limited (an external service provider).
- (f) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.hzbjwy.com>) for the period of 14 days from the date of this circular:

- (a) the 2023 Master Pre-delivery Management Services Agreement; and
- (b) the 2023 Master Property Management Services Agreement.

NOTICE OF EGM



濱江服務

BINJIANG SERVICE

Binjiang Service Group Co. Ltd.

濱江服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3316)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Binjiang Service Group Co. Ltd. (the “Company”) will be held at the Main Conference Room, Block 6, 36 Qingchun Road East, Shangcheng District, Hangzhou, the PRC on Friday, December 30, 2022 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions (with or without modifications) as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the 2023 master pre-delivery management services agreement (the “**2023 Master Pre-delivery Management Services Agreement**”) dated November 3, 2022 entered into between the Company and Hangzhou Binjiang Real Estate Group Co., Ltd.* (杭州濱江房產集團股份有限公司) (“**Binjiang Real Estate**”), a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose, the terms thereof and the continuing connected transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the proposed annual cap under the 2023 Master Pre-delivery Management Services Agreement as set out in the circular of the Company dated December 8, 2022 be and is hereby approved, confirmed and ratified; and
- (c) any one director of the Company be and are hereby authorised to do all such acts, deeds and things and to sign, execute and deliver all such documents as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect, determine, revise, supplement or complete any matters relating to or in connection with the 2023 Master Pre-delivery Management Services Agreement and the transactions respectively contemplated thereunder.”

NOTICE OF EGM

2. “**THAT:**

- (a) the 2023 master property management services agreement (“**2023 Master Property Management Services Agreement**”) dated November 3, 2022 between the Company and Binjiang Real Estate, a copy of which is tabled at the meeting and marked “**B**” and initialled by the chairman of the meeting for identification purpose, the terms thereof and the continuing connected transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the proposed annual cap under the 2023 Master Property Management Services Agreement as set out in the circular of the Company dated December 8, 2022 be and is hereby approved, confirmed and ratified; and
- (c) any one director of the Company be and are hereby authorised to do all such acts, deeds and things and to sign, execute and deliver all such documents as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect, determine, revise, supplement or complete any matters relating to or in connection with the 2023 Master Property Management Services Agreement and the transactions respectively contemplated thereunder.”

By Order of the Board
BINJIANG SERVICE GROUP CO. LTD.
Zhu Lidong
Chairman

Hangzhou, PRC, December 8, 2022

Notes:

- (1) All resolutions at the EGM will be taken by poll pursuant to the Listing Rules and the results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited and the Company in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
- (2) Any shareholder of the Company 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 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. A proxy need not be a shareholder of the Company. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him/her.
- (3) In order to be valid, this form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof, must be lodged by post or by hand at the Company’s branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the EGM (i.e. not later than 10:00 a.m. on Wednesday, December 28, 2022) or any adjournment thereof.

NOTICE OF EGM

- (4) Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the EGM and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (5) The register of members of the Company will be closed from Friday, December 23, 2022 to Friday, December 30, 2022 (both days inclusive), during which period no transfer of shares will be effected. In order to determine the identity of members who are entitled to attend and vote at the EGM to be held on Friday, December 30, 2022, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, December 22, 2022).

As at the date of this notice, the board of directors of the Company comprises Mr. Zhu Lidong and Ms. Zhong Ruoqin as executive directors; Mr. Mo Jianhua, Mr. Qi Jiaqi and Mr. Cai Xin as non-executive directors; Mr. Ding Jiangang, Mr. Li Kunjun and Ms. Cai Haijing as independent non-executive directors.

* *For identification purposes only*