



Huafa Property Services Group Company Limited
華發物業服務集團有限公司

(Incorporated in Bermuda with limited liability)
(Stock code: 982)

Executive Directors:

Mr. Zhou Wenbin
(Chairman and Chief Executive Officer)
Mr. Li Guangning
Mr. Xie Wei
Mr. Dai Geying
Ms. Luo Bin
Mr. Gu Yuanping

Independent Non-executive Directors:

Dr. Chen Jieping
Mr. Pu Yonghao
Mr. Guo Shihai

Registered Office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

*Head Office and Principal Place of
Business in Hong Kong:*

Unit 3605, 36/F
Cheung Kong Center
2 Queen's Road Central
Central, Hong Kong

19 July 2024

To the Shareholders

Dear Sir or Madam,

**(1) CONDITIONAL PROPOSAL FOR THE PRIVATISATION OF
HUAFA PROPERTY SERVICES GROUP COMPANY LIMITED
BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 99 OF THE COMPANIES ACT;
AND
(2) PROPOSED WITHDRAWAL OF LISTING OF
HUAFA PROPERTY SERVICES GROUP COMPANY LIMITED**

1. INTRODUCTION

On 14 May 2024, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under section 99 of the Companies Act, involving among other things, (i) the cancellation of the

Scheme Shares and, in consideration thereof, the payment to the Scheme Shareholders of the Cancellation Price in cash for each Scheme Share cancelled and (ii) the withdrawal of listing of the Shares on the Stock Exchange.

If the Proposal is approved and implemented, under the Scheme, all Scheme Shares will be cancelled on the Effective Date. Contemporaneously with the cancellation of the Scheme Shares, the share capital of the Company will be maintained at the amount immediately prior to the cancellation of the Scheme Shares by the issuance at par to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the cancellation of the Scheme Shares will be applied in paying up in full at par the new Shares so issued to the Offeror.

The Shares in which the Offeror and Guang Jie is interested will not form part of the Scheme Shares and will not be cancelled. Upon the Scheme becoming effective, the Company will be owned as to 96.20% by the Offeror and 3.80% by Guang Jie, which is the direct holding company of the Offeror, respectively, and the listing of the Shares will be withdrawn from the Stock Exchange.

The purpose of this Scheme Document is to provide you with further information regarding the Proposal and the Scheme, and to give you notices of the Court Meeting and the SGM, together with the forms of proxy in relation thereto. Your attention is also drawn to (i) the letter from the Independent Board Committee set out in Part V of this Scheme Document; (ii) the letter from the Independent Financial Adviser set out in Part VI of this Scheme Document; (iii) the Explanatory Statement set out in Part VII of this Scheme Document; and (iv) the terms of the Scheme set out in Appendix III to this Scheme Document.

2. TERMS OF THE PROPOSAL

Subject to the satisfaction or waiver (where applicable) of the Conditions and the Scheme becoming effective, all Scheme Shares will be cancelled and the Scheme Shareholders will be entitled to receive from the Offeror:

For every Scheme Share cancelled..... HK\$0.29 in cash

The Offeror will not increase the Cancellation Price and does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.

Your attention is drawn to the section headed "2. *Terms of the Proposal*" in the Explanatory Statement of this Scheme Document.

Settlement of the Cancellation Price to which any Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Proposal and the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Scheme Shareholder.

Highest and lowest prices

Your attention is drawn to the section headed “*2. Terms of the Proposal – Highest and lowest prices*” in the Explanatory Statement of this Scheme Document.

3. CONDITIONS OF THE PROPOSAL AND THE SCHEME

The Proposal and the Scheme will only become effective and binding on the Company and all Shareholders subject to the satisfaction or waiver (where applicable) of the Conditions set out in the section headed “*3. Conditions of the Proposal and the Scheme*” in the Explanatory Statement of this Scheme Document.

If the Conditions are satisfied or validly waived (as applicable), the Proposal and the Scheme will be binding on all of the Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the SGM. As at the Latest Practicable Date, none of the Conditions had been satisfied or waived (where applicable).

WARNINGS: Shareholders and potential investors should be aware that the implementation of the Proposal and the Scheme is subject to the Conditions being satisfied or waived (where applicable). Accordingly, the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

4. CONFIRMATION OF FINANCIAL RESOURCES

The Offeror has appointed Guotai Junan Capital as its financial adviser in connection with the Proposal.

Your attention is drawn to the section headed “*4. Confirmation of Financial Resources*” in the Explanatory Statement of this Scheme Document.

5. SHAREHOLDING STRUCTURE OF THE COMPANY

Your attention is drawn to the section headed “*5. Shareholding Structure of the Company and Effect of the Proposal*” in the Explanatory Statement of this Scheme Document.

6. INFORMATION ON THE GROUP

Your attention is drawn to the section headed “6. *Information on the Group*” in the Explanatory Statement of this Scheme Document.

7. INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “7. *Information on the Offeror*” in the Explanatory Statement of this Scheme Document.

8. INTENTION OF THE OFFEROR ON THE COMPANY

Your attention is drawn to the section headed “9. *The Offeror’s Intention regarding the Group*” in the Explanatory Statement of this Scheme Document.

As at the Latest Practicable Date, the Offeror intends to withdraw the listing of Shares from the Stock Exchange upon the Scheme becoming effective and intends for the Group to continue carrying on its existing businesses following the implementation of the Proposal and does not have any plan to make any material changes to the continued employment of the employees of the Group (other than in the ordinary course of business of the Group). The Offeror will conduct a strategic review of the Group’s assets, corporate structure, capitalisation, operations, properties, policies and management to determine if any changes would be appropriate and desirable following the implementation of the Proposal with a view to optimising the Group’s activities and development, and may make any changes as the Offeror deems necessary, appropriate or beneficial for the Group in light of its review of the Group or any future development.

The Board is aware and welcomes the Offeror’s intention in respect of the Group and its employees as set out above and in the section headed “9. *The Offeror’s Intention regarding the Group*” in the Explanatory Statement of this Scheme Document.

9. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Board has established the Independent Board Committee, comprising Dr. Chen Jieping, Mr. Pu Yonghao and Mr. Guo Shihai, each being an independent non-executive Director, to make a recommendation to the Disinterested Shareholders as to (a) whether the Proposal and the Scheme are, or are not, fair and reasonable; and (b) whether to vote in favour of the Scheme at the Court Meeting and of the resolutions in connection with the implementation of the Proposal at the SGM.

The Board, with the approval of the Independent Board Committee, has appointed Altus Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal and the Scheme pursuant to Rule 2.1 of the Takeovers Code.

The Independent Financial Adviser has advised the Independent Board Committee that it considers that the Proposal and the Scheme are fair and reasonable so far as the Disinterested Shareholders are concerned, and accordingly, it advises the Independent Board Committee to recommend to the Disinterested Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the SGM to approve and implement the Proposal and the Scheme.

The full text of the letter from the Independent Financial Adviser is set out in Part VI of this Scheme Document.

The Independent Board Committee, having been so advised, considers that the Proposal and the Scheme are fair and reasonable so far as the Disinterested Shareholders are concerned.

Accordingly, the Independent Board Committee recommends the Disinterested Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the SGM to approve and implement the Proposal and the Scheme.

The full text of the letter from the Independent Board Committee in relation to its recommendations with respect to the Proposal and the Scheme is set out in Part V of this Scheme Document.

10. REASONS FOR AND BENEFITS OF THE PROPOSAL

Your attention is drawn to the section headed “*8. Reasons for and Benefits of the Proposal*” in the Explanatory Statement of this Scheme Document.

11. ACTIONS TO BE TAKEN

Your attention is drawn to Part II – Actions to be Taken of this Scheme Document.

12. COURT MEETING AND SGM

For the purpose of exercising your right to vote at the Court Meeting and/or the SGM, you are requested to read carefully the section headed “*13. Court Meeting and SGM*” in the Explanatory Statement of this Scheme Document, Part II – Actions to be Taken, and the notices of the Court Meeting and the SGM on pages IV-1 to IV-3 and pages V-1 to V-3, respectively, of this Scheme Document.

13. WITHDRAWAL OF LISTING OF THE SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of new Shares being contemporaneously issued and credited as fully paid to the Offeror) and the share certificates relating to the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will apply to the Stock Exchange for the

withdrawal of the listing of the Shares on the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, subject to the Scheme becoming effective and with effect from 4:00 p.m. on Monday, 23 September 2024.

The Shareholders will be notified by way of an announcement of the exact dates of the last day for dealing in the Shares and on the Stock Exchange and the day on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective. An indicative expected timetable in relation to the Proposal is included in Part III – Expected Timetable of this Scheme Document.

14. IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

Subject to the requirements of the Takeovers Code (including Note 2 to Rule 30.1), the Proposal and the Scheme will lapse if any of the Conditions has not been fulfilled or waived (where applicable) on or before the Long Stop Date. If the Scheme is not approved or the Proposal otherwise lapses, the listing of the Shares on the Stock Exchange will not be withdrawn.

If the Scheme is not approved or the Proposal otherwise lapses, pursuant to the Takeovers Code, neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, (i) announce an offer or possible offer for the Company, or (ii) acquire any voting rights of the Company if the Offeror or persons acting in concert with it would thereby become obliged under Rule 26 of the Takeovers Code to make an offer, in each case except with the consent of the Executive.

15. OVERSEAS HOLDERS OF THE SCHEME SHARE

Your attention is drawn to the section headed “*19. Overseas Holders of Scheme Shares*” in the Explanatory Statement of this Scheme Document.

16. TAXATION ADVICE

Your attention is drawn to the section headed “*20. Taxation Advice*” in the Explanatory Statement of this Scheme Document.

17. COSTS OF THE SCHEME

Your attention is drawn to the section headed “*21. Costs of the Scheme*” in the Explanatory Statement of this Scheme Document.

18. REGISTRATION AND PAYMENT

Your attention is drawn to the section headed “22. *Registration and Payment*” in the Explanatory Statement of this Scheme Document.

19. GENERAL

As Zhuhai Huafa is an indirect controlling shareholder of the Offeror, Mr. Zhou Wenbin, Mr. Li Guangning, Mr. Xie Wei, Mr. Dai Geying, Ms. Luo Bin and Mr. Gu Yuanping have abstained from voting on the board resolutions of the Company in connection with the Proposal and the Scheme because of having a material interest as a director of, or due to his/her position as a senior manager of, certain companies within the Zhuhai Huafa Group (other than the Group) (as the case may be).

The Directors (excluding members of the Independent Board Committee whose views are set out in the letter from the Independent Board Committee in Part V of this Scheme Document), consider that the Proposal and the Scheme are fair and reasonable and in the interests of the Shareholders as a whole.

The Independent Board Committee, having been advised by the Independent Financial Adviser, the full text of the letter from which is set out in Part VI of this Scheme Document, considers that the Proposal and the Scheme are fair and reasonable so far as the Disinterested Shareholders are concerned.

Accordingly, the Independent Board Committee recommends the Disinterested Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the SGM to approve and implement the Proposal and the Scheme.

The full text of the letter from the Independent Board Committee in relation to its recommendations with respect to the Proposal and the Scheme is set out in Part V of this Scheme Document.

20. RECOMMENDATIONS

Your attention is drawn to the recommendation of the Independent Board Committee in respect of the Proposal and the Scheme as set out in the letter from the Independent Board Committee to the Disinterested Shareholders in Part V of this Scheme Document.

Your attention is also drawn to the recommendations of the Independent Financial Adviser in respect of the Proposal and the Scheme as set out in Part VI of this Scheme Document. We would advise you to read this letter carefully before you take any action in respect of the Proposal or the Scheme.

21. FURTHER INFORMATION

You are urged to read carefully:

- (a) the letter from the Independent Board Committee to the Disinterested Shareholders set out in Part V of this Scheme Document;
- (b) the letter from the Independent Financial Adviser to the Independent Board Committee set out in Part VI of this Scheme Document;
- (c) the Explanatory Statement set out in Part VII of this Scheme Document;
- (d) the appendices to this Scheme Document, including the Scheme set out in Appendix III to this Scheme Document;
- (e) the notice of Court Meeting set out in Appendix IV to this Scheme Document; and
- (f) the notice of SGM set out in Appendix V to this Scheme Document.

In addition, a **pink** form of proxy in respect of the Court Meeting and a **white** form of proxy in respect of the SGM are enclosed with this Scheme Document.

Yours faithfully

By order of the Board

Huafa Property Services Group Company Limited



Zhou Wenbin

Executive Director, Chairman and Chief Executive Officer