
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Ling Yue Services Group Limited**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Ling Yue Services Group Limited **領悅服務集團有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2165)

(1) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

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

MESSIS 大有融資

Capitalised terms used in this cover page shall have the same meanings as defined in this circular unless otherwise specified.

A notice convening the EGM of the Company to be held on Tuesday, 5 December 2023 at 11:00 a.m. at 46/F, Tower A, Leading International Finance Center, No. 151, 2nd Tianfu Street, Gaoxin District, Chengdu, Sichuan Province, PRC is set out on pages 57 to 58 of this circular and a form of proxy for the EGM is despatched together with this circular. Shareholders who intend to appoint a proxy to attend the EGM shall complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours (i.e. 11:00 a.m. on Sunday, 3 December 2023) before the time appointed for the holding of the EGM or any adjournment meeting (as the case may be). The completion of a form of proxy will not preclude Shareholders from attending and voting at the EGM in person should they so wish, and in such case, the instrument appointing a proxy shall be deemed to be revoked.

15 November 2023

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DEFINITIONS

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

“2023 Leading Holdings Group Property Management Services Framework Agreement”	the agreement entered into between the Company and Leading Holdings on 28 July 2023 in relation to the renewal of the Leading Holdings Group Property Management Services Framework Agreement for a term commencing from 1 January 2023 and ending on 31 December 2025 (both days inclusive)
“2023 Mr. Liu Property Management Services Framework Agreement”	the agreement entered into between the Company and Mr. Liu Yuhui on 28 July 2023 in relation to the renewal of the Mr. Liu Property Management Services Framework Agreement for a term commencing from 1 January 2023 and ending on 31 December 2025 (both days inclusive)
“2023 Property Management Services Framework Agreements”	the 2023 Leading Holdings Group Property Management Services Framework Agreement and the 2023 Mr. Liu Property Management Services Framework Agreement
“30%-controlled company”	has the meaning ascribed to it under the Listing Rules
“Acting in Concert Deed”	the acting in concert deed dated 29 January 2021 and executed by the Ultimate Controlling Shareholders
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Ling Yue Services Group Limited (領悅服務集團有限公司) (formerly known as Ling Yue Group Limited (領悅集團有限公司)), an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange (stock code: 2165)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Director(s)”	the director(s) of the Company
“Early Transactions”	the Leading Holdings Group Early Transactions and the Mr. Liu Early Transactions
“EGM”	the extraordinary general meeting of the Company to be convened and held at 46/F, Tower A, Leading International Finance Center, No. 151, 2nd Tianfu Street, Gaoxin District, Chengdu, Sichuan Province, PRC on Tuesday, 5 December 2023 at 11:00 a.m. for the purpose of considering and, if thought fit, approving the 2023 Property Management Services Framework Agreements, the transactions contemplated thereunder (including the proposed annual caps for those transactions) and the ratification of the Early Transactions
“Fusheng Capital”	Fusheng Capital Holding Limited, a company incorporated in the BVI with limited liability on 27 July 2020, which is wholly owned by Ms. Long Yiqin and is one of the Company’s controlling shareholders
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, namely Ms. Luo Ying, Ms. Zhang Qian and Ms. Zou Dan, established to advise the Independent Shareholders on the 2023 Property Management Services Framework Agreements, the transactions contemplated thereunder (including the annual caps for those transactions) and the ratification of the Early Transactions

DEFINITIONS

“Independent Financial Adviser”	Messis Capital Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the 2023 Property Management Services Framework Agreements, the transactions contemplated thereunder (including the annual caps for those transactions) and the ratification of the Early Transactions
“Independent Shareholders”	the Shareholders who are not interested in or involved in the 2023 Property Management Services Framework Agreements
“Independent Third Party(ies)”	third party(ies) who is/are independent of and not connected with the Company and its connected persons
“Jin Sha Jiang”	Jin Sha Jiang Holding Limited, a company incorporated in the BVI with limited liability on 5 June 2019, which is wholly owned by Mr. Liu Yuhui and is one of the Controlling Shareholders
“Latest Practicable Date”	10 November 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Leading Holdings”	Leading Holdings Group Limited (領地控股集團有限公司) (formerly known as Leading China Holdings Limited (領地中國控股有限公司)), an exempted company incorporated in the Cayman Islands with limited liability on 15 July 2019 and the shares of which are listed on the Stock Exchange (stock code: 6999)
“Leading Holdings Group”	Leading Holdings and its subsidiaries
“Leading Holdings Group Early Transactions”	the provision of the Property Management Services by the Group to Leading Holdings Group from 1 January 2023 up to the Latest Practicable Date

DEFINITIONS

“Leading Holdings Group Property Management Services Framework Agreement”	the agreement entered into between Lingyue Property and Leading Holdings on 16 November 2020 in respect of the provision of Property Management Services by the Lingyue Property Group to the Leading Holdings Group for a term commencing from 10 December 2020 to 31 December 2022
“Linghui Capital”	Linghui Capital Limited, a company incorporated in the BVI with limited liability on 23 July 2020, which is wholly owned by Ms. Hou Sanli and is one of the Company’s controlling shareholders
“Linghui Holding”	Linghui Holding Limited, a company incorporated in the BVI with limited liability on 23 July 2020, which is wholly owned by Mr. Liu Ce and is one of the Company’s controlling shareholders
“Lingyue Property”	Lingyue Property Services Group Co., Ltd. (領悅物業服務集團有限公司) (formerly known as Sichuan Huifeng Property Service Co., Ltd. (四川滙豐物業服務有限公司)), a company established in the PRC with limited liability on 21 January 2002 and an indirect wholly-owned subsidiary of the Company
“Lingyue Property Group”	Lingyue Property and its subsidiaries
“Listing”	the listing of the Shares on the Stock Exchange
“Listing Date”	12 July 2021, the date on which dealings in the Shares on the Stock Exchange first commence
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules

DEFINITIONS

“Mr. Liu Early Transactions”	the provision of the Property Management Services by the Group to the Relevant Associates from 1 January 2023 up to the Latest Practicable Date
“Mr. Liu Yuhui”	Mr. Liu Yuhui (劉玉輝), the chairman of the Board, an executive Director and one of the Ultimate Controlling Shareholders
“Mr. Liu Property Management Services Framework Agreement”	the agreement entered into between Lingyue Property and Mr. Liu Yuhui on 22 June 2021 in respect of the provision of Property Management Services by the Lingyue Property Group to Mr. Liu Yuhui’s associates (excluding Leading Holdings Group) for a term commencing from the Listing Date to 31 December 2022
“PRC”	the People’s Republic of China
“Property Management Services”	as defined under the paragraph headed “Subject matter” of this circular
“Property Management Services Framework Agreements”	the Leading Holdings Group Property Management Services Framework Agreement and the Mr. Liu Property Management Services Framework Agreement
“Register of Members”	the register of members of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Tianyue Capital”	Tianyue Capital Limited, a company incorporated in the BVI with limited liability on 23 July 2020, which is wholly owned by Ms. Wang Tao and is one of the Company’s controlling shareholders
“Tianyue Holding”	Tianyue Holding Limited, a company incorporated in the BVI with limited liability on 23 July 2020, which is wholly owned by Mr. Liu Haowei and is one of the Company’s controlling shareholders
“Ultimate Controlling Shareholders”	collectively, Mr. Liu Haowei, Mr. Liu Ce, Mr. Liu Yuhui, Ms. Wang Tao, Ms. Long Yiqin and Ms. Hou Sanli
“Yuelai Holding”	Yuelai Holding Limited, a company incorporated in the BVI with limited liability on 23 July 2020, which is wholly owned by Mr. Liu Yuhui and is one of the Company’s controlling shareholders
“%”	per cent.

* *For identification purpose only*

LETTER FROM THE BOARD

Ling Yue Services Group Limited
領悅服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2165)

Executive Directors:

Mr. Liu Yuhui (*Chairman*)

Ms. Luo Hongping

Non-executive Directors:

Ms. Wang Tao

Ms. Hou Sanli

Independent Non-executive Directors:

Ms. Luo Ying

Ms. Zhang Qian

Ms. Zou Dan

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Principal place of business and headquarters
in the PRC:*

44/F, Tower A

Leading International Finance Center

No. 151, 2nd Tianfu Street

Gaoxin District, Chengdu, Sichuan Province

PRC

Principal Place of Business in Hong Kong:

5/F, Manulife Place

348 Kwun Tong Road

Kowloon

Hong Kong

15 November 2023

To the Shareholders

Dear Sir or Madam,

**(1) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the announcement of the Company dated 28 July 2023 in relation to the 2023 Property Management Services Framework Agreements, the transactions contemplated thereunder (including the proposed annual cap for those transactions) and the ratification of the Early Transactions.

The purpose of this circular is to provide you with (i) further information regarding the 2023 Property Management Services Framework Agreements, the transactions contemplated thereunder (including the proposed annual cap for those transactions) and the ratification of the Early Transactions, (ii) the recommendation from the Independent Board Committee to the Independent Shareholders, (iii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, and (iv) the notice convening the EGM.

2023 PROPERTY MANAGEMENT SERVICES FRAMEWORK AGREEMENTS

For reasons set forth in the section headed “RECTIFICATION OF BREACH OF THE LISTING RULES”, it came to the attention to the Board that the Property Management Services Framework Agreements expired on 31 December 2022 and the Group has continued to provide Property Management Services to Leading Holdings Group and Mr. Liu Yuhui’s associates (excluding Leading Holdings Group) (the “**Relevant Associates**”). Thus, the Company entered into the 2023 Leading Holdings Group Property Management Services Framework Agreement with Leading Holdings and the 2023 Mr. Liu Property Management Services Framework Agreement with Mr. Liu Yuhui to renew the Leading Holdings Group Property Management Services Framework Agreement and the Mr. Liu Property Management Services Framework Agreement for a term commencing from 1 January 2023 to 31 December 2025 (both days inclusive).

The 2023 Leading Holdings Group Property Management Services Framework Agreement

Set out below are the principal terms of the 2023 Leading Holdings Group Property Management Services Framework Agreement:

- Date:** 28 July 2023
- Parties:** (a) The Company; and
- (b) Leading Holdings

LETTER FROM THE BOARD

- Subject matter:** Pursuant to the 2023 Leading Holdings Group Property Management Services Framework Agreement, the Group will provide on-site management services for construction sites, display units and on-site sales offices and other property management services, including but not limited to, consultancy services prior to delivery of properties and property management services for properties and car parks owned by Leading Holdings Group.
- Term:** The 2023 Leading Holdings Group Property Management Services Framework Agreement has a fixed term commencing from the 1 January 2023 to 31 December 2025 (both days inclusive).
- Pricing:** The service fees payable shall be determined based on arm's length negotiation with reference to (i) the scope of services and type, size and location and the total GFA of the property development projects of which such Property Management Services are required; (ii) the anticipated operational costs (including labor costs, material costs and administrative costs) for providing such services; and (iii) the prevailing market price for similar services and similar type of projects and shall be no more favorable than those provided to Independent Third Parties by the Group.
- Condition precedent:** The 2023 Leading Holdings Group Property Management Services Framework Agreement is conditional upon the approval of the independent shareholders of each of the Company and Leading Holdings.

The 2023 Leading Holdings Group Property Management Services Framework Agreement is a framework agreement which provides the mechanism for the operation of the connected transactions described therein. It is envisaged that from time to time and as required, individual service contracts shall be entered into between the Group and Leading Holdings Group. Each individual service contract will set out the Property Management Services to be provided by the Group to Leading Holdings Group, the fees for the services to be paid by Leading Holdings Group and any detailed specifications which may be relevant to those engagements. The individual service contracts will only contain provisions which are in all material respects consistent with the binding principles, guidelines, terms and conditions set out in the 2023 Leading Holdings Group Property Management Services Framework Agreement.

LETTER FROM THE BOARD

The actual payment terms are not stipulated in the 2023 Leading Holdings Group Property Management Services Framework Agreement in accordance with market practice. Payment terms are negotiated on a case-by-case basis with reference to the type of services required and the market standards, and are specified in the individual service contracts entered into between the Group and Leading Holdings Group.

Pursuant to the relevant individual service contracts underlying the 2023 Leading Holdings Group Property Management Services Framework Agreement:

- (i) for pre-delivery property management services for unsold properties, the service fees shall be payable on a quarterly basis. Leading Holdings Group shall pay to the Group the service fees for the previous quarter within the first month after the end of such quarter;
- (ii) for management services for the display units and on-site sales office, the service fees shall be payable on a monthly basis. Leading Holdings Group shall pay to the Group the service fees for the previous month by the 15th of the following month; and
- (iii) for property pre-delivery services and other property management services, the service fees shall in general be payable to the Group within 30 days upon the expiration of the contracted service period.

Historical transaction amounts

The historical transaction amounts (exclusive of tax) of the Property Management Services provided by the Group to Leading Holdings Group are as follows:

	For the year ended 31 December 2020 RMB	For the year ended 31 December 2021 RMB	For the year ended 31 December 2022 RMB
Property Management Services provided by the Group to Leading Holdings Group	<u>95,500,000</u>	<u>127,300,000</u>	<u>111,570,000</u>

From 1 January 2023 up to the Latest Practicable Date, the Group has continued to provide the Property Management Services to Leading Holdings Group, details of which are disclosed in the section headed “RECTIFICATION OF BREACH OF THE LISTING RULES” below.

LETTER FROM THE BOARD

Annual cap and basis of determination

Pursuant to the 2023 Leading Holdings Group Property Management Services Framework Agreement, the proposed annual caps (exclusive of tax) for the Property Management Services provided by the Group to Leading Holdings Group for the three years ending 31 December 2025 will be RMB129,000,000, RMB152,000,000 and RMB182,000,000, respectively.

The proposed annual caps for the Property Management Services contemplated under the 2023 Leading Holdings Group Property Management Services Framework Agreement were determined with reference to: (i) the historical transaction amounts for the three years ended 31 December 2022 and the amount of the Leading Holdings Group Early Transactions; (ii) the number of existing property projects for which the Leading Holdings Group has engaged the Group to provide the Property Management Services; and (iii) the estimated GFA of the properties expected to be sold and delivered by Leading Holdings Group that will require Property Management Services in the relevant years taking into account the historical trend of the increase of properties delivered by Leading Holdings Group and the sales and business plans of Leading Holdings Group.

The 2023 Mr. Liu Property Management Services Framework Agreement

Set out below are the principal terms of the 2023 Mr. Liu Property Management Services Framework Agreement:

- Date:** 28 July 2023
- Parties:** (a) The Company; and
(b) Mr. Liu Yuhui
- Subject matter:** Pursuant to the 2023 Mr. Liu Property Management Services Framework Agreement, the Group will provide Property Management Services to the Relevant Associates.
- Term:** The 2023 Mr. Liu Property Management Services Framework Agreement has a fixed term commencing from the 1 January 2023 to 31 December 2025 (both days inclusive).

LETTER FROM THE BOARD

Pricing: The service fees payable shall be determined based on arm's length negotiation with reference to (i) the scope of services and type, size and location and the total GFA of the property development projects of which such Property Management Services are required; (ii) the anticipated operational costs (including labor costs, material costs and administrative costs) for providing such services; and (iii) the prevailing market price for similar services and similar type of projects and shall be no more favorable than those provided to Independent Third Parties by the Group.

Condition precedent: The 2023 Mr. Liu Property Management Services Framework Agreement is conditional upon the approval of the Independent Shareholders.

The 2023 Mr. Liu Property Management Services Framework Agreement is a framework agreement which provides the mechanism for the operation of the connected transactions described therein. It is envisaged that from time to time and as required, individual service contracts shall be entered into between the Group and the Relevant Associates. Each individual service contract will set out the Property Management Services to be provided by the Group to the Relevant Associates, the fees for the services to be paid by the Relevant Associates and any detailed specifications which may be relevant to those engagements. The individual service contracts will only contain provisions which are in all material respects consistent with the binding principles, guidelines, terms and conditions set out in the 2023 Mr. Liu Property Management Services Framework Agreement.

The actual payment terms are not stipulated in the 2023 Mr. Liu Property Management Services Framework Agreement in accordance with market practice. Payment terms are negotiated on a case-by-case basis with reference to the type of services required and the market standards, and are specified in the individual service contracts entered into between the Group and the Relevant Associates.

Pursuant to the relevant individual service contracts underlying the 2023 Mr. Liu Property Management Services Framework Agreement:

- (i) for pre-delivery property management services for unsold properties, the service fees shall be payable on a quarterly basis. The Relevant Associates shall pay to the Group the service fees for the previous quarter within the first month after the end of such quarter;

LETTER FROM THE BOARD

- (ii) for management services for the display units and on-site sales office, the service fees shall be payable on a monthly basis. The Relevant Associates shall pay to the Group the service fees for the previous month by the 15th of the following month; and
- (iii) for property pre-delivery services and other property management services, the service fees shall in general be payable to the Group within 30 days upon the expiration of the contracted service period.

Historical transaction amounts

The historical transaction amounts (exclusive of tax) of the Property Management Services provided by the Group to the Relevant Associates are as follows:

	For the year ended 31 December 2020 <i>RMB</i>	For the year ended 31 December 2021 <i>RMB</i>	For the year ended 31 December 2022 <i>RMB</i>
Property Management Services provided by the Group to the Relevant Associates	<u>34,500,000</u>	<u>36,800,000</u>	<u>9,500,000</u>

From 1 January 2023 up to the Latest Practicable Date, the Group has continued to provide the Property Management Services to the Relevant Associates, details of which are disclosed in the section headed “RECTIFICATION OF BREACH OF THE LISTING RULES” below.

Annual cap and basis of determination

Pursuant to the 2023 Mr. Liu Property Management Services Framework Agreement, the proposed annual caps (exclusive of tax) for the Property Management Services provided by the Group to the Relevant Associates for the three years ending 31 December 2025 will be RMB32,000,000, RMB33,460,000 and RMB35,550,000, respectively.

The proposed annual caps for the Property Management Services contemplated under the 2023 Mr. Liu Property Management Services Framework Agreement were determined with reference to: (i) the historical transaction amounts for the three years ended 31 December 2022 and the amount of the Mr. Liu Early Transactions; (ii) the number of existing property projects for which the Relevant Associates have engaged the Group to provide the Property Management Services; and (iii) the estimated GFA of the properties expected to be sold and delivered by the Relevant Associates that will require Property Management Services in the relevant years taking into account the historical trend of the increase of properties delivered by the Relevant Associates and the sales and business plans of the Relevant Associates.

LETTER FROM THE BOARD

Since the transactions contemplated under the 2023 Leading Holdings Group Property Management Services Framework Agreement and the 2023 Mr. Liu Property Management Services Framework Agreement are similar in nature, they should be aggregated pursuant to the Listing Rules and the aggregated annual caps (exclusive of tax) will be as follows:

	For the year ending 31 December 2023 <i>RMB</i>	For the year ending 31 December 2024 <i>RMB</i>	For the year ending 31 December 2025 <i>RMB</i>
Property Management Services provided by the Group to the Leading Holdings Group	129,000,000	152,000,000	182,000,000
Property Management Services provided by the Group to the Relevant Associates	<u>32,000,000</u>	<u>33,460,000</u>	<u>35,550,000</u>
Total	<u>161,000,000</u>	<u>185,460,000</u>	<u>217,550,000</u>

Reasons for and benefits of entering into the 2023 Property Management Services Framework Agreements

The Group has extensive experience in on-site management of construction sites, display units and on-site sales offices and property management of properties and carparks. The Group has a long and stable cooperative relationship with Leading Holdings Group and the Relevant Associates. Through the provision of the Property Management Services to Leading Holdings Group and the Relevant Associates under the 2023 Property Management Services Framework Agreements, the Group can promote steady growth of its property management services business, thereby broadening the Group's revenue base, enhancing the profitability and bringing valuable returns to the Shareholders.

As the Property Management Services Framework Agreements expired and the Group has continued to provide the Property Management Services to Leading Holdings Group and the Relevant Associates, the Board (including the independent non-executive Directors after considering the advice from the Independent Financial Adviser) considers that the terms of the 2023 Property Management Services Framework Agreements and the transactions contemplated thereunder are fair and reasonable, entered into on normal commercial terms or better, in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

In 2021, property developers in China has witnessed the repeated outbreaks of epidemic and the significant downturn in the real estate industry. In the first half of 2021, increasing administrative controls and tightening policies were implemented by the PRC government targeting the real estate industry. In the fourth quarter of 2021, with a major policy being implemented, the PRC government introduced relevant policies with an aim to “supporting the commercial housing market to address the reasonable housing needs of residents and facilitate the healthy development of the real estate industry”. In light of the above, the real estate industry in China has been undergoing profound transformation under continuous regulatory pressure and difficult financing environment in 2021. In 2022, the global market was volatile and turbulent, and China’s economy also continued to face great challenges. In view of the severe economic situation and the tightening regulatory regime, property developers in the PRC have experienced the most difficult year in the industry’s development. The sales of the top 100 PRC real estate companies in the first half of 2022 declined significantly on a year-on-year basis. However, the real estate industry remains as one of the primary economic pillars of the PRC. In the first half of 2022, central and local governments implemented different policies to boost the real estate market, among which ensuring the “Guaranteed Delivery” has become the top priority for the industry and real estate companies. In response to the regulatory and financial challenges arising from the changing macro-environment, the operating strategies of private real estate companies have shifted from expansion to contraction. While the year of 2022 has passed, against the backdrop of a weak economy and the significant downturn in the real estate industry, market confidence and expectations for China’s real estate sector still remains low and fragile.

The Company noted the disclaimer opinion on going concern as disclosed in the annual report of Leading Holdings for the year ended 31 December 2022. As disclosed therein, Leading Holdings has prepared a business strategy plan focusing on the acceleration of the sales of properties. To facilitate the implementation and execution of such strategy plan, the property management services provided by the Group are essential. Pursuant to the 2023 Leading Holdings Group Property Management Services Framework Agreement, the Group will provide on-site management services for construction sites, display units and on-site sales offices and other property management services, including but not limited to, consultancy services prior to delivery of properties and property management services for properties and carparks owned by Leading Holdings Group. With the aid of the property management services provided by the Group, Leading Holdings could ensure the quality of their property projects and shorten the sale cycle to accelerate cash inflow rate, and eventually the services fee to the Group. In any event, should the Group consider that the recovery of any account receivables becoming remote, the Group will take all necessary legal action to preserve the assets of the Group.

LETTER FROM THE BOARD

In view of the above, the Group has revisited its credit policy for property developers in general to avoid the loss of business, enhance the business relationship, increase property developers' loyalty and gain a competitive edge in the property management market. During the year ended 31 December 2022 and up to 30 June 2023, the Group has in general extended the credit terms to all types of property developer from 30 days to 360 days. Leading Holdings Group and the Relevant Associates are generally able to honour their payments within the extended credit terms, except for the account receivables as at 31 August 2023 as shown in the table below due to the failure of the third party joint venture partners of Leading Holdings Group to perform their shareholder's obligations and the temporary shortage of cashflow of Leading Holdings Group.

The Company has conducted additional due diligence, including but not limited to reviewing current operational, management and financial arrangement and status of the existing projects between (i) the Group and Leading Holdings Group; and (ii) the Group and the Relevant Associates, maintaining continuous communications with each of them and having in place risk management procedures to protect the interests of the Group and its Shareholders, and the Directors are of the view that it is in the interest of the Company and the Shareholders to enter into each of the 2023 Leading Holdings Group Property Management Services Framework Agreement and the 2023 Mr. Liu Property Management Services Framework Agreement.

Nevertheless, the Group has taken various other measures to recover account receivables from Leading Holdings Group, the Relevant Associates and other independent third party property developers with relatively longer aging, including but not limited to: (a) check the arrears balance of each project on a monthly basis, and closely track the progress of the reimbursement and payment process of each of the projects; (b) actively communicate with such property developers to agree on a feasible repayment plan and solution; and (c) institute legal proceedings against property developers, where necessary, to recover the outstanding sums.

LETTER FROM THE BOARD

The amount of account receivable owed by each of Leading Holdings Group and the Relevant Associates as at 30 June 2023 was approximately RMB169,363,000 and RMB11,239,000, respectively. The table below sets out the receivable aging breakdown of Leading Holdings Group and the Relevant Associates as at 30 June 2023:

	Within one year RMB	One year or above RMB	Aggregate amount of account receivables as at 30 June 2023 RMB	Aggregate amount of account receivables as at 31 August 2023 (Note) RMB
Property Management Services provided by the Group to Leading Holdings Group	72,749,000	96,613,000	169,362,000	14,678,000
Property Management Services provided by the Group to the Relevant Associates	2,775,000	8,464,000	11,239,000	5,014,000
Total	<u>75,524,000</u>	<u>105,077,000</u>	<u>180,601,000</u>	<u>19,692,000</u>

Note: Including account receivables of RMB11,616,000 generated under the Leading Holdings Group Property Management Services Framework Agreement and account receivables of RMB3,062,000 arising from the provision of Property Management Services by the Group for the period from 1 January 2023 to 30 June 2023 but excluding account receivables arising from the provision of Property Management Services by the Group for the period from 1 July 2023 to 31 August 2023.

As at 31 August 2023, over 90% and 50% of the account receivables from Leading Holdings Group and the Relevant Associates, respectively, as at 30 June 2023 have been recovered.

In respect of the account receivables overdue despite extended credit terms were granted, as at the Latest Practicable Date, the Group has issued legal demand letters to the relevant members of Leading Holdings Group, the Relevant Associates and other independent third party property developers for recovery. In addition, the Group has also commenced legal proceedings against relevant members of Leading Holdings Group and the Relevant Associates as well as other independent third party property developers with relatively longer aging.

LETTER FROM THE BOARD

If the resolution(s) regarding the 2023 Leading Holdings Group Property Management Services Framework Agreement and/or the 2023 Mr. Liu Property Management Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps for those transactions) is/are voted down by the Independent Shareholders at the EGM, the proposed annual caps under the 2023 Leading Holdings Group Property Management Services Framework Agreement and the 2023 Mr. Liu Property Management Services Framework Agreement for each of the three years ending 31 December 2025 (the “**Revised Annual Caps**”) will be amended to the extent that the highest applicable percentage ratio in respect of the Revised Annual Caps will not exceed 5%, and such that the 2023 Leading Holdings Group Property Management Services Framework Agreement and the 2023 Mr. Liu Property Management Services Framework Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the Independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Leading Holdings is a 30%-controlled company of the Ultimate Controlling Shareholders, being the controlling shareholders of the Company under Chapter 14A of the Listing Rules. Leading Holdings is therefore an associate of the Ultimate Controlling Shareholders under Rule 14A.13(3) of the Listing Rules. As such, Leading Holdings Group are connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the 2023 Leading Holdings Group Property Management Services Framework Agreement with Leading Holdings and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As at the Latest Practicable Date, Mr. Liu Yuhui is one of the executive Directors and Ultimate Controlling Shareholders. Therefore, the Relevant Associates are connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of 2023 Mr. Liu Property Management Services Framework Agreement with Mr. Liu Yuhui and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the transactions contemplated under the 2023 Leading Holdings Group Property Management Services Framework Agreement and the 2023 Mr. Liu Property Management Services Framework Agreement are similar in nature, they should be aggregated pursuant to the Listing Rules. As the highest applicable percentage ratio in respect of the aggregated proposed annual caps under the 2023 Property Management Services Framework Agreements is more than 5%, the 2023

LETTER FROM THE BOARD

Property Management Services Framework Agreements and the transactions contemplated thereunder are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

PRICING POLICY

As a general principle, the prices to be charged by the Group under the 2023 Property Management Services Framework Agreements will be determined in accordance with the following pricing principles:

- (i) for property pre-delivery and after-sales services other than management services for the display units and on-site sales office, the Group would charge Leading Holdings Group and the Relevant Associates at a price determined with reference to:
 - (a) the Group's other contemporaneous transactions of similar services (in terms of the scope and requirement of services, the size and condition of projects, and level of difficulty of planning and design and other aspects which are relevant for price determination) carried out with Independent Third Parties; and
 - (b) prices charged by other property management companies in the PRC of comparable transactions with independent third parties (if available);
- (ii) for management services for the display units and on-site sales office, the Group would charge Leading Holdings Group and the Relevant Associates at a price determined with reference to:
 - (a) the anticipated operation costs (including but not limited to labor costs, administration costs and costs of materials) to be incurred by the Group to provide such management services plus a reasonable profit margin rate in accordance with the prevailing standard price list maintained by the Group at the time of entering into the individual service contract under the 2023 Property Management Services Framework Agreements. The procurement department would compile a list of standard pricing terms with reference to two comparable transactions conducted between the Group and Independent Third Parties and such list would be reviewed and updated at least quarterly or more frequently if there is any material change in the market; and
 - (b) the Group's other contemporaneous transactions of similar management services carried out with Independent Third Parties;

LETTER FROM THE BOARD

- (iii) for property management services for the properties owned or used by Leading Holdings Group and the Relevant Associates, the Group would charge Leading Holdings Group and the Relevant Associates at a fixed unit price per square meter or fixed amount per number determined with reference to:
- (a) the Group's other contemporaneous transactions of similar services (in terms of the scope and requirement of services, the location and condition of properties, and level of difficulty of management and other aspects which are relevant for price determination) carried out with Independent Third Parties;
 - (b) prices charged by other property management companies in the PRC of comparable transactions with independent third parties; and
 - (c) government-prescribed prices or guiding prices (if any) promulgated by the PRC government.

As at the Latest Practicable Date, and to the best knowledge, understanding and belief of the Directors, property management services for the properties owned or used by Leading Holdings Group and the Relevant Associates in certain cities may be subject to government-prescribed prices or guiding prices promulgated by the PRC government, and the scope and applicability of such government-prescribed prices or guiding price standards may vary in different cities. If the Group considers that the government-prescribed prices or guiding price standards are not aligned with the market prices as mentioned in paragraph (iii)(a) and (iii)(b) above, the Group may charge such market prices subject to the registration with relevant local government authorities.

In determining the service fees chargeable and terms under the individual service contracts, the prices and terms offered by Leading Holdings Group and the Relevant Associates will be reviewed and evaluated by the relevant personnel of the procurement department and the management of the Group and will be compared against the prices obtained through the quarterly regular price research conducted by the Group based on historical transactions with Independent Third Party(ies). Where the prices and terms of an offer from Leading Holdings Group and the Relevant Associates are no less favorable to the Group than those offered by other Independent Third Party(ies), the Group may enter into such individual service contracts for the provision of the relevant services to Leading Holdings Group and the Relevant Associates.

The Group has established a cost control team comprising personnel from the procurement department, the finance department and the business department. The relevant personnel from the procurement department is primarily responsible for compiling the cost to be incurred before the

LETTER FROM THE BOARD

business department providing any quotation to Leading Holdings Group and the Relevant Associates. To this end, the procurement department shall conduct quarterly regular price research, formulate quotation and review business terms.

To this end, the business department of the Group will obtain comparable transactions conducted between the Group and Independent Third Parties for reference, and the heads of relevant operating departments, the chief financial officer of the Group, the executive Directors and chairman of the Board will review and approve the offer from Leading Holdings Group and the Relevant Associates to ensure that the terms of the offer reflect the prevailing market conditions.

The Group will keep negotiating with Leading Holdings Group and the Relevant Associates to ensure that the prices and terms of an offer from Leading Holdings Group and the Relevant Associates are no less favorable to the Group than those available from Independent Third Party(ies) before entering into each individual service contracts.

The Directors consider that the above relevant procedures conducted by the Group in determining the service fees payable and terms under the individual service contracts can ensure the transactions contemplated under the 2023 Property Management Services Framework Agreements will be conducted on normal commercial terms and not prejudicial to the interest of the Company and Shareholders.

INTERNAL CONTROL MEASURES

Given the incident described in the section headed “RECTIFICATION OF BREACH OF THE LISTING RULES” below, the Group has the following general internal control procedures to ensure all continuing connected transactions contemplated under the 2023 Property Management Services Framework Agreements are conducted in accordance with the requirements under Chapter 14A of the Listing Rules:

- (i) the Group’s financial department has a designated employee to monitor transactions conducted under, among others, the 2023 Property Management Services Framework Agreements and he/she will report the utilisation of the annual cap under the 2023 Property Management Services Framework Agreements to the Group’s chief financial officer on a monthly basis. When the transaction limit reaches 80% of the annual cap set under the 2023 Property Management Services Framework Agreements, he/she will promptly inform the business department of the Group and the chief financial officer such that the Group can arrange for a revision of the annual cap as appropriate, in compliance with all relevant requirements under Chapter 14A of the Listing Rules. No

LETTER FROM THE BOARD

further transaction will be conducted in excess of the annual cap, and transactions will only resume after the Group has complied with all relevant Listing Rules requirements under Chapter 14A in relation to the revision of the annual cap;

- (ii) the internal audit department of the Group will conduct regular checks on annual basis to review and assess whether the transactions under the 2023 Property Management Services Framework Agreements have been conducted in accordance with the terms of the relevant agreements and on normal commercial terms or better;
- (iii) the independent non-executive Directors will conduct an annual review of the transactions under the 2023 Property Management Services Framework Agreements to ensure that the Group has complied with its internal approval procedures, terms of the respective agreement and the relevant Listing Rules; and
- (iv) the Company will engage external auditors to conduct annual review of the continuing connected transactions conducted under the 2023 Property Management Services Framework Agreements.

Given that the continuing connected transactions contemplated under the 2023 Property Management Services Framework Agreements have to strictly adhere to the pricing policy and the internal control procedures of the Group, the Board considers that these procedures and policies are effective to ensure that the proposed transactions will be conducted on normal commercial terms or better and not prejudicial to the interests of the Company and the minority Shareholders.

RECTIFICATION OF BREACH OF THE LISTING RULES

Reasons for Failure to Identify the Continuing Connected Transactions

As the Property Management Services Framework Agreements expired on 31 December 2022 and the Group has continued to provide Property Management Services to Leading Holdings Group and the Relevant Associates, the provision of the Property Management Services to Leading Holdings Group and the Relevant Associates from 1 January 2023 up to the Latest Practicable Date constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

From 1 January 2023 up to 31 May 2023, the service fees (exclusive of tax) of each of the Leading Holdings Group Early Transactions and the Mr. Liu Early Transactions amounted to approximately RMB34.3 million and RMB9.2 million, respectively. As the highest applicable percentage ratio in respect of the service fees of each of the Leading Holdings Group Early Transactions and the Mr. Liu Early Transactions is more than 5%, each of the Leading Holdings

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Group Early Transactions and the Mr. Liu Early Transactions should be subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As the Company had not complied with such applicable requirements prior to conducting the Early Transactions, this constituted a breach of Chapter 14A of the Listing Rules.

During the preparation of the forthcoming interim results of the Group for the six months ended 30 June 2023, the financial department and business department of the Group revisited the Leading Holdings Group Property Management Services Framework Agreement, Mr. Liu Property Management Services Framework Agreement and the individual service contracts contemplated thereunder and discovered that the Leading Holdings Group Property Management Services Framework Agreement and the Mr. Liu Property Management Services Framework Agreement had already expired. Due to lack of experience and knowledge on the Listing Rules' requirements on the part of certain personnel of the Group in monitoring connected transactions, as a result of which the Company failed to renew the Leading Holdings Group Property Management Services Framework Agreement and the Mr. Liu Property Management Services Framework Agreement before their expiry. The Board wishes to emphasize that such breach was due to unintentional and an inadvertent oversight, and the Board reiterates its belief that continuing compliance with the Listing Rules and other applicable regulatory requirements is of utmost importance.

To safeguard the interests of the Group, the Group has adopted and will continue to adhere to the following internal control procedures in respect of its continuing connected transactions with Leading Holdings Group and the Relevant Associates:

- (i) maintaining a list of connected persons and circulating such list together with copies of the relevant extracts of the Listing Rules to the relevant personnel and senior management of the Group, and such connected persons list shall be updated by personnel/senior management of the relevant subsidiary from time to time;
- (ii) reporting any potential connected transaction to the relevant personnel and senior management of the Company in advance in order to ascertain whether there will be any implications under the Listing Rules; and
- (iii) examining the pricing of continuing connected transactions regularly to ensure such transactions under the relevant framework agreements are conducted in accordance with the pricing terms thereof. The procurement department of the Company will, on a quarterly basis, review the prices obtained from or offered to independent third parties and the prevailing market prices for the same type of services, as the case may be, and compare such prices with those of the continuing connected transactions under the framework agreements. The terms of the transactions shall be no less favourable to the

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Group than prices offered to or received from Independent Third Parties and the prevailing market prices for the same types of products or services. In the event that any revisions to the prices under the continuing connected transactions are needed, a meeting shall be held within the procurement department of the Company and the proposed revised price shall be reviewed and approved by the management of the Company. The continuing connected transactions shall be in line with the market pricing principle and shall be carried out on normal commercial terms, fair and reasonable and in the interest of the Company and its shareholders as a whole.

Further, to prevent reoccurrence of similar breaches of the Listing Rules in the future, the Group has/will put in place the following internal control measures:

- (i) providing regular internal trainings on the relevant requirements of connected transaction under Chapter 14A of the Listing Rules to all relevant personnel, accounting staff, internal auditor and senior management in all business departments of the Group to reinforce the importance of the compliance with the Listing Rules. A training on Chapter 14A of the Listing Rules has been provided by the legal advisers of the Company to the key personnel from the financial department and the business department of the Company on 26 September 2023;
- (ii) regularly reviewing, monitoring and verifying the existing database relating to continuing connected transactions (including identity of connected persons, annual cap amount, monthly transaction amount and cumulated amount etc.) to ensure accuracy. In particular, the Company has adopted a threshold reporting system to monitor the utilisation of the proposed annual caps in a timely manner. The finance department of the Company will assign additional personnel to closely monitor the actual amount of connected transactions incurred pursuant to the framework agreements and submit to the management of the Company the utilization of the proposed annual caps on a monthly basis to ensure the annual caps would not be exceeded. In the event the actual transaction amount reaches 80% of the relevant annual cap, a re-assessment will be conducted. If it is determined after such re-assessment that the annual cap may be exceeded, the management of the Company would initiate the procedures for re-complying with the relevant requirements under Chapter 14A of the Listing Rules based on the revised annual cap; and
- (iii) for any potential transaction(s) which may constitute new connected transaction(s) of the Group, consulting professional advisers and the Stock Exchange (where necessary) in a timely manner prior to conducting such transaction(s).

LETTER FROM THE BOARD

The Directors believe that the implementation of the above enhanced internal control measures will strengthen and reinforce the knowledge of the responsible staff, management and Directors in relation to connected transactions under the Listing Rules, improve the regulatory compliance abilities of the Company, and help prevent the reoccurrence of the similar incidents of non-compliance.

INFORMATION ON THE PARTIES TO THE 2023 PROPERTY MANAGEMENT SERVICES FRAMEWORK AGREEMENTS

The Group

The Group is principally engaged in the provision of property management services, value-added services to non-property owners and community value-added services for residential and non-residential properties in the PRC.

Leading Holdings

Leading Holdings is an investment holding company and its subsidiaries are principally engaged in the development and sales of residential and commercial properties. In addition, Leading Holdings Group holds a portion of commercial properties it developed for further investment purpose and is engaged in hotel management business. As at the Latest Practicable Date, Leading Holdings is a 30%-controlled company of the Ultimate Controlling Shareholders.

Mr. Liu Yuhui

Mr. Liu Yuhui is one of the executive Directors and Ultimate Controlling Shareholders. The Relevant Associates, being the associates of Mr. Liu Yuhui, are mainly engaged in the development and sales of residential and commercial properties, as well as business operation and others.

GENERAL

As Leading Holdings is a 30%-controlled company of Mr. Liu Yuhui (an executive Director and controlling shareholder) under Chapter 14A of the Listing Rules, Ms. Wang Tao (a non-executive Director and controlling shareholder) and Ms. Hou Sanli (a non-executive Director and controlling shareholder) pursuant to the Acting in Concert Deed, and the Relevant Associates are associates of Mr. Liu Yuhui under the Listing Rules, Mr. Liu Yuhui, Ms. Wang Tao and Ms. Hou Sanli have abstained from voting on the Board resolutions approving the 2023 Property Management Services Framework Agreements and the transactions contemplated thereunder (including the proposed annual caps for those transactions) and the ratification of the Early Transactions due to conflict of interests.

LETTER FROM THE BOARD

Save as disclosed above, none of the Directors has a material interest in the 2023 Property Management Services Framework Agreements and the transactions contemplated thereunder (including the proposed annual caps for those transactions) and the ratification of the Early Transactions and is therefore required to abstain from voting on the Board resolutions approving the entering into of the 2023 Property Management Services Framework Agreements and the transactions contemplated thereunder (including the proposed annual caps for those transactions) and the ratification of the Early Transactions.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Thursday, 30 November 2023 to Tuesday, 5 December 2023 (both days inclusive), for the purpose of determining the Shareholders' entitlement to attend and vote at the EGM scheduled to be convened and held on Tuesday, 5 December 2023. The record date will be Tuesday, 5 December 2023. In order to be eligible to attend and vote at the EGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, 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 Wednesday, 29 November 2023.

EGM

The Company will convene and hold the EGM at 46/F, Tower A, Leading International Finance Center, No. 151, 2nd Tianfu Street, Gaoxin District, Chengdu, Sichuan Province, PRC on Tuesday, 5 December 2023 at 11:00 a.m., at which ordinary resolutions will be proposed for the Independent Shareholders to consider, and, if thought fit, to approve the 2023 Property Management Services Framework Agreements and the transactions contemplated thereunder (including the proposed annual caps for those transactions) and the ratification of the Early Transactions. The notice convening the EGM is set out on pages 57 to 58 of this circular.

Any Shareholders or their respective associates with a material interest in the 2023 Property Management Services Framework Agreements and the transactions contemplated thereunder (including the proposed annual caps for those transactions) and the ratification of the Early Transactions shall abstain from voting at the EGM. As at the Latest Practicable Date, the Ultimate Controlling Shareholders, namely Mr. Liu Haowei, Mr. Liu Ce, Mr. Liu Yuhui, Ms. Wang Tao, Ms. Long Yiqin and Ms. Hou Sanli, by virtue of the Acting in Concert Deed through the investment holding companies controlled by them, will be entitled to exercise voting rights of 74.67% of the total number of Shares. Thus, the Ultimate Controlling Shareholders shall abstain from voting in respect of the resolutions for approving the 2023 Property Management Services Framework Agreements and the transactions contemplated thereunder (including the proposed annual caps for those transactions) and the ratification of the Early Transactions at the EGM. Save as disclosed

LETTER FROM THE BOARD

above, as at the Latest Practicable Date, and to the best knowledge, belief and information of the Directors having made all reasonable enquiries, no other Shareholder is required under the Listing Rules to abstain from voting at the EGM.

A form of proxy for use at the EGM is enclosed with this circular. Shareholders who intend to appoint a proxy to attend the EGM shall complete and return the enclosed form of proxy in accordance with the instructions printed thereon, and deposit it with 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 the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment of it if you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting of the Company must be taken by way of poll. Accordingly, the resolutions to be considered and, if thought fit, approved at the EGM will be voted on by way of poll by the Independent Shareholders. After conclusion of the EGM, the poll results announcement will be published on the respective websites of the Stock Exchange and the Company.

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 as 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.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 29 to 30 of this circular and the letter of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 31 to 49 of this circular in connection with the 2023 Property Management Services Framework Agreements, the transactions contemplated thereunder (including the proposed annual caps for those transactions) and the ratification of the Early Transactions and the principal factors and reasons considered by the Independent Financial Adviser in arriving at such advice.

LETTER FROM THE BOARD

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the 2023 Property Management Services Framework Agreements and the transactions contemplated thereunder (including the proposed annual caps for those transactions) and the ratification of the Early Transactions were entered into in the ordinary and usual course of business on normal commercial terms or better and the terms thereof are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions to approve the 2023 Property Management Services Framework Agreements, the transactions contemplated thereunder (including the proposed annual caps for those transactions) and the ratification of the Early Transactions at the EGM as set out in the notice of the EGM.

Your attention is drawn to additional information set out in Appendix I to this circular.

Yours faithfully

By order of the Board

Ling Yue Services Group Limited

Liu Yuhui

Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Ling Yue Services Group Limited

領悅服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2165)

15 November 2023

To the Independent Shareholders,

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

We refer to the circular issued by the Company to the Shareholders dated 15 November 2023 (the “**Circular**”) which this letter forms part. Capitalised terms used in this letter have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee and to advise you on whether (i) the terms of the 2023 Property Management Services Framework Agreements and the transactions contemplated thereunder (including the proposed annual caps for those transactions); and (ii) the ratification of the Early Transactions are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group, in the interests of the Company and the Shareholders as a whole, and how the Independent Shareholders should vote on the resolutions at the EGM. Messis Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this regard.

We wish to draw your attention to the “Letter from the Board” set out on pages 7 to 28 of the Circular and the “Letter from the Independent Financial Adviser” set out on pages 31 to 49 of the Circular. Your attention is also drawn to the additional information set out in Appendix I thereto. Having taken into account (i) the terms and conditions of the 2023 Property Management Services Framework Agreements; (ii) the ratification of the Early Transactions; and (iii) the factors and reasons considered by, and the advice and recommendations of, the Independent Financial Adviser as set out in its letter of advice, we are of the opinion that (i) the terms of the 2023 Property Management Services Framework Agreements (including the proposed annual caps) are fair and reasonable; (ii) the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole; and (iii) the ratification of the Early Transactions is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the 2023 Property Management Services Framework Agreements, the transactions contemplated thereunder (including the proposed annual caps for those transactions) and the ratification of the Early Transactions.

Yours faithfully,

Independent Board Committee

Ms. Luo Ying

Independent non-executive

Director

Ms. Zhang Qian

Independent non-executive

Director

Ms. Zou Dan

Independent non-executive

Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the letter of advice from the Independent Financial Adviser, Messis Capital Limited, to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.

MESSIS 大有融資

15 November 2023

To: The Independent Board Committee and the Independent Shareholders of Ling Yue Services Group Limited

Dear Sir/Madam,

RENEWAL OF 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 (i) the ratification of the Early Transactions; (ii) the 2023 Leading Holdings Group Property Management Services Framework Agreement; and (iii) the 2023 Mr. Liu Property Management Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps for those transactions), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 15 November 2023 issued to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular, unless otherwise specified.

As disclosed in the section headed “Rectification of Breach of the Listing Rules”, the Property Management Services Framework Agreements expired on 31 December 2022 and the Group has continued to provide Property Management Services to Leading Holdings Group and the Relevant Associates, the provision of the Property Management Services to Leading Holdings Group and the Relevant Associates from 1 January 2023 up to the Latest Practicable Date constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules. From 1 January 2023 up to 31 May 2023, the service fees of the Early Transactions amounted to approximately RMB43.5 million. As the highest applicable percentage ratio in respect of the service fees of the Early Transactions is more than 5%, the Early Transactions should be subject to the reporting, annual review, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On 28 July 2023, the Company, entered into the 2023 Property Management Services Framework Agreements with Leading Holdings and the Relevant Associates, pursuant to which the Company agreed to provide to the counterparties (i) on-site management services for construction sites, display units and on-site sales offices; and (ii) other property management services, including but not limited to, consultancy services prior to delivery of properties and property management services for properties and car parks owned by the counterparties (the “**Property Management Services**”) for a term commencing from 1 January 2023 to 31 December 2025.

As at the Latest Practicable Date, Leading Holdings, is a 30%-controlled company of the Ultimate Controlling Shareholders, being the controlling shareholders of the Company under Chapter 14A of the Listing Rules. Leading Holdings is therefore an associate of the Ultimate Controlling Shareholders under Rule 14A.13(3) of the Listing Rules. Accordingly, Leading Holdings and its subsidiaries are connected persons of the Company for the purpose of the Listing Rules. The entering into of the 2023 Leading Holdings Group Property Management Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As at the Latest Practicable Date, Mr. Liu Yuhui is one of the executive Directors and Ultimate Controlling Shareholders. Therefore, the Relevant Associates are connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of 2023 Mr. Liu Property Management Services Framework Agreement with Mr. Liu Yuhui and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The highest of the applicable percentage ratios in respect of the aggregated proposed annual caps of the 2023 Property Management Services Framework Agreements under Rule 14.07 of the Listing Rules exceeds 5%, and hence the 2023 Property Management Services Framework Agreements and the proposed annual caps for the same are subject to the reporting, annual review, announcement, circular and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

As Leading Holdings is a 30%-controlled company of Mr. Liu Yuhui (an executive Director and controlling shareholder under Chapter 14A of the Listing Rules), Ms. Wang Tao (a non-executive Director and controlling shareholder) and Ms. Hou Sanli (a non-executive Director and controlling shareholder) pursuant to the Acting in Concert Deed, and the Relevant Associates are associates of Mr. Liu Yuhui under the Listing Rules, Mr. Liu Yuhui, Ms. Wang Tao and Ms. Hou Sanli have abstained from voting on the Board resolution approving the 2023 Property Management Services Framework Agreements and the transactions contemplated thereunder (including the proposed annual caps for those transactions) and the ratification of the Early Transactions due to conflict of interests.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Save as disclosed above, none of the Directors has a material interest in the 2023 Property Management Services Framework Agreements and the transactions contemplated thereunder (including the proposed annual caps for those transactions) and the ratification of the Early Transactions and is therefore required to abstain from voting on the Board resolution approving the entering into of the 2023 Property Management Services Framework Agreements and the transactions contemplated thereunder (including the proposed annual caps for those transactions) and the ratification of the Early Transactions.

Independent Board Committee

The Independent Board Committee comprising Ms. Luo Ying, Ms. Zhang Qian and Ms. Zou Dan, all being independent non-executive Directors, has been established to advise the Independent Shareholders as to, among other matters, (i) whether the ratification of the Early Transactions and the terms of the 2023 Property Management Services Framework Agreements are fair and reasonable; (ii) whether the respective transactions contemplated thereunder (including the proposed annual caps for those transactions) are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole, and (iii) to advise the Independent Shareholders on how to vote at the EGM, after taking into account the recommendations of the Independent Financial Adviser.

We, Messis Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company and any other parties that could reasonably be regarded as relevant to our independence. During the past two years, we have not been appointed as an independent financial adviser for the Company. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence and we are independent from the Company pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have considered, among other things, (i) the Company's annual report for the year ended 31 December 2022 (the "**2022 Annual Report**"); (ii) the 2023 Leading Holdings Group Property Management Services Framework Agreement; (iii) the 2023 Mr. Liu Property Management Services Framework Agreement; (iv) the announcement

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

dated 28 July 2023; and (v) other information as set out in the Circular. We have also relied on all relevant information, opinions and facts supplied and represented by the Company and the management of the Company. We have assumed that all such information, opinions, facts, and representations contained or referred to in the Circular, for which the Company is fully responsible, were true and accurate in all material respects as at the date hereof and may be relied upon. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company, and the Company has confirmed that no material facts have been withheld or omitted from the information provided and referred to in the Circular, which would make any statement therein misleading.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out independent verification of the information provided by the management and the representatives of the Company, nor have we conducted any form of in-depth investigation into the businesses, affairs, operations, financial position, or future prospects of the Company or any of its subsidiaries.

This letter is issued to the Independent Shareholders solely in connection for their consideration of the 2023 Property Management Services Framework Agreements and the transactions contemplated thereunder, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent. Our opinion is based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving our opinions regarding the 2023 Property Management Services Framework Agreements, we have considered the following factors and reasons:

(1) Background information of the Group and the counterparties

Information of the Group

The Group is principally engaged in the provision of property management services, value-added services to non-property owners and community value-added services for residential and non-residential properties in the PRC.

Set out below is a summary of the Group's financial results for the years ended 31 December 2021 ("FY2021") and 2022 ("FY2022"), as extracted from the 2022 Annual Report:

	For the year ended	
	31 December	
	2021	2022
	RMB'000	RMB'000
	(audited)	(audited)
Revenue	541,174	577,702
— Property management services	369,642	473,389
— Value-added services to non-property owners	140,574	70,002
— Community value-added services	30,958	34,311
Gross Profit	155,074	167,106
Profit for the year	75,169	80,257

With reference to the Letter from the Board, the Group has three business lines, namely, (i) property management services, (ii) value-added services to non-property owners and (iii) community value-added services, forming an integrated service offering to its customers that cover the entire value chain of property management. The Group's revenue increased from approximately RMB541.2 million for FY2021 to approximately RMB577.7 million for FY2022, representing an increase of approximately 6.7%.

The revenue from the property management services increased by approximately 28.1% from RMB369.6 million for FY2021 to RMB473.4 million for FY2022. Such increase was mainly attributable to an increase in aggregate GFA under management of 13.4% and an

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increase in aggregate contracted GFA of 2.0% as compared with FY2021. The increase in revenue from property management services was offset by the decrease in revenue from value-added services to non-property owners from approximately RMB140.6 million for FY2021 to approximately RMB70.0 million for FY2022, which was mainly due to the decrease of sales office management services and security support services. The revenue from community value-added services increased by approximately 10.8% to approximately RMB34.3 million for FY2022 compared to approximately RMB31.0 million for FY2021. Such increase was mainly attributable to the increase of decoration and turnkey furnishing services.

The Group's net profit increased from approximately RMB75.2 million for FY2021 to approximately RMB80.3 million for FY2022. The increase in net profit was in line with the increase in revenue as discussed above.

Information of Leading Holdings

Leading Holdings is an investment holding company and its subsidiaries are principally engaged in the development and sales of residential and commercial properties. It is an exempted company incorporated in the Cayman Islands with limited liability on 15 July 2019, the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 6999). As at the Latest Practicable Date, Leading Holdings is a 30%-controlled company of the Ultimate Controlling Shareholders.

Based on the interim report of Leading Holdings for the six months ended 30 June 2023, Leading Holdings recorded a current ratio of approximately 1.1 and cash and cash equivalents of approximately HK\$2,229.8 million, which amounted to approximately 4.4% of the total assets of Leading Holdings as at 30 June 2023. Reference is made to the announcement of Leading Holdings dated 19 July 2023, pursuant to which the High Court has ordered, inter alia, to strike out the winding-up petition which was filed against the Company at the High Court on 27 September 2022. Reference is made to the announcement of Leading Holdings dated 10 August 2023, Leading Holdings was expected to record a net loss ranging from RMB80 million to RMB120 million for six months ended 30 June 2023. Save for the above, we are not aware of any adverse development which may affect the financial positions of Leading Holdings.

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Information of Mr. Liu Yuhui

Mr. Liu Yuhui is one of the executive Directors and Ultimate Controlling Shareholders. The Relevant Associates, being the associates of Mr. Liu Yuhui, are mainly engaged in the development and sales of residential and commercial properties, as well as business operation and others.

As confirmed by the Company, as at the Latest Practicable Date, Mr. Liu Yuhui indirectly holds (i) approximately 26.03% of the issued Shares which carries an estimated market value of approximately HK\$37.2 million as at the Latest Practicable Date; and (ii) approximately 26.3% of the issued shares of Leading Holdings which carries an estimated market value of approximately HK\$46.2 million as at the Latest Practicable Date. Save for the above, we are not aware of any adverse development which may affect the financial strength of Mr. Liu Yuhui and the Relevant Associates.

(2) Reasons for and benefits of entering into the 2023 Property Management Services Framework Agreements

The Group is a comprehensive property management services provider in the PRC. The Group has been providing the services to Leading Holdings Group and the Relevant associates for a long time and has established a stable business relationship with the counterparties. We understand that the Property Management Services Framework Agreements expired on 31 December 2022 and the entering into of 2023 Property Management Services Framework Agreements serves as a renewal to ensure smooth continuation of the provision of the underlying services. As per the 2022 Annual Report, an aggregate of approximately 21.0% of revenue from the provision of Property Management Services for FY2022 was generated from Leading Holdings Group and the Relevant Associates. We are of the view that the Group can leverage on the extensive property network of Leading Holdings Group and the Relevant Associates, and promote the development of the property management services business in PRC. The entering into of 2023 Property Management Services Framework Agreements can therefore reinforce the cooperation and continue to generate a stable revenue to the Group.

Having considered above, we concur with the Directors that the entering into of 2023 Property Management Services Framework Agreements is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Independent Shareholders as a whole.

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(3) Principal terms of the 2023 Property Management Services Framework Agreements

2023 Leading Holdings Group Property Management Services Framework Agreement

The principal terms of the 2023 Leading Holdings Group Property Management Services Framework Agreement, among others, are set out below:

- Date** : 28 July 2023
- Parties** : (a) The Company; and
(b) Leading Holdings
- Term** : The 2023 Leading Holdings Group Property Management Services Framework Agreement has a fixed term commencing from the 1 January 2023 to 31 December 2025 (both days inclusive).
- Scope of services** : Pursuant to the 2023 Leading Holdings Group Property Management Services Framework Agreement, the Group will provide on-site management services for construction sites, display units and on-site sales offices, and other property management services, including but not limited to, consultancy services prior to delivery of properties and property management services for properties and carparks owned by Leading Holdings Group.
- Pricing** : The service fees payable shall be determined based on arm's length negotiation with reference to (i) the scope of services and type, size and location and the total GFA of the property development projects of which such Property Management Services are required; (ii) the anticipated operational costs (including labor costs, material costs and administrative costs) for providing such services; and (iii) the prevailing market price for similar services and similar type of projects and shall be no more favorable than those provided to Independent Third Parties by the Group.

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Condition precedent : The 2023 Leading Holdings Group Property Management Services Framework Agreement is conditional upon the approval of the independent shareholders of each of the Company and Leading Holdings.

2023 Mr. Liu Property Management Services Framework Agreement

The principal terms of the 2023 Mr. Liu Property Management Services Framework Agreement, among others, are set out below:

Date : 28 July 2023

Parties : (a) The Company; and
(b) Mr. Liu Yuhui

Term : The 2023 Mr. Liu Property Management Services Framework Agreement has a fixed term commencing from the 1 January 2023 to 31 December 2025 (both days inclusive).

Scope of services : Pursuant to the 2023 Mr. Liu Property Management Services Framework Agreement, the Group will provide Property Management Services to the Relevant Associates.

Pricing : The service fees payable shall be determined based on arm's length negotiation with reference to (i) the scope of services and type, size and location and the total GFA of the property development projects of which such Property Management Services are required; (ii) the anticipated operational costs (including labor costs, material costs and administrative costs) for providing such services; and (iii) the prevailing market price for similar services and similar type of projects and shall be no more favorable than those provided to Independent Third Parties by the Group.

Condition precedent : The 2023 Mr. Liu Property Management Services Framework Agreement is conditional upon the approval of the Independent Shareholders.

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Pricing policy

As a general principle, the prices to be charged by the Group under the 2023 Property Management Services Framework Agreements will be determined in accordance with the following pricing principles:

- (i) for property pre-delivery and after-sales services other than management services for the display units and on-site sales office, the Group would charge Leading Holdings Group and the Relevant Associates at a price determined with reference to:
 - (a) the Group's other contemporaneous transactions of similar services (in terms of the scope and requirement of services, the size and condition of projects, and level of difficulty of planning and design and other aspects which are relevant for price determination) carried out with Independent Third Parties; and
 - (b) prices charged by other property management companies in the PRC of comparable transactions with independent third parties (if available);
- (ii) for management services for the display units and on-site sales office, the Group would charge Leading Holdings Group and the Relevant Associates at a price determined with reference to:
 - (a) the anticipated operation costs (including but not limited to labor costs, administration costs and costs of materials) to be incurred by the Group to provide such management services plus a reasonable profit margin rate in accordance with the prevailing standard price list maintained by the Group at the time of entering into the individual service contract under the 2023 Property Management Services Framework Agreements. The procurement department would compile a list of standard pricing terms with reference to two comparable transactions conducted between the Group and Independent Third Parties and such list would be reviewed and updated at least quarterly or more frequently if there is any material change in the market; and
 - (b) the Group's other contemporaneous transactions of similar management services carried out with Independent Third Parties;
- (iii) for property management services for the properties owned or used by Leading Holdings Group and the Relevant Associates, the Group would charge Leading Holdings Group and the Relevant Associates at a fixed unit price per square meter or fixed amount per number determined with reference to:

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- (a) the Group's other contemporaneous transactions of similar services (in terms of the scope and requirement of services, the location and condition of properties, and level of difficulty of management and other aspects which are relevant for price determination) carried out with Independent Third Parties;
- (b) prices charged by other property management companies in the PRC of comparable transactions with independent third parties; and
- (c) government-prescribed prices or guiding prices (if any) promulgated by the PRC government.

Payment

Payments for the service fees payable by the Leading Holdings Group and the Relevant Associates to the Group will be settled in accordance with the agreed timing and manners as specified in the individual service contracts to be entered into between the Group and Leading Holdings Group/the Relevant Associates.

The payment terms will be on market terms in accordance with the following terms:

- (i) for pre-delivery property management services for unsold properties, the service fees shall be payable quarterly. Leading Holdings Group and the Relevant Associates shall pay the service fees for the previous quarter with the first month following each calendar quarter;
- (ii) for management services for the display units and on-site sales office, the service fees shall be payable monthly. Leading Holdings Group and the Relevant Associates shall pay the Group by the 15th of each month for the service fees of the previous month; and
- (iii) for property pre-delivery services and other property management services, the service fees shall in general be payable to the Group within 30 days upon the expiration of the Contractual Service period.

To assess the fairness and reasonableness of the terms of the 2023 Property Management Services Framework Agreements, we have obtained a full list of contract summary and randomly selected and reviewed over 30 contracts (the "**Samples**") between the Group and (i) Independent Third Parties; (ii) Leading Holdings; and (iii) the Relevant Associates. We considered the sample size is fair and reasonable as the Samples (i) covered all the provinces that the Group has business presence; (ii) covered all types of properties including residential, commercial, logistic park and industrial park; and (iii) covered all types of Property Management Services. We have compared the terms of the Samples, including the rates charged, the service term and the scope of services and noticed that the rates charged by

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the Group for properties of similar types and sizes in the same province are (i) comparable between Leading Holdings and Independent Third Parties; and (ii) comparable between the Relevant Associates and Independent Third Parties. For our due diligence purpose, we have also performed desktop search regarding the price guidance imposed by different provincial level price administration departments. The rates charged by the Group to Leading Holdings and the Relevant Associates are adhered to and within the range of the respective local guidance prices.

The payment terms of the 2023 Property Management Services Framework Agreements is made with reference to market practice and the payment terms of similar transactions between the Group and the Independent Third Parties to ensure that the payment terms is no more favourable to those offered to the Independent Third Parties by the Group. Based on our review of the Samples, we have compared the major terms in the contracts and noted that the payment terms of the 2023 Property Management Services Framework Agreements offered by the Group to Leading Holdings and the Relevant Associates were either on monthly or quarterly basis and were generally similar to those payment terms offered to the Independent Third Parties and on normal commercial terms.

Having considered that (i) the rates charged to Leading Holdings and the Relevant Associates are no less favourable than the rates charged to independent third parties; (ii) the rates charged did not exceed the price control and follow the guidance policies imposed by the respective local authority and (iii) the payment terms of each of the 2023 Leading Holdings Group Property Management Services Framework Agreement and 2023 Mr. Liu Property Management Services Framework Agreement is no more favourable to those offered to Independent Third Parties by the Group, we concur with the Directors that the terms of the 2023 Property Management Services Framework Agreements are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

(4) Proposed annual caps

2023 Leading Holdings Group Property Management Services Framework Agreement

The following tables set forth (i) the historical transaction amounts (exclusive of tax) of the Property Management Services provided by the Group to Leading Holdings Group for the five years ended 31 December 2022; and (ii) the proposed annual caps (exclusive of tax) for the three years ending 31 December 2025 under the 2023 Leading Holdings Group Property Management Services Framework Agreement:

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	For the year ended 31 December				
	2018	2019	2020	2021	2022
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Historical transaction amounts	54.7	70.1	95.5	127.3	111.6
Year-on-year growth rate		28.2%	36.2%	33.3%	-12.3%
Existing annual caps	NA (Note 1)	NA (Note 1)	NA (Note 1)	128.0	151.9
Utilization rate	NA (Note 1)	NA (Note 1)	NA (Note 1)	99.5%	73.5%

	For the year ending 31 December		
	2023	2024	2025
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Proposed annual caps	129.0	152.0	182.0

Note:

1. The transaction amounts for the years ended 31 December 2018, 2019 and 2020 were incurred prior to Listing and therefore were not subject to the annual cap requirement.

To assess the fairness and reasonableness of the proposed annual caps under the 2023 Leading Holdings Group Property Management Services Framework Agreement, we have discussed with the management about the basis and underlying assumptions for setting the proposed annual caps. When determining the proposed annual caps, the Group has taken into account (i) the historical transaction amounts for the three years ended 31 December 2022 and the amount of the Leading Holdings Group Early Transactions; (ii) the number of existing property projects for which Leading Holdings Group has engaged the Group to provide the Property Management Services; and (iii) the estimated GFA of the properties expected to be sold and delivered by Leading Holdings Group that will require Property Management Services in the relevant years taking into account the historical trend of the increase of properties delivered by Leading Holdings Group and the sales and business plans of Leading Holdings Group.

As illustrated in the above table, the transaction amounts recorded year-on-year growth of approximately 28.2%, 36.2%, 33.3% and -12.3% in 2019, 2020, 2021 and 2022, respectively. The annual cap for FY2021 was highly utilized at a rate of approximately 99.5% while the utilization rate for FY2022 decreased to approximately 73.5%. We understand from the management that the decrease of the historical transaction amounts from RMB127.3 million for FY2021 to RMB111.6 million for FY2022 was mainly attributable to the challenging business environment within the property market, coupled with the uncertainties brought by the COVID-19 pandemic. We have made reference to the 2022 annual report of

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Leading Holdings, and noticed that both the contracted sales and the contracted GFA sold of Leading Holdings for the year ended 31 December 2022 experienced a decrease due to adverse macroeconomic and the impact of COVID-19. These circumstances have led to a reduction in demand for Property Management Services from Leading Holdings Group and hence a lower transaction amount was recorded in 2022.

As the COVID-19 recedes, the management expected that the sentiment in the PRC property sector will gradually recover and there will be a corresponding rebound in demand for Property Management Services from Leading Holdings Group. We noticed since the end of 2022, different local governments have launched a series of policies to restore and support the development of the property market, such as lowering mortgage rates and down payment ratio, as well as related taxes and fees. We are of the view that these policies help to lower the cost and easing the entrance of purchasing property and we concur with the management that there will be steady resurgence of demand for housing and the corresponding Property Management Services.

We have obtained and reviewed the schedule prepared by the management regarding the existing and estimated property development projects of Leading Holdings Group, with details showing (i) the GFA; and (ii) the expected delivery date of the property development projects. As (i) there are not less than 86 existing property projects with a total GFA of approximately 14.5 million sq.m. for which Leading Holdings Group has engaged the Group as at the Latest Practicable Date; and (ii) it is estimated that there will be not less than 18 new projects to be awarded by Leading Holdings Group to the Group with an aggregate GFA of approximately 1.5 million sq.m. that will require Property Management Services for each of the year from 2023 to 2025, we are of the view that the demand for Property Management Services will gradually recover and it is reasonable to set an annual cap of RMB129 million for FY2023 which aligns with the level of FY2021. We have enquired with the management regarding the historical transactions and noticed that the total number and GFA of the property projects from FY2018 to FY2021 showed an increasing trend, and the compound annual growth rate of transaction amounts from FY2018 to FY2021 was approximately 32.5%. Considered that the proposed annual caps for FY2024 and FY2025 represent a growth rate of approximately 17.8% and 19.7%, we concur with the management that the growth rate is moderate and provide flexibility to the Group to cater potential increase in demand for Property Management Services from Leading Holdings Group.

In view that (i) the historical transaction amounts showed an increasing trend from FY2018 to FY2021; (ii) the property market is steadily recovering from the impact of the pandemic with the support of government policies; and (iii) the proposed annual caps have taken into account the potential increase in demand for Property Management Services from Leading Holdings Group and made a reasonable buffer, it is likely that there will be

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increasing demand for Property Management Services from Leading Holdings Group and we are of the view that the proposed annual caps are fair and reasonable so far as the Independent Shareholders are concerned.

2023 Mr. Liu Property Management Services Framework Agreement

The following tables set forth (i) the historical transaction amounts of the Property Management Services provided by the Group to the Relevant Associates for the five years ended 31 December 2022; and (ii) the proposed annual caps for the three years ending 31 December 2025 under the 2023 Mr. Liu Property Management Services Framework Agreement:

	For the year ended 31 December				
	2018	2019	2020	2021	2022
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Historical transaction amounts	3.6	17.4	34.5	36.8	9.5
Year-on-year growth rate		383.3%	98.3%	6.7%	-74.2%
Existing annual caps	<i>N/A (Note 1)</i>	<i>N/A (Note 1)</i>	<i>N/A (Note 1)</i>	36.9	47.7
Utilization rate	<i>N/A (Note 1)</i>	<i>N/A (Note 1)</i>	<i>N/A (Note 1)</i>	99.7%	19.9%

	For the year ending 31 December		
	2023	2024	2025
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Proposed annual caps	32.0	33.46	35.55

Note:

- The transaction amounts for the years ended 31 December 2018, 2019 and 2020 were incurred prior to Listing and therefore were not subject to the annual cap requirement.

To assess the fairness and reasonableness of the proposed annual caps under the 2023 Mr. Liu Property Management Services Framework Agreement, we have discussed with the management about the basis and underlying assumptions for setting the proposed annual caps. When determining the proposed annual caps, the Group has taken into account (i) the historical transaction amounts for the three years ended 31 December 2022 and the amount of

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the Mr. Liu Early Transactions; (ii) the number of existing property projects for which the Relevant Associates have engaged the Group to provide the Property Management Services; and (iii) the estimated GFA of the properties expected to be sold and delivered by the Relevant Associates that will require Property Management Services in the relevant years taking into account the historical trend of the increase of properties delivered by the Relevant Associates and the sales and business plans of the Relevant Associates.

As illustrated in the above table, the transaction amounts recorded year-on-year growth of approximately 383.3%, 98.3%, 6.7% and -74.2% in 2019, 2020, 2021 and 2022, respectively. The annual cap for FY2021 was highly utilized at a rate of approximately 99.7% while the utilization rate for FY2022 decreased to approximately 19.9%. We understand from the management that the decrease of the historical transaction amounts from approximately RMB36.8 million for FY2021 to RMB9.5 million for FY2022 was mainly attributable to the challenging business environment within the property market, coupled with the uncertainties brought by the COVID-19 pandemic. These circumstances have led to a reduction in demand for Property Management Services from the Relevant Associates.

We have obtained and reviewed the schedule prepared by the management regarding the existing and estimated property development projects of the Relevant Associates, with details showing (i) the GFA; and (ii) the expected delivery date of the property development projects. Despite the low utilization rate of approximately 19.9% for FY2022, as (i) there are not less than 10 existing property projects with a total GFA of approximately 1.1 million sq.m. for which the Relevant Associates has engaged the Group as at the Latest Practicable Date; and (ii) it is estimated that there will be not less than 3 new projects to be awarded by the Relevant Associates to the Group with an aggregate GFA of approximately 0.3 million sq.m. that will require Property Management Services for each of the year from 2023 to 2025, we are of the view that the demand for Property Management Services will gradually recover and it is reasonable to set an annual cap of RMB32.0 million for FY2023 which are comparable to the transaction amounts for FY2020 and FY2021. We have enquired with the management regarding the historical transactions and noticed that the total number and GFA of the property projects from FY2018 to FY2021 showed an increasing trend, and the compound annual growth rate of transaction amounts from FY2018 to FY2021 was approximately 117.0%. Considered that the proposed annual caps for FY2024 and FY2025 represent a growth rate of approximately 4.6% and 6.2%, we concur with the management that the growth rate is moderate and provide flexibility to the Group to cater potential increase in demand for property management services from the Relevant Associates.

In view that (i) the historical transaction amounts showed an increasing trend from FY2018 to FY2021; (ii) the property market is steadily recovering from the impact of the pandemic with the support of government policies; and (iii) the proposed annual caps have

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taken into account the potential increase in demand for property management services from the Relevant Associates and made a reasonable buffer, it is likely that the demand for Property Management Services from the Relevant Associates will gradually increase, and we are of the view that the proposed annual caps are fair and reasonable so far as the Independent Shareholders are concerned.

(5) Internal control measures

As advised by the Company, in order to ensure the transactions contemplated under the 2023 Property Management Services Framework Agreements is on normal commercial basis and to safeguard the interests of the Company and its Shareholders as a whole, the Company has established various internal control measures, including:

- (i) the Group's financial department has a designated employee to monitor transactions conducted under, among others, the 2023 Property Management Services Framework Agreements and he/she will report the utilisation of the annual cap under the 2023 Property Management Services Framework Agreements to the Group's chief financial officer on a monthly basis. When the transaction limit reaches 80% of the annual cap set under the 2023 Property Management Services Framework Agreements, he/she will promptly inform the business department of the Group and the chief financial officer such that the Group can arrange for a revision of the annual cap as appropriate, in compliance with all relevant requirements under Chapter 14A of the Listing Rules. No further transaction will be conducted in excess of the annual cap, and transactions will only resume after the Group has complied with all relevant Listing Rules requirements under Chapter 14A in relation to the revision of the annual cap;
- (ii) the internal audit department of the Group will conduct regular checks on annual basis to review and assess whether the transactions under the 2023 Property Management Services Framework Agreements have been conducted in accordance with the terms of the relevant agreements and on normal commercial terms or better;
- (iii) the independent non-executive Directors will conduct an annual review of the transactions under the 2023 Property Management Services Framework Agreements to ensure that the Group has complied with its internal approval procedures, terms of the respective agreement and the relevant Listing Rules; and
- (iv) the Company will engage external auditors to conduct annual review of the continuing connected transactions conducted under the 2023 Property Management Services Framework Agreements.

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To prevent the reoccurrence of similar breaches of the Listing Rules in the future, we understand the Group has/will put in place the following internal control measures:

- (i) providing regular internal trainings on the relevant requirements of connected transaction under Chapter 14A of the Listing Rules to all relevant personnel, accounting staff, internal auditor and senior management in all business departments of the Group to reinforce the importance of the compliance with the Listing Rules;
- (ii) regularly reviewing, monitoring and verifying the existing database relating to continuing connected transactions (including identity of connected persons, annual cap amount, monthly transaction amount and cumulated amount etc.) to ensure accuracy. In particular, the Company has adopted a threshold reporting system to monitor the utilisation of the proposed annual caps in a timely manner. The finance department of the Company will assign additional personnel to closely monitor the actual amount of connected transactions incurred pursuant to the framework agreements and submit to the management of the Company the utilization of the proposed annual caps on a monthly basis to ensure the annual caps would not be exceeded. In the event the actual transaction amount reaches 80% of the relevant annual cap, a re-assessment will be conducted. If it is determined after such re-assessment that the annual cap may be exceeded, the management of the Company would initiate the procedures for re-complying with the relevant requirements under Chapter 14A of the Listing Rules based on the revised annual cap; and
- (iii) for any potential transaction(s) which may constitute new connected transaction(s) of the Group, consulting professional advisers and the Stock Exchange (where necessary) in a timely manner prior to conducting into of such transaction(s).

As (i) trainings will be conducted to strengthen the knowledge of responsible staff and management regarding the relevant requirements of connected transactions under the Listing Rules; (ii) the Company will assign additional personnel to monitor the utilization of the proposed annual caps under the 2023 Property Management Services Framework Agreements; and (iii) the Company will seek for professional advices for any potential connected transactions, we are of the view that these measures demonstrate the Company's commitment to ensuring compliance of the Listing Rules, improve the regulatory compliance abilities of the Company, and prevent the reoccurrence of non-compliance incidents in future.

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Based on the above, we are of the view that there are appropriate measures in place to govern the transactions contemplated under the 2023 Property Management Services Framework Agreements in compliance with Chapter 14A of the Listing Rules, as well as to ensure that the terms are no less favourable than those offered to the Independent Third Parties, and the proposed annual caps will not be exceeded.

RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that (i) the 2023 Property Management Services Framework Agreements are in the ordinary and usual course of business of the Group; and (ii) the terms (including the proposed annual caps for those transactions) are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders and the Independent Board Committee to vote in favour of the relevant resolutions to be proposed at the EGM.

Yours faithfully,
For and on behalf of
Messis Capital Limited

Thomas Lai
Chief Executive Officer

Note: Mr. Thomas Lai is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Mesis Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 28 years of experience in corporate finance industry.

1. DISCLOSURE OF INTERESTS OF DIRECTORS

(a) Interests and short positions of the Directors and the chief executives of the Company in the share capital and associated corporations of the Company

As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executives in the Shares, underlying Shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interests in Shares and underlying Shares:

Name of Director	Nature of interest	Number of Shares held ⁽¹⁾	Percentage of issued voting shares of the Company ⁽²⁾
Mr. Liu Yuhui ⁽³⁾⁽⁴⁾	Interest in controlled corporation	213,313,000 (L)	74.67%
Ms. Wang Tao ⁽³⁾⁽⁵⁾	Interest in controlled corporation	213,313,000 (L)	74.67%
Ms. Hou Sanli ⁽³⁾⁽⁶⁾	Interest in controlled corporation	213,313,000 (L)	74.67%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Calculated on the basis of 285,685,000 Shares in issue as at the Latest Practicable Date.
- (3) Pursuant to the Acting in Concert Deed, the Ultimate Controlling Shareholders have agreed and confirmed that from the date when they became the registered owners and/or beneficial owners of the equity interests in the Group until after Listing and to the date when any one of them cease to be the controlling shareholders: (a) they had been and would continue to be parties acting in concert and they have agreed to consult with each other and reach an unanimous consensus among themselves before the decision, implementation and agreement on all material management affairs, votings and/or commercial decisions, including but not limited to financial and operational matters, of any member of the Group; (b) they had casted and would continue to cast their votes as directors and/or shareholders (as appropriate) unanimously for or against all resolutions in all board and shareholders' meetings and discussions of any member of the Group; and (c) they had cooperated and would continue to cooperate with one another to acquire, maintain and consolidate the control and management of the Group. By virtue of the SFO, each of our Ultimate Controlling Shareholders

together with their respective investment holding companies (being Tianyue Holding, Linghui Holding, Yuelai Holding, Tianyue Capital, Fusheng Capital, Linghui Capital and Jin Sha Jiang) are all deemed to be interested in the total Shares directly held by Tianyue Holding, Linghui Holding, Yuelai Holding, Tianyue Capital, Fusheng Capital and Linghui Capital. Therefore, each of Mr. Liu Yuhui, Ms. Wang Tao and Ms. Hou Sanli is deemed to be interested in the Shares held by Tianyue Holding, Linghui Holding, Yuelai Holding, Tianyue Capital, Fusheng Capital, Linghui Capital and Jin Sha Jiang for the purpose of Part XV of the SFO.

- (4) Yuelai Holding is wholly owned by Mr. Liu Yuhui. By virtue of SFO, Mr. Liu Yuhui is deemed to be interested in the Shares held by Yuelai Holding.
- (5) Tianyue Capital is wholly owned by Ms. Wang Tao. By virtue of SFO, Ms. Wang Tao is deemed to be interested in the Shares held by Tianyue Capital.
- (6) Linghui Capital is wholly owned by Ms. Hou Sanli. By virtue of SFO, Ms. Hou Sanli is deemed to be interested in the Shares held by Linghui Capital.

Interests in Shares and underlying Shares of the company's associated corporations (long position):

Name of Director	Name of associated corporation	Nature of interest	Number of Shares held	Approximate percentage of interest
Mr. Liu Yuhui	Yuelai Holding	Beneficial owner	1	100.00%
	Jin Sha Jiang	Beneficial owner	1	100.00%
Ms. Wang Tao	Tianyue Capital	Beneficial owner	1	100.00%
Ms. Hou Sanli	Linghui Capital	Beneficial owner	1	100.00%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had, or were deemed to have, any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company or any of their spouses or children under the age of 18 were interested, or were deemed to be interested in the long and short positions in the Shares, underlying Shares and debentures of the Company or any of its holding company, subsidiaries or other associated corporation (within the meaning of Part XV of the SFO) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or were required pursuant to the

Model Code to be notified to the Company and the Stock Exchange. At no time had the Company or any of its holding company or subsidiaries been participated in any arrangements to enable the directors or chief executive (including their spouses or children under the age of 18) of the Company to acquire any interests and short positions of Shares or underlying Shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO).

(b) Interests and short positions of substantial Shareholders and other parties in the Shares and underlying Shares

As at the Latest Practicable Date, other than the interests and short positions of certain directors and chief executives as disclosed under the paragraph above, the interests and short positions of persons in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or substantial shareholders as recorded in the register of substantial shareholder required to be kept by the Company under section 336 of the SFO were as follows:

Long positions in Shares and underlying Shares:

Name of Shareholder	Nature of interest/Capacity	Number of Shares held⁽¹⁾	Approximate percentage of interest in the Company⁽²⁾
Mr. Liu Haowei ⁽³⁾⁽⁴⁾	Interest in controlled corporation	213,313,000 (L)	74.67%
Tianyue Holding ⁽³⁾⁽⁴⁾	Beneficial owner	68,960,430 (L)	24.14%
Mr. Liu Ce ⁽³⁾⁽⁵⁾	Interest of controlled corporation	213,313,000 (L)	74.67%
Linghui Holding ⁽³⁾⁽⁵⁾	Beneficial owner	68,939,640 (L)	24.13%
Yuelai Holding ⁽³⁾⁽⁶⁾	Beneficial owner	68,939,640 (L)	24.13%
Ms. Long Yiqin ⁽³⁾⁽⁷⁾	Interest in controlled corporation	213,313,000 (L)	74.67%
Ms. Chen Aoao ⁽⁸⁾	Interest of spouse	213,313,000 (L)	74.67%
Ms. Lan Tian ⁽⁹⁾	Interest of spouse	213,313,000 (L)	74.67%
Mr. Liu Yuqi ⁽¹⁰⁾	Interest of spouse	213,313,000 (L)	74.67%
Mr. Liu Shan ⁽¹¹⁾	Interest of spouse	213,313,000 (L)	74.67%
Hai Yue Holding Limited	Beneficial owner	22,781,000 (L)	7.98%

Notes:

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) Calculated on the basis of 285,685,000 Shares in issue as at the Latest Practicable Date.
- (3) Pursuant to the Acting in Concert Deed, the Ultimate Controlling Shareholders have agreed and confirmed that from the date when they became the registered owners and/or beneficial owners of the equity interests in the Group until after Listing and to the date when any one of them cease to be the controlling shareholders: (a) they had been and would continue to be parties acting in concert and they have agreed to consult with each other and reach an unanimous consensus among themselves before the decision, implementation and agreement on all material management affairs, votings and/or commercial decisions, including but not limited to financial and operational matters, of any member of the Group; (b) they had casted and would continue to cast their votes as directors and/or shareholders (as appropriate) unanimously for or against all resolutions in all board and shareholders’ meetings and discussions of any member of the Group; and (c) they had cooperated and would continue to cooperate with one another to acquire, maintain and consolidate the control and management of the Group. By virtue of the SFO, each of our Ultimate Controlling Shareholders together with their respective investment holding companies (being Tianyue Holding, Linghui Holding, Yuelai Holding, Tianyue Capital, Fusheng Capital, Linghui Capital and Jin Sha Jiang) are all deemed to be interested in the total Shares directly held by Tianyue Holding, Linghui Holding, Yuelai Holding, Tianyue Capital, Fusheng Capital, Linghui Capital and Jin Sha Jiang.
- (4) Tianyue Holding is wholly owned by Mr. Liu Haowei. By virtue of SFO, Mr. Liu Haowei is deemed to be interested in the Shares held by Tianyue Holding.
- (5) Linghui Holding is wholly owned by Mr. Liu Ce. By virtue of SFO, Mr. Liu Ce is deemed to be interested in the Shares held by Linghui Holding.
- (6) Yuelai Holding is wholly owned by Mr. Liu Yuhui. By virtue of SFO, Mr. Liu Yuhui is deemed to be interested in the Shares held by Yuelai Holding.
- (7) Fusheng Capital is wholly owned by Ms. Long Yiqin. By virtue of SFO, Ms. Long Yiqin is deemed to be interested in the Shares held by Fusheng Capital.
- (8) Ms. Chen Aoao, the spouse of Mr. Liu Haowei, is deemed to be interested in all the Shares that Mr. Liu Haowei is interested in by virtue of the SFO.
- (9) Ms. Lan Tian, the spouse of Mr. Liu Ce, is deemed to be interested in all the Shares that Mr. Liu Ce is interested in by virtue of the SFO.
- (10) Mr. Liu Yuqi, the spouse of Ms. Hou Sanli, is deemed to be interested in all the Shares that Ms. Hou Sanli is interested in by virtue of the SFO.
- (11) Mr. Liu Shan, the spouse of Ms. Wang Tao, is deemed to be interested in all the Shares that Ms. Wang Tao is interested in by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, no other person had any interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote

in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under section 336 of the SFO.

2. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

3. QUALIFICATION AND CONSENT OF EXPERT

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

Name	Qualification
Messis Capital Limited	a corporation licensed under the SFO to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities

Messis Capital Limited 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 it appears.

The letter and recommendation given by MESSIS Capital Limited is given as of the date of this circular for incorporation herein.

As at the Latest Practicable Date, MESSIS Capital Limited does not have any shareholding in the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Group.

As at the Latest Practicable Date, MESSIS Capital Limited did not have any interest, direct or indirect, in any assets since 31 December 2022, being the date to which the latest published audited accounts of the Company were made up, have been acquired or disposed of by or leased to the Company, or are proposed to be acquired or disposed of by or leased to the Company.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there has not been any material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited financial statements of the Company were made up.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their close associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

6. INTERESTS OF DIRECTORS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, the Group since 31 December 2022, being the date to which the latest published audited accounts of the Company were made up.

As at the Latest Practicable Date, there is no other contract or arrangement subsisting at the Latest Practicable Date in which any of the Directors is materially interested and which is significant in relation to the business of the Group.

7. 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 (www.leading-group.com) from the date of this circular up to and including the date of the EGM:

- (a) the 2023 Leading Holdings Group Property Management Services Framework Agreement;
- (b) the 2023 Mr. Liu Property Management Services Framework Agreement; and
- (c) the written consent from Messis Capital Limited referred in paragraph 3 of this appendix.

8. MISCELLANEOUS

- (a) The Company's share registrar in Hong Kong is at Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

- (b) In the event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Ling Yue Services Group Limited 領悅服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2165)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the an extraordinary general meeting (the “**EGM**”) of Ling Yue Services Group Limited (the “**Company**”) will be held at 46/F, Tower A, Leading International Finance Center, No. 151, 2nd Tianfu Street, Gaoxin District, Chengdu, Sichuan Province, PRC on Tuesday, 5 December 2023 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions as an ordinary resolutions of the Company:

1. “**THAT**

- (a) the 2023 Leading Holdings Group Property Management Services Framework Agreement (as defined in the circular of the Company dated 15 November 2023 (the “**Circular**”)) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the proposed annual caps for the three years ending 31 December 2025 for the transactions contemplated under the 2023 Leading Holdings Group Property Management Services Framework Agreement be and are hereby approved, confirmed and ratified; and
- (c) the Leading Holdings Group Early Transactions (as defined in the Circular) be and are hereby approved, confirmed and ratified.”

2. “**THAT**

- (a) the 2023 Mr. Liu Property Management Services Framework Agreement (as defined in the Circular) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the proposed annual caps for the three years ending 31 December 2025 for the transactions contemplated under the 2023 Mr. Liu Property Management Services Framework Agreement be and are hereby approved, confirmed and ratified; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) the Mr. Liu Early Transactions (as defined in the Circular) be and are hereby approved, confirmed and ratified.”

By order of the board of directors
Ling Yue Services Group Limited
Liu Yuhui
Chairman

Hong Kong, 15 November 2023

Notes:

- (1) A member entitled to attend and vote at the above meeting may appoint one or, if he holds two or more shares, more proxies to attend and vote instead of him. A proxy need not be a member of the Company. On a poll, votes may be given either personally or by proxy.
- (2) Where there are joint holders of any Share, any one of such joint holder may vote, either in person or by proxy, in respect of such Share as if he were solely entitled thereto, but if more than one of such joint holders be present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
- (3) In order to be valid, a form of proxy together with the power of attorney (if any) or other authority (if any) under which it is signed or a certified copy thereof shall be deposited at the Company’s Hong Kong 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 holding of the meeting or any adjournment thereof. The proxy form will be published on the website of the Stock Exchange.
- (4) The register of members of the Company will be closed from Thursday, 30 November 2023 to Tuesday, 5 December 2023 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the entitlement to attend and vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 29 November 2023.
- (5) The completion of a form of proxy will not preclude you from attending and voting at the EGM in person should you so wish. If you attend and vote at the EGM, the authority of your proxy will be revoked.

As at the date of this notice, the Board comprises Mr. Liu Yuhui and Ms. Luo Hongping as executive Directors; Ms. Wang Tao and Ms. Hou Sanli as non-executive Directors; Ms. Luo Ying, Ms. Zhang Qian and Ms. Zou Dan as independent non-executive Directors.